

# Minutes from Nord Pool's Customer Advisory Board meeting

7<sup>th</sup> November 2019 – Copenhagen Airport, Denmark

## **10/19 Opening and introductions of visitors**

Marianne W Jenssen welcomed everyone and introduced new members and CAB member substitutes.

Eero Sirendi from Eesti Energia is permanently replacing Charlie Viikberg  
Antti Rantanen from Fortum representing NAET is substitute for Trond Strøm in this meeting

Some CAB members that were not present had forwarded their views on certain topics and Marianne informed that these comments and views would be brought into the relevant discussions.

The agenda was agreed as were the minutes from last meeting.

## **11/19 Current status and next steps Market Design topics**

On-going developments in the Nordic physical power market:

Nord Pool presented current positions in on-going discussions related to various balancing market developments and CAB requested Nord Pool to continue lobbying for market-based solutions enabling participants to balance the power system.

With introduction of single imbalance settlement price, CAB considers that it is crucial to at all times have transparent information available related to imbalance settlement price calculation principles and price signals. This is especially valid if in certain situations a dual-price model would be applied.

ACER consultation on intraday auctions:

Customer Advisory Board considers that a meaningful introduction of intraday auctions requires 15-minute resolution. In general, CAB considers 15-minute resolution to be the basis but also considers products and order types important to enable all players to take part and increase liquidity.

CAB also considers that the time when no cross-zonal capacity is available needs to be absolutely minimised during the execution of intraday auctions. Therefore, CAB does not consider a need for reviewing available capacities prior to entering orders. In the intraday timeframe CAB supports an idea to rather split the intraday auctions to smaller time windows for the delivery period followed by continuous trading than moving back and forth between auction and continuous markets for the same delivery period.

Furthermore, in the day-ahead time frame CAB expects that more time could be given to the auction as there should be possibilities to mitigate time needed for TSOs to calculate intraday capacities (currently between 15:30 and 22:00 CET outside the Nordics).

CAB welcomes the IDGCT pilot in Finland and encourages participants to make use of the added possibility to balance the portfolio but recognizes that lack of one-balance-one-price model could limit participation.

## **12/19      Bidding zone review process – what is CAB view?**

CAB discussed the concept of bid zones and the review process.

CAB's input to the bidding zone discussion and review process is as follows:

Structural bottlenecks require bid zones, however CAB would like to see as few bid zones as possible and that any bid zones are designed with long term predictability and the potential for liquidity in any one bid zone, so market participants have the ability to manage risk. Long term predictability is considered 5+ years.

There is also a strong encouragement to have bid zones correlated on Nordic level rather than country by country basis. Any bid zone design must also keep in mind liquidity in Financial markets and the message that rapid price area changes take the final breath out of EPADs liquidity

## **13/19      Discussion on order transparency revisited**

Some customers have asked Nord Pool to publish bidding curves per bidding area in the Nordics & Baltics. Nord Pool fully understands that such publication would increase the transparency in the market, but this benefit needs to be balanced with the risk of exposing trading strategies of individual market participants and the competition law issues that this might cause. Parallel to the request for the Nordics & Baltics, several of our customers in Central Western Europe (CWE) have also asked us to publish bidding curves in their areas.

Currently, the publication of bidding curves is handled differently across Europe. In CWE bidding curves per bidding area are usually published by the incumbent NEMO. Following the successful launch of CWE-MNA in June 2019, these bidding curves do, however, no longer represent the whole market, since they are only based on the trading activity that goes through the incumbent NEMO. Nord Pool argues therefore strongly that bidding curves per bidding area should be published based on aggregated data from all active NEMOs in the area and that such publication should further be based on certain criteria to avoid exposing individual market participants. This approach should be harmonised across Europe.

As a result, Nord Pool has asked for external legal advice on this topic. The advice points to the legal risk, for both Nord Pool and relevant market participants, if such publication were to “reduce strategic uncertainty to the sole benefit of the competing participants”. It is recommended to “implement a rule/mechanism whereby bid data is published only if:

- A significant number of participants have been active on the platform and
- no one, particular participant accounted for a significant share of the volume of electricity traded on the platform”

Following this advice, Nord Pool presented statistics to show what this rule would mean for the bidding areas in the Nordics & Baltics. These statistics show that there were a significant number of days during the first nine months of 2019 when at least one rule was not satisfied. Aggregating bidding areas to countries (or region in the case of the three Baltic areas) improved the results, but there were still a significant number of days which did not satisfy the “significant market share” rule.

Several participants stated that the bidding areas in the Nordics & Baltics are different from CWE due to the smaller size, domination of hydro production in many areas and higher market concentration. Moreover, they stated that bidding curves should not be published if this might breach competition law and agreed that publication should therefore be based on certain criteria. The participants in the meeting did not object to the criteria suggested by Nord Pool’s external legal counsel and to Nord Pool’s position to work towards a harmonised approach across Europe.

**14/19 Making intraday easier to understand - Potential introduction of intraday reference price(s)**

CAB considers that Nord Pool should continue development of additional reference prices considering increasing amounts of trading on other markets than the day-ahead. A process for feedback was agreed:

1. Any thoughts and feedback to be forwarded to Jan Rønneback or Marianne W Jenssen by 25<sup>th</sup> November.
2. Based on discussion and feedback Nord Pool will suggest relevant intraday index (indices)
3. Start of publishing soon thereafter

**15/19 Decoupling situations in Nordics with Multi Nemo – discussion on current fall back procedures**

CAB was informed about the estimated timeline, principles and relevant procedures related to MNA in the Nordic and Baltic regions. There were specific discussions on the topic of fallback price in case one NEMO has problems to provide order book to Single Day Ahead Coupling.

CAB appreciates the overall principle that NEMOs share their orderbooks in Nordics and Baltics. CAB expressed concerns that there is an increased complexity in a

starting phase where multiple NEMOs are entering their order books, thus an increased risk that one NEMO could cause a fallback situation for the whole market.

CAB also discussed that with increase of renewables in the production mix, yesterday's price and results as fallback would be challenging for all market participants thus CAB encouraged Nord Pool to suggest a fair and relevant iteration that would decrease the risk of entering into a fallback situation and discuss this with the TSOs.

## **16/19 General status and update from Nord Pool**

Kari Ekelund Thørud and Marianne W Jenssen presented key milestones for Nord Pool and gave an update on what customers can expect from Nord Pool going forward from strategic and operational point of view.

Total Day Ahead Jan - Oct 2019: 390 TWh (2018: 419 TWh). Total Intraday Jan – Oct: 12.3 TWh (2018: 6.5 TWh). The intraday market saw a new record in October with 1.47 TWh traded across all markets.

Nord Pool launched Day Ahead markets in Germany, France, Luxemburg, Austria, Belgium and Netherlands on 27<sup>th</sup> August and see positive development of volumes with trading in all markets.

CAB took note and expressed satisfaction with the path forwards.

## **The following dates are decided for meetings in 2020**

- **Thursday 27th February**
- **Thursday 28th May (with dinner)**
- **Thursday 12th November**

## **Place to be decided and informed about.**

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Present: Håkon Egeland (Statkraft Energi AS), Torbjørn Haugen (Markedskraft ASA), Knut-Harald Bakke (Hydro Energi AS), Eero Sirendi, Pekka Tynkkynen (UPM Energy Oy), Antti Rantanen (Fortum, representing NAET), Sebastian Sundberg Fortum Power and Heat); Johan Hagsten (Vattenfall AB); Diana Katzakevic (Lietuvos Energija), Stefan Forsgren (Skellefteå Kraft AB)

Nord Pool: Kari Ekelund Thørud, Marianne Wergeland Jenssen, Jan Rönnback, Niklas Cremer

Not present: Thomas Bjørn Houllind (Energi Danmark) Frank Rasmussen (Ørsted), Therese Gjerde (Kinect Energy)  
Therese has announced she has entered a new position in Kinect and will no longer represent Kinect in CAB.

Minutes: Marianne W Jenssen (Nord Pool)