

**ACER**



Agency for the Cooperation  
of Energy Regulators

## **2.1 Upgrading the market**

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## General improvements needed

- Optimal bidding zones
- Efficient capacity calculation regions
- More TSO coordination in capacity calculation and remedial actions

## Day-ahead market coupling

- Extension of market coupling and flow based to missing borders
- Transparency improvements, especially in flow-based areas
- Challenges in algorithm to be tackled (speed, product definition and pricing rule)
- Treatment of network losses?

## Intra-day market coupling

- Clear separation of the different mechanisms (DA, ID and BAL)
- Coherent design with DA market => efficient pricing of cross-zonal capacities
- Frequent recalculation of cross-zonal capacities and implementation of flow-based

### Which further actions are needed?

- Prices should better reflect generation (demand response) scarcity
- Co-optimisation of energy and reserves in short timeframes as a way to higher market integration
- The costs of reserves should be reflected in the market price
- Optimal bidding zones with efficient pricing of the cross-zonal capacity should provide the adequate network investment signal
- More transparency in capacity calculation - interconnection investments often do not result in an increase of cross-zonal capacities
- Prevent undue discrimination of cross-zonal exchanges in favor of exchanges internal to bidding zones
- Avoid fragmentation of resources to different markets/mechanisms (intraday, redispatching, reserve procurement, balancing)

**Thank you for  
your attention !**