

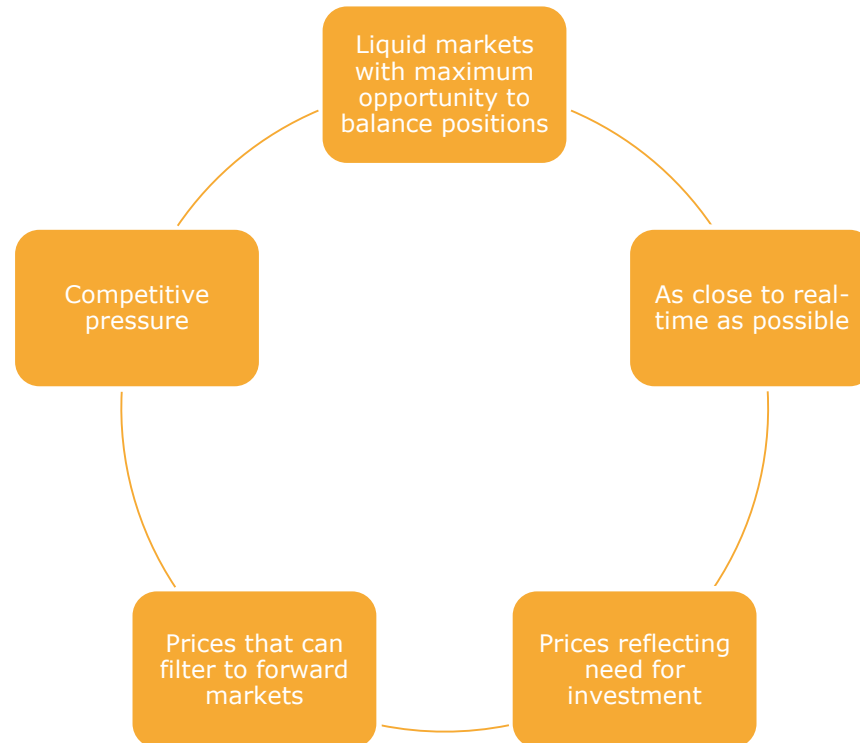
Day-Ahead and Intraday Markets

*Emerging views**

3-4 March 2016

* The content of this presentation represents the informal, working-level views of DG Energy services and is not binding as regards to the final proposals on the energy market design initiative or other related initiatives.

Energy Market Design Communication: Short-term markets must be designed with the energy system of the future in mind.





Prices to reflect scarcity (or lack thereof)

- Must allow prices to rise to VOLL.
- No implicit or explicit price caps: market clearing price not to be constrained.

Exit

- Markets must also be able to provide exit signals; and
- Participants not restricted in acting on those signals.

Locational

- Energy prices should reflect locational need for investment.
- A clearer process for *deciding* on bidding zone structure.

Maximising trading opportunities

- Harmonisation of 'within zone' gate closure time.
- Short trading intervals.
- Will liquidity come naturally?