

## **Report on the consultation of the “Allocation Rules for Intraday Capacity Allocation on Switzerland – Italy Border”**

### **1. Introduction**

TSOs have prepared a proposal for the Intraday Auction Rules for the Border Switzerland-Italy and a public consultation on the rules was held from 29 April 2021 until 27 May 2021. This consultation report presents the results of the public consultation together with TSO conclusions. Detailed information is provided in the dedicated chapters.

In this market consultation the stakeholders were asked to give their opinion about the proposal for the Intraday Auction Rules for the Border Switzerland-Italy. Six participants have given feedback during the consultation. Of these six participants

- two are electricity trading associations active on Italian and European level,
- one company is based in France,
- one company is based in Italy and
- two companies are based in Switzerland.

### **2. Consultation Feedback**

#### **2.1 Timing of ID1 and publication of auction specification**

Two participants have asked to anticipate the gate closure time of the first explicit intraday capacity auction (ID1) from the proposed time (16.30, D-1) to 14.00, D-1. Accordingly, also the deadline for publishing the auction specification for ID1 should be anticipated from 16.15, D-1 to 13.45, D-1. According to the participants, anticipating the ID1 and knowing the results would allow market players to offer on the first complementary regional intraday auction (CRIDA 1) which opens at 14.40, D-1. This would lead to a relevant increase of liquidity in CRIDA1.

##### TSO feedback:

It will not be possible to anticipate ID1 to 14.00, D-1 as this is still within the day ahead (DA) timeframe. Today DA nomination deadline is at 14.30 and TSOs can only define the ATC for ID1 once the DA process is finished. In order to deliver an ATC for ID at 14.00, D-1, the whole DA process including the DA nomination deadline would have to be anticipated. This is not possible from TSO's point of view.

Concerning the publication of the auction specification for ID1, TSOs and JAO have adapted the process such that the auction specification can be normally and in the absence of operational delays published by 16.00, D-1. TSOs will propose to amend the rules accordingly when submitting them for regulatory approval. The deadline for publication mentioned in Article 26 will be maintained.

#### **2.2 Timing of ID1**

Three participants have asked to postpone the gate closure time of ID1 from 16:30, D-1 to approximately 18:30, D-1. According to participants, a postponement would improve the ability of market participants to submit better bids based on a more informed accurate view of the delivery period 0:00 till 24:00.

TSO feedback:

A postponement is not possible due to constraints related to other operational processes.

### **2.3 Timing of ID2 and publication of Auction Specification**

Six participants have asked anticipate the gate closure time of the second explicit intraday capacity auction (ID2) from the proposed time (09.30, D) to 09.15, D. Accordingly, also the deadline for publishing the auction specification for ID2 should be anticipated from 9.15, D to 9.00, D. The reason given for this by participants is to give more time to market participants for preparing offers for CRIDA3 after the publication of results of ID2.

TSO feedback:

TSOs are aware that the timings for ID2 and the following bidding and nomination processes are short. However, these timings are the only possibility to perform the ID2 and to use the NTC values resulting from the intraday capacity calculation process. The NTC process was already optimised and shortened by TSOs in order to deliver the NTC values for the hours 12-24 of day D such that TSOs can process the NTC and compute the ATC for ID2. The shortening of the NTC process was done with the aim to allow market participants to use allocated intraday capacity in CRIDA3.

Concerning the publication of the auction specification for ID2, TSOs and JAO have adapted the process such that the auction specification can be normally and in the absence of operational delays published by 9.00, D. TSOs will propose to amend the rules accordingly when submitting them for regulatory approval. The deadline for publication will be maintained.

### **2.4 Extend ID1/ID2 auctions timeframe**

Three participants for an extension of auction specification timeframes of ID1 and ID2 from 15 to 30 minutes before the end of each bidding period. The aim is to give market participants more time to prepare and submit bids. According to the participants the 15-minute window is too short compared to the timing of the rest of auctions.

TSO feedback:

As explained in the chapter above the timings are tight due to the need to fit in ID1 and ID2 processes that are defined and performed also by external parties. While TSOs are aware that the times for market participants are short it is the only way to currently allow allocation and usage of intraday PTRs while respecting the timings adjacent TSOs and/or market processes.

### **2.5 Timing Auction Results publication**

One participant asked to specify more precise the timing for publishing the auction results of both ID1 and ID2 in the auction rules (Article 33 (1)). The exact time is a necessary information for market participants to prepare for CRIDA.

TSO feedback:

Normally and in the absence of technical problems the auction results will be published at 16:34, D-1 for ID1 and at 9.34, D for ID2. TSOs will propose to amend the rules accordingly when submitting them for regulatory approval.

## **2.6 Usage of PTRs for subsequent CRIDA sessions and for continuous trading**

Four participants asked that PTRs acquired on ID1 and ID2 should allow market participants to participate to the following CRIDAs and continuous market sessions. Participants want to avoid that two restrictive nomination gates facilitate indirect participation in CRIDA only. Instead regular renomination ability shall ensure efficient usage of the Swiss-Italian intraday capacity during the entire product periods. They expected accordingly that changes should be reflected in an updated version of the ICM Rules in Italy.

### TSO feedback:

TSOs and JAO will update and inform about the detailed nomination rules both on the JAO webpage and the applicable nomination rules for each TSO in August. TSOs would like to inform already in this context that the nomination deadline for PTRs allocated in ID1 is 22.35, D-1 and for PTRs allocated in ID 10.35, D. This means that PTRs allocated in ID1 can be used to trade on the Italian market during the continuous intraday trading and in CRIDA2 until the above-mentioned nomination deadline. PTRs allocated in ID2 can only be used in CRIDA3. PTR usage in the Italian continuous trading is not possible as the results of ID2 is available when the continuous trading is stopped for CRIDA3 process.

## **2.7 Usage of PTRs and flexibility for nomination**

Four participants asked for a clarification on nomination procedures and deadlines in Article 36 (5), as their implications are essential for intraday capacity allocation. According to the participants, capacity awarded in ID1 and ID2 must be allowed to be (re)nominated independently every next hour with reasonable lead-time. The system which is currently used in the UK interconnectors IFA and NEMOlink with 24 nominations gates is given as a concrete example that gives more flexibility to market participants.

### TSO feedback:

The priority of TSOs in 2021 is to secure a transition of intraday capacity allocation on the Italian-Swiss border from the implicit to explicit auctions. As the proposed changes for significantly more nomination gates would require many technical adaptations TSOs cannot deliver this for the go-live. TSOs will take this option into account for the future improvement of the allocation and nomination process.

## **2.8 Fallback procedures**

Two market Participants asked for the inclusion of robust fallback procedures or the possibility to postpone auctions.

### TSO feedback:

Based on the explanation given above with regards to the tight timings for both ID1 and ID2, TSOs see no room to amend the existing procedures with a fallback option or to allow for a postponement of the auctions as this would endanger the possibility to use the allocated PTRs.

## **2.9 Allocation mechanism in general**

Two participants have expressed, in addition to the comments on the auctions rules, their support for a transition from the proposed auction-based allocation mechanism towards continuous explicit intraday capacity allocation at the Switzerland-Italy border as soon as possible. According to the participants such continuous allocation of intraday capacity is currently practised on all other Swiss borders, since it much better facilitates the continuous

optimisation of production and consumption as intraday market conditions constantly evolve. This becomes even more essential to efficiently integrate the increasing share of intermittent renewable energy sources.

ISO feedback:

As explained above, the priority of TSOs in 2021 is to secure a transition of intraday capacity allocation on the Italian-Swiss border from the implicit to explicit auctions. Following the successful go-live of the explicit intraday auctions and the many other new mechanisms expected on the Italian market, TSOs will start discussions on this proposal together with NRAs starting from Q4.