

Date: 14/02/2022

Subject:

MPP response to CORE TSOs consultation on the second amendment of the day-ahead fallback procedures including shadow allocation rules for the CORE region

The MPP welcomes the opportunity to comment this second amendment of the CORE capacity calculation region fallback procedures (in accordance with Article 44 of CACM regulation) which aims at shifting the deadline for the publication of the results of shadow auction results from D-1 14h to D-1 14h20. This shadow auction is the explicit auction run by allocation platforms by which the daily cross-zonal capacity is offered and allocated as fallback procedure for the single day-ahead coupling (SDAC).

TSOs justify this shift as a direct consequence of the decision taken by the SDAC Joint Steering Committee “to shift operational timings of the SDAC in order to increase the time window for daily processes and issue management of the European Market Coupling Algorithm”. Therefore, TSOs explain that “the full decoupling deadline and thus the deadline for shadow auction results publication shall be shifted from D-1 14h00 to D-1 14h20”.

As a reminder, the first amendment of the fallback procedures for the CORE region was adopted mid-2021 and was a shift from 13h50 to 14h for this same deadline. This was because of a shift of operational timings of the SDAC “in order to cope with increasing performance restrictions of the European Market Coupling Algorithm”.

(1) First, the MPP would like to underline that the justification for this shift shows once again the challenge faced by the single day-ahead coupling algorithm, while its role is central and crucial for the operation of the internal electricity market. Even if we have no details on the precise reason for the shift within the SDAC process and its 20-minutes duration, we understand that it is linked to the increasing complexity of the market coupling process and in particular the calculation process of the coupling algorithm; and hence the shift aims to allow more time for the calculations to find a solution in order to avoid/before declaring a decoupling.

(2) Fundamentally, this change in timing does not pose a problem for our portfolio management and trading activities on the day-ahead or intraday timeframe. In general, looking further into the future, provided a transparent assessment, we are in favor of increasing the convergence time of the algorithm (which was extended from 12 to 17 minutes in May 2021, cf. [SDAC communication note](#)) if this allows it to accommodate an increasing complexity reflecting market participants' needs and bidding requirements. This complexity encompasses the geographical extension, the switch from NTC to flow based capacity calculation and the enlargement of the products to be accommodated by the algorithm together with the 15 minutes ISP.



(3) The MPP nevertheless regrets the fact that the NEMOs did not formally consult on their unilateral decision to postpone the decoupling announcement deadline in the SDAC. Market participants are directly impacted and a public consultation at the level of the capacity calculation region should be the rule before taking such decision. Moreover, we strongly regret the lack of transparency by the NEMOs on the assessment study which made it possible to choose this 20-minutes shift in relation to a possible occurrence of decoupling. We also regret the absence of quantitative elements to confirm the implied improvement of the SDAC process. We request that any quantitative element associated with this choice be published. More generally, as this is a recurring subject, we are asking for a workshop to be held by the NEMOs and TSOs on the challenges to be met by the SDAC, the associated constraints in terms of performance of the daily coupling algorithm and the solutions being studied or considered to improve its scalability in the future.