



# Nord Pool Intraday Auctions

5 December 2017

**NORD  
POOL**

# Executive Summary

- ▶ The intraday auctions will be a new market for trading physical power, providing:
  - A clear intraday price signal
  - Increasing transparency in the market
  - New trading opportunities
- ▶ The concept will comprise two new daily intraday auctions, running at 22:00 and 10:00 CET
- ▶ Co-existence with continuous intraday trading
- ▶ The intraday auction system will be based on Nord Pool's established day-ahead system and the Euphemia algorithm

# Intraday Auctions – what are the advantages?

## ▶ One price

- One price for all sell and buy volumes settled in each price area, valuable for example when trading on behalf of others
- More liquidity for the execution of block orders
- A clear market signal for all stakeholders, e.g. market participants, TSOs and NRAs

## ▶ Easy

- Easy to adjust your position with the Nord Pool Intraday Auctions without running a 24/7 trading floor
- Auction closer to delivery
- Using proven technology from the Day-Ahead auction

## ▶ The future

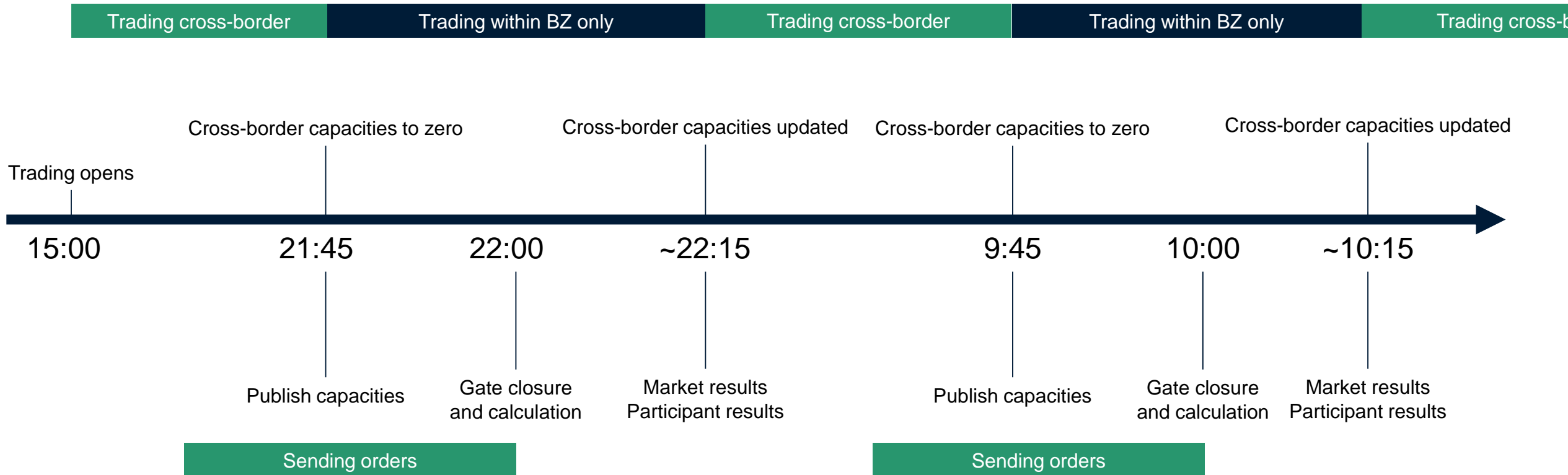
- Efficient for trading increasing volumes and quarterly products in the intraday market
- Captures renewable production and flexible consumption
- Early move towards XBID and ENTSO-E intraday auctions

# Specifications

- ▶ Areas included
  - Nordic and Baltic countries and Germany
- ▶ Timing:
  - 22.00 and 10.00 CET/CEST
- ▶ User interface is Day-ahead look-alike
  - Curve orders and block orders
    - Block orders need a certain amount of curve orders to get matched
  - Same order requirements and calculation as today in Day-ahead auction
- ▶ Conduction of auction
  - Capacities are set to zero in intraday market some time before auction runs until it has been executed – continuous intraday trading runs inside bidding zones
  - Upload of orders:
    - Excel spread sheet or User Interface
- ▶ Matching of orders is done using the Euphemia algorithm as in the day-ahead

# Daily timeline

## ID Continuous



## ID Auction

# Specification continued

- ▶ Price limits
  - Same as in Day-ahead: -500 and +3000 €/MWh
- ▶ Other intrinsic characteristics of the intraday auction
  - “No match” may occur in areas and/or products with no matching buy and sell orders
  - Contrary to earlier communication, **curtailment will be implemented** as in day-ahead.
  - Price independent orders should be used with care
- ▶ Level of support
  - System will be designed to operate automatically
  - After an initial start-up period, **Nord Pool operators are not checking orders before auction**
- ▶ In case the auction would not be possible to run, the fall back is trading in continuous Intraday

# Specification continued

- ▶ Trade capture
  - Manual download of the results from system user interface (Export to Excel)
  - Automatically download of results through Clearing And Settlement Service API
- ▶ Connected to other systems
  - Clearing And Settlement System
  - REMIT reporting
  - Power Data Systems

# Fees

- ▶ Intraday auction fees are designed to be competitive
- ▶ Variable fees
  - Intraday Auction trading volume fee 0.08 EUR/MWh
  - Settlement fee on all volume 0.006 EUR/MWh
  - For the first two months, there is a fee holiday for variable fees
  - Trading and settlement fee will be calculated on the net volume in each bidding zone
- ▶ Fixed fees
  - For existing members, participation in Intraday Auctions is free during 2018
  - One portfolio is included for free
  - Additional portfolios have the standard fee of 1 500 EUR/year



# Customer interaction and feedback

- ▶ Interactions with customers on concept
  - Interviews
  - Webinars on concept
  - Specific interviews on product specifications
- ▶ Training and testing
  - Webinars have been held
  - Access to test environment is planned to open on 12 December 2017
- ▶ Launch date
  - In conjunction with Intraday Platform upgrade in January 2018

For more information, please visit:

<http://www.nordpoolgroup.com/TAS/intraday-trading/intraday-auctions/>

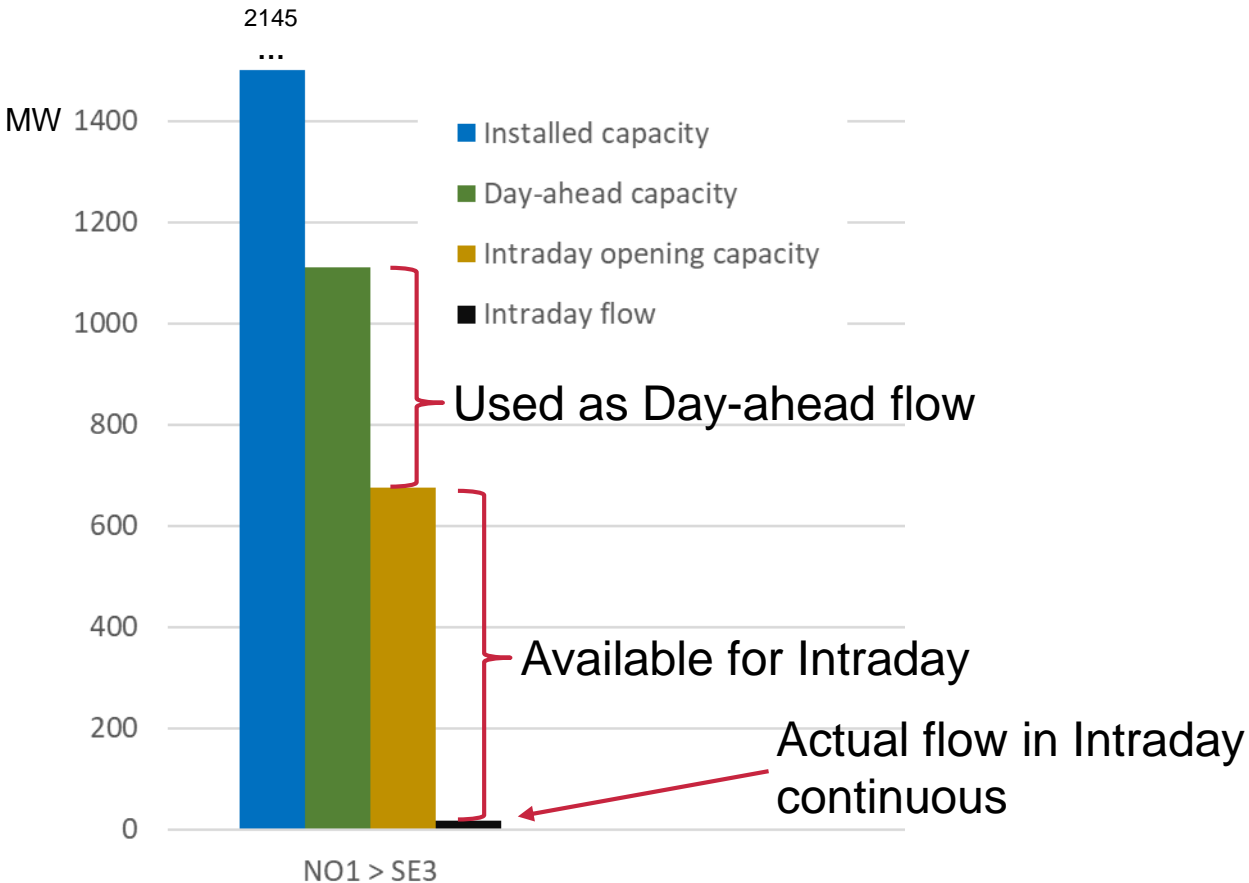
# Compliance

- ▶ Nordic and Baltic NRAs confirmed to Nord Pool that the planned Intraday Auctions do not require further regulatory approvals, since it will be implemented before XBID
  - The exception is Norway, where NRA approval may be needed, as Norway has not adopted the 3<sup>rd</sup> energy package yet
- ▶ German NRA has not prohibited the concept either
- ▶ Rules and regulations:
  - Nord Pool rule book will be governing the Intraday Auctions
  - The updated rules have been reviewed by the Customer Advisory Board already

**Thank you!**

# Example on available capacities

## Average capacities on NO1 → SE3



- ▶ After Day-Ahead, there is on average 680 MW capacity available for intraday on this border
- ▶ However, for 45% of hours, initial Intraday capacity in this direction is zero
  - This happens when all the available transmission capacity has been consumed in Day-Ahead
  - For non-zero hours, the average initial ID capacity is 1200 MW, more than the average DA capacity
- ▶ Intraday capacity will be available to the Intraday Auctions, if not completely consumed in day-ahead and continuous intraday trading