

# FF point 2.1 - response to «Questions for Discussion»

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*1. How can the Energy Market Design initiative help further integrate balancing markets over and above what the Balancing Guideline will achieve?*

**Europex position – also presented in previous public consultation – is in short the following:**

- A. NC should take into account current governance structures and functions of Market Operators\* as key actors in balancing markets
- B. Balancing should be focused on Residual Actions only
- C. All parties shall be incentivized to be balanced; for example all generation sources should be exposed to harmonised rules/prices for imbalances linked to BRP/BSP
- D. Avoid 'overlap' between balancing (real-time) and free markets; i.e. Long Term financial/physical, (Single) Day Ahead Coupling, and (Single) Intra Day Coupling

Note: \*I.e. in this respect Functions related to Balancing such as imbalance settlement, imbalances and price calculation rules, etc. and with MO not to be confused with a PX

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*2. What further actions are needed to ensure that day-ahead and intraday markets are effective and fit for the integration of renewables, in particular to ensure that prices are able to rise to levels which reflect scarcity?*

**Europex initial reflections, to be further elaborated, also in parts in dedicated process among all NEMOs in the CACM/NEMO implementation processes underway:**

- A. RES are to a large degree already part of the trading volumes in (Single) Day Ahead Coupling, and partially also in (Single) Intra Day Coupling, and in local (MS) markets
- B. RES needs to be exposed to harmonised requirements, and thus incentives to be balanced on ISP period basis (hourly or shorter), that apply on all other generation sources as well as linked to consumption and trading contracts
- C. Regulated end-user (retail) prices on MS level needs to be removed to enhance the ability for, and incentives to on at least aggregated (ex. via «aggregators») level provide more DSB in the price formation DA and ID
- D. It is key that Bidding Zone prices in DA/ID Coupling are respected without political interventions also in situations with potential peak load (MW) or energy (MWh) shortages which in the free market will give very high prices (without inclusion of existing remedial actions)