



Communication

Date 27 January 2021

Continuous cross-border intraday power trading – recommendation on reservation of capacities and trade patterns

1 Basic situation

In continuous cross-border intraday power trading, market participants ensure that appropriate cross-border capacities are available for the imported and exported electricity. In an implicit trading system, this happens automatically. If an explicit trading system is used, market participants must also purchase the cross-border capacity required for import/export in addition to the traded energy.

The introduction of the Single Intraday Coupling (SIDC, formerly XBID) in Central-Western Europe in June 2018 led to the discontinuation of the previous system of implicit allocation of cross-border capacity to market participants at Switzerland's borders with Germany and France. Market participants now reserve the required cross-border capacities for these two borders on the www.intraday-capacity.com platform in addition to the energy traded (explicit allocation). Reservations are granted on a first-come first-served basis¹ and the capacities are allocated free of charge. In explicit allocation, power trading and the reservation of capacities are independent of each other in terms of time and organisation. This implies more work for transmission system operators and market participants, since sufficient capacity must be booked for each electricity bid.

In the past, Swissgrid repeatedly alerted market participants that they were not making reservations correctly. This led market participants to contact EICom to request information about the appropriate procedure.

¹ Since 24 September 2020, the same procedure is also applied for the Switzerland-Austria border.

This communication contains the recommendations for energy traders requested by market players regarding continuous cross-border intraday trading at Switzerland's borders with Germany, France and Austria.

2 Options

Together with Swissgrid and the EPEX Spot exchange, ECom examined alternative forms of allocation.

They first examined whether an additional explicit auction could be introduced for intraday capacity allocation the evening before. In this case, capacity allocation would be based on the marginal price of the bids, and the auction would give the intraday capacity a price. The capacity not allocated in the auction would still be allocated free of charge on a first-come first-served basis. However, the TSOs and NRAs in neighbouring countries do not currently have the resources to set up such an allocation. This is why we have discarded this option for now.

ECom also looked into the possibility of setting up an automated trading system. Such a system would be given exclusive access to the cross-border capacities made available by the transmission system operators, and would allocate these capacities to the market participants free of charge. The system would automatically allocate capacities to market participants wherever possible, i.e. where compatible counterbids have been made in both countries. The actual cross-border energy transaction would also be carried out at the same time, and the remaining cross-border capacity automatically adjusted in the system. Explicit capacity bookings would no longer be possible with this option. This procedure would approximate implicit allocation.

This option is not viable because no entity is available to assume the role of automatic trader and/or is willing to do so due to risk considerations. Furthermore, there are no resources in neighbouring countries to set up this kind of allocation system.

In the rules for the management of the Switzerland-Austria border, reference is made to the ACER Guidance Note on Transmission Capacity Hoarding². We plan to include this reference and a reference to Article 5 of the REMIT Regulation³ in the relevant auction rules at the other borders.

3 Recommendation

ECom calls upon market participants who engage in cross-border intraday trading to abide by the information on Transmission Capacity Hoarding in the ACER guidelines.

² ACER Guidance Note 1/2018 on the application of Article 5 REMIT on the prohibition of market manipulation – Transmission capacity hoarding, 1st ed. of 18 March 2018.

³ REGULATION (EU) No 1227/2011 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 October 2011 on wholesale energy market integrity and transparency.