



(This was summary was sent as an e-mail to all workshop 3 participants 05-02-2021)

Dear workshop 3 participants,

Thank you for participating in the third workshop on a new countertrade model.

The first part of the workshop mainly focused on topics from workshop 2 which needed further clarification.

- The Danish Energy Regulator presented the legal foundation, the current interpretation, application and monitoring of the 70% rule, which was mainly related to giving 70% capacity to the day ahead market, however making it clear that no regulatory decision has been taken.
- Energinet presented four topics
 - **An intraday model will lower the day ahead price**
Energinet finds that price convergence between market timeframes is an impact of a competitive market and agrees that an intraday model is expected to lower the day ahead price, which generally is an advantage for consumers and a disadvantage for producers. It is Energinet's assessment that an intraday model leads to better socio-economic welfare. The intention of the 70% rule is to ensure that at least 70% capacity is given on the interconnector. The 70 % rule does not mention that this should have a certain impact on the DA price.
 - **No Nordic support for a Nordic countertrade model**
It had been proposed by market participants to further investigate the possibility for a Nordic countertrade model. Energinet has investigated this solution in 2017 and again in 2020/2021, where there was not identified common Nordic support to set up a Nordic platform for countertrade purposes. Energinet also stressed that it is not a socioeconomic superior model compared to the intraday model, why it is not Energinet's preferred model.
 - **Special regulation after 2022**
Energinet stressed that the main reason to change countertrade model is the inefficiency of the current model. Further to this, special regulation in its current form cannot continue after Energinet joins the Nordic Energy activation market (AOF) by the end of 2022, however Energinet will still need special regulation as remedial action and for local congestion management purposes. A technical solution for such activations under the Nordic AOF (and later MARI) is therefore being investigated. Such a solution is not envisaged to be used for countertrade purposes. When the Nordic TSOs join MARI activations of balancing energy bids outside the MARI merit order for countertrade will no longer be legal.
 - **The obligation to help with countertrade**
The Electricity Market Regulation Articles 16(4) and 16((8)(a)) states that countertrade is a measure that should be applied to ensure that the minimum 70% threshold is met. Market participants had proposed that Energinet should limit the volume of countertrade and thus let TenneT solve more of its internal congestion issues internally. Energinet's and TenneT's assessment is that countertrade is the most efficient solution. In general, Energinet strive to help adjacent TSOs when possible and is also depended on it vice versa.

There was discussion around these questions and Energinet invited to bilateral meetings for further elaborations and discussion.

Some of the danish market participants urged Energinet to further analyse the market effects in both the intraday, day ahead and the balancing market e.g., if an intraday countertrade model would lead to less downward regulation bids in the balancing timeframe. It was also mentioned that both the depth of liquidity and the price impact in the intraday market should be considered. Further to this a gradual transition to an intraday model was advised. Energinet will cover these questions and recommendations in the public consultation.

The second half of the workshop was dedicated to the setup of the intraday model.

Tennet presented their operational planning process and their grid expansion projects. During the presentation there was a good dialog concerning the German need for countertrade. TenneT support Energinets work to ensure an efficient countertrade model with equal access for all. It was mentioned that an intraday model will increase competition and thereby ensure better prices, and it also gives TenneT more operational security that the countertrade is done earlier compared with the current model.

Energinet had identified a broad area of discussions points regarding the implementation of an intraday model. The following input was received from market participants and will be taken into consideration in the further implementation of the intraday model:

- Solutions in case of lack of countertrade volumes in the intraday market
- Ensure low complexity for participation in the ID market
- Identify if ramping restrictions on the interconnectors might limit the availability of bids.
- Recommendation that trading all volumes in one timeslot will boost liquidity in this time period, and most likely also increase the price in this time slot. E.g. a 15 min trading window, instead of one exact timeslot.
- Ensure transparency in volumes
- Ensure transparency in max price (if such a price is agreed)
- Rules should be published
- Block bids are relevant for England, but a preference for hourly bids was expressed
- It could be relevant to trade X% volume early in the intraday timeframe, and then trade smaller amounts closer to gate closure time
- There is transactions cost connected with ID trade if 24/7 trading is required
- Energinet expects to outsource intraday trading to a third party, however input was given, that it could make sense that Energinet trade on intraday.

Energinet encourages workshop participants to either send written input for the setup of an intraday model, or to contact Energinet for bilateral meetings on the topic.

Please contact Astrid Broge by e-mail: abg@energinet.dk, or by phone: +4561244363.

Attached please find the list of actual participants at the workshop.

The workshop presentation is available [here](#) on the workshop 3 event site.

An evaluation of the workshop has been sent yesterday in a separate e-mail.

Best regards

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