

Energy Traders Europe response to CNMC consultation on IDAs implementation

Key messages

1. Implement portfolio bidding, transitioning away from unit bidding

We express our concern in case there is a delay of the publication of the Programa Diario Viable Provisional (PDVP) that turns out in the cancelation of the first IDA, with consequences at European level. Moreover, the proposed backup process poses bidding risks to market participants and does not guarantee a smooth development of the TSOs processes.

Instead, we insist on the convenience of decoupling energy trades for physical controls and then **allow market participants to use portfolio bidding**.

The opportunity to submit bids/offers on a portfolio basis is a precondition for the development of an efficient energy market where market participants can optimise all their resources via a more flexible bidding strategy at the lowest cost for society.

On the one hand, unit bidding would pose long-term risk to the efficiency of spot markets, the integration of distributed resources and ultimately our security of supply.

On the other hand, portfolio bidding allows electricity sellers to aggregate the electricity produced to properly reflect assets and their combined capabilities within a portfolio of assets (generation, storage) and contracts (including demand).

It also enables electricity producers to use the flexibility of their assets more effectively compared to individual unit bidding, while supporting TSO's tasks of efficient procurement of balancing services and further actions aimed to guarantee the security of supply.

This efficient way of managing portfolios is used in most European energy markets, while Spain and Portugal remain the only European countries with mandatory unit bidding in day-ahead and intraday.

2. Apply rule 48 from XBID to the IDAs result in case a transition to portfolio bidding is not possible by the IDAs go-live

With the introduction of IDAs with very limited bidding formats, the scheduling optimisation will be very impacted, posing an additional challenge in the cross-border competition between Iberian market participants and other EU Member States.

Hence as an alternative temporary option before full transition to portfolio bidding, we suggest extending the same rules applied to XBID enabling portfolio bidding for any production unit.

In particular, the "*desagregaciones*" used in the continuous trading (see rule 48) can be used to re-arrange schedules came from IDAs results.

However, we take the opportunity to note that the current trading constraints are discouraging this way of bidding (i.e. without netting positions before trading and separately sell and buy) and hence should be eliminated to guarantee efficient tools for the best economical dispatch.

3. Remove the mandatory replication of the bidding structure in TSO's services for energy markets (day-ahead and intraday)

Imposing the same bidding structure in OMIE (i.e. bidding unit) than in the TSO's services (i.e. programming unit) presents now a relevant operational burden for all technologies and aggregators.

Rule 12 states as follows:

"Each bidding unit, whether for sale or purchase, will correspond to a programming unit. A programming unit may not be associated with more than one bidding unit" (see [Market Rules 2023 - Non-binding translation](#))

Therefore, we ask for the deletion of the mandatory replication of the bidding structure in TSO's service for energy markets (day-ahead and intraday).

Example: if a market participant wants to be a BSP in TERRE/MARI in the Spanish bidding zone with a portion of its wind+PV portfolio, it has to set up 2 different programming units ("Unidad de Programación") in the TSO (PV BSP, wind BSP), but this triggers the obligation of trading in OMIE with 4 bidding units ("Unidad de Oferta"): wind non-BSP, wind BSP, PV non-BSP, PV BSP. This constraint can be more challenging for trading in day-ahead and intraday markets with collocated/hybrid technologies, self-consumption schemes or mixed-costumer sites.

We flag that the Portuguese configuration of bidding units allows for greater aggregation:

"A desagregação das unidades de programação separando as unidades físicas habilitadas e não-habilitadas visa a sua participação no mercado de serviços de sistema, associados a um BSP. Reconhece-se que o efeito sobre a participação no mercado grossista é indesejado. [...] Acolhem-se assim as propostas que definem unidades de programação sem a discriminação das unidades físicas habilitadas face às restantes" (see [Consulta Pública n.º 105, Reformulação do Manual de Procedimentos da Gestão Global do Sistema](#))

Therefore, we ask for a homogenous application of bidding unit structure in the region and hence abolish the mandatory replication of the bidding structure in the Spanish TSO's services.

Contact

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