

HL reflections on NBM status, priorities and some key issues

Rickard Nilsson

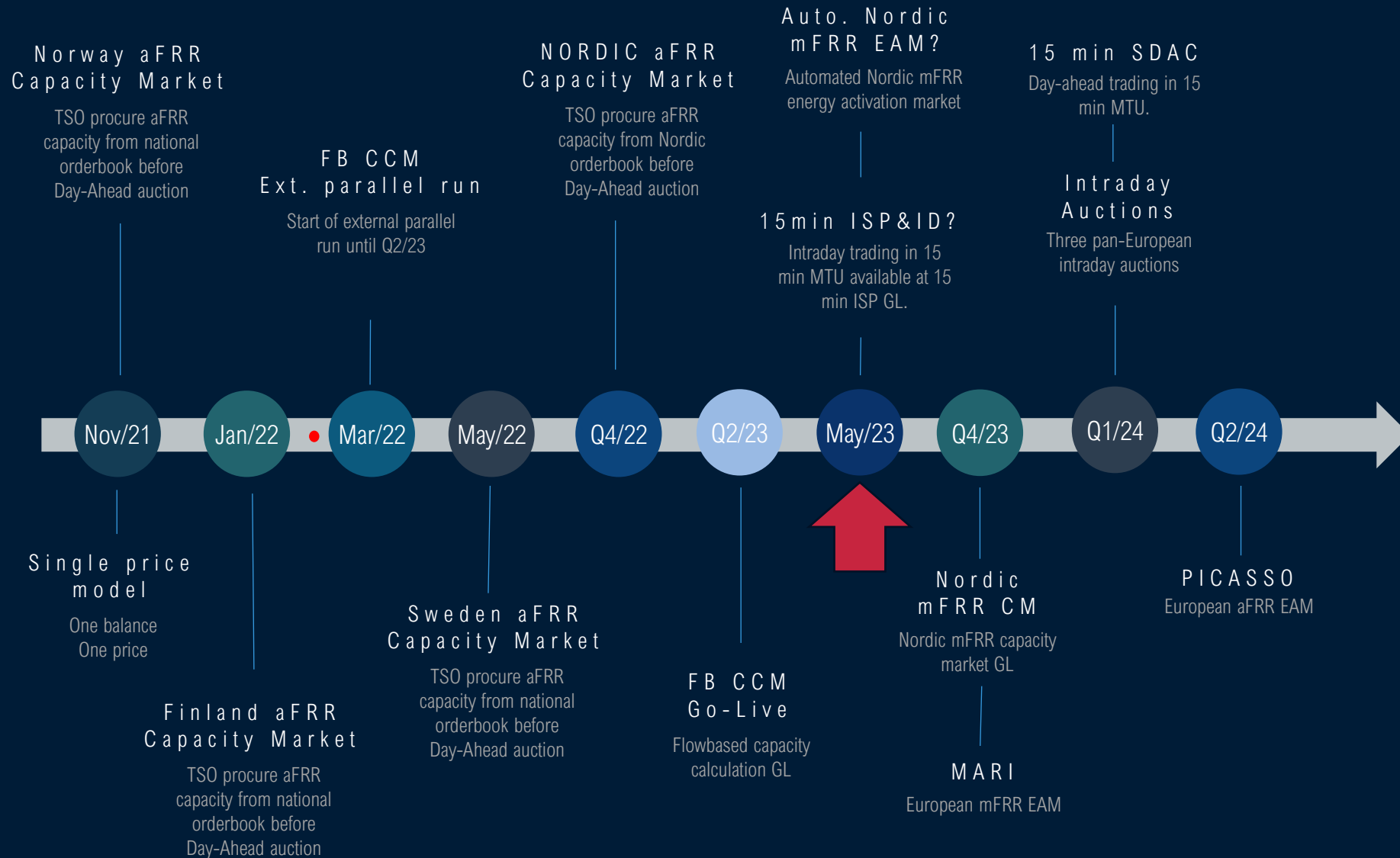
Senior Advisor on Market Design

rickard.nilsson@nordpoolgroup.com

NBM SAG meeting, 24th of March 2022

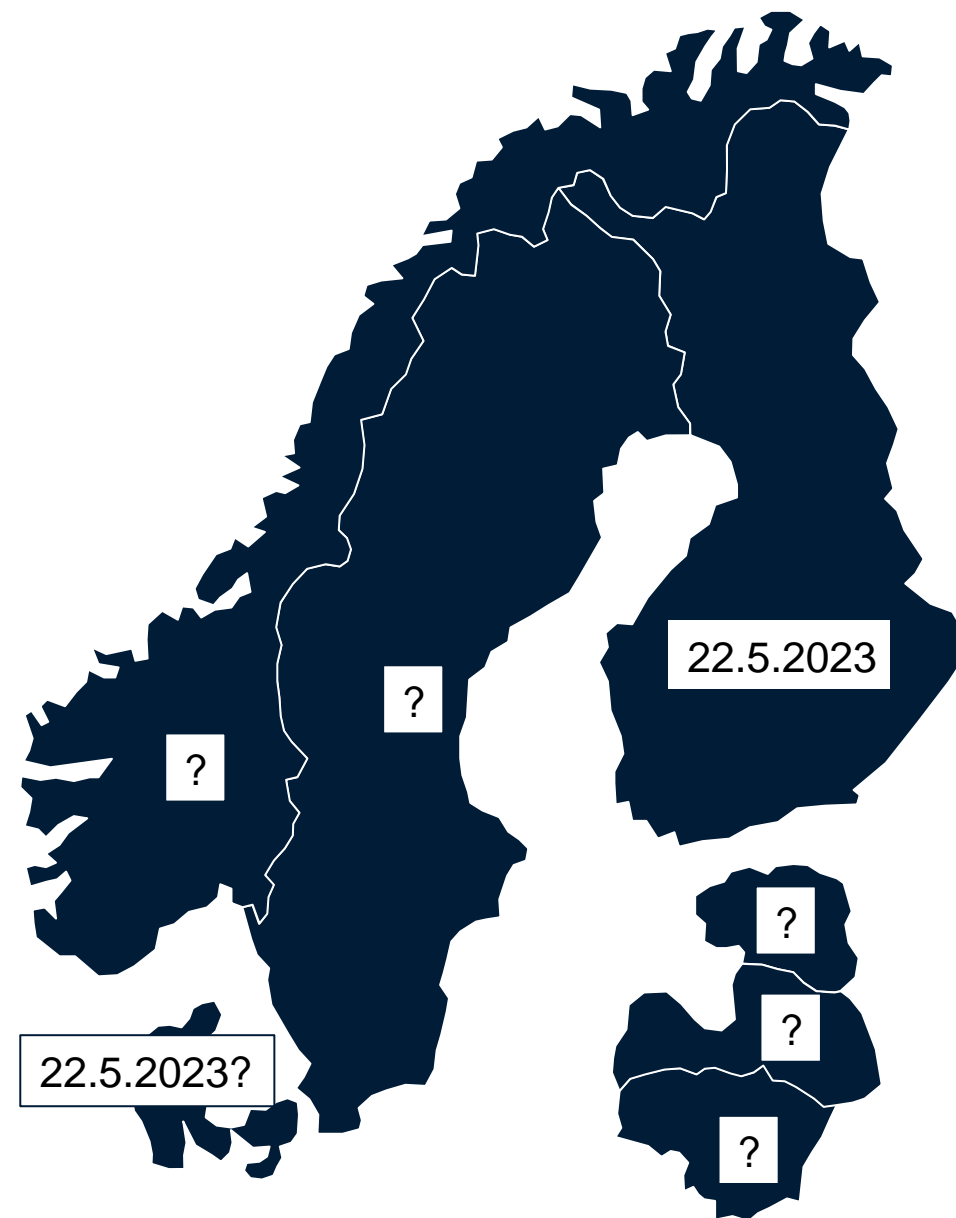
**NORD
POOL**

NORDIC MARKET DESIGN HIGH LEVEL ROADMAP



ISP change to 15 min

- Finland locked in 22.5.2023
- Sweden and Norway delayed?
- Denmark possibly ready for 22.5.2023?
- Baltics indicated “they will follow Nordics”



Market changes – what makes sense and can be facilitated when

Day-Ahead (SDAC)

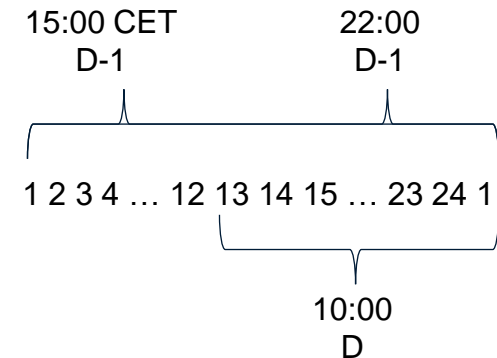
- First in 60 min, then to 15 min as soon as possible if needed.
- Waiting for SDAC developments; algorithm performance & capacity allocation on 15 Min level.
- Countries across EU+ moving to 15 ISP and 15 min MTU in waves.
- Nordics among the first wave.
- Cross-border capacities depend on TSOs ability to shift to 15 Min allocation, and naturally 15 Min granularity will enhance trading liquidity and price discovery.

Intraday Continuous (SIDC)

- 15 min trading as soon as ISP (and Balancing Mechanisms) are on 15 min.
- Trading as close to delivery period as possible, i.e. until delivery, is positive.
- Cross-border capacities depend on TSOs ability to shift to 15 Min allocation, and naturally 15 Min granularity will enhance trading liquidity and price discovery.

Intraday Auctions (SIDC IDAs)

- Three pan-European auctions.



- Cross-border zone continuous trading halted during IDA auctions.
- Development of SIDC IDA systems, e.g. utilization of SDAC algorithm, and processes is on-going.

Even though there is one and the same Imbalance settlement price for each 15 MTU – Nord Pool is ready to offer trading on the products via SIDC Continuous/XBID SOB, especially if there is a need from the members for it

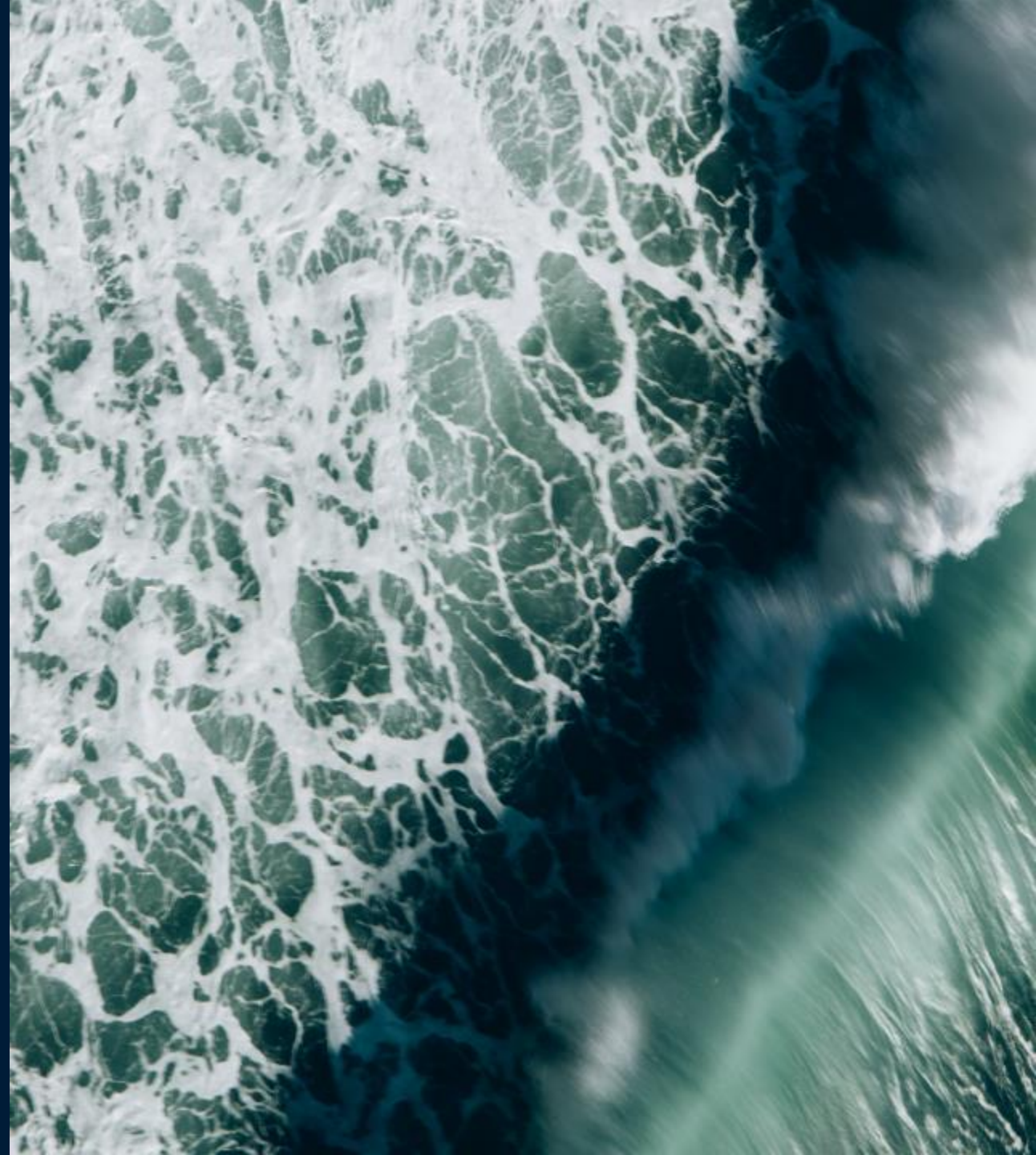
Nord Pool readiness

Day-ahead:

- New day-ahead platform introduced in March.
- Extended product offering, IDA readiness from the start.
- Nord Pool ready for 15 min trading as soon as it is possible, e.g. via SDAC.

Intraday Continuous trading:

- Continues development of the trading platform to match increased number of orders and trades.
- Nord Pool ready for 15 min continuous trading products when ISP changes to 15 min.
 - If limited to within single countries or also Cross (Zonal) Border depend on if CZ IC capacities can be given on 15 Min MTU level and if there are discrepancies in 15 Min ISP implementation between adjacent countries. Regardless of that it is possible to setup 15 Min MTU trading within single countries (BZs) in SIDC.
 - Even in case there for some time would be one ISP that is equal for all 15 Min MTUs within an hour – Nord Pool would be ready to consider offering trading in 15 Min MTU products via SIDC SOB, especially if there is an expressed need from the members for it



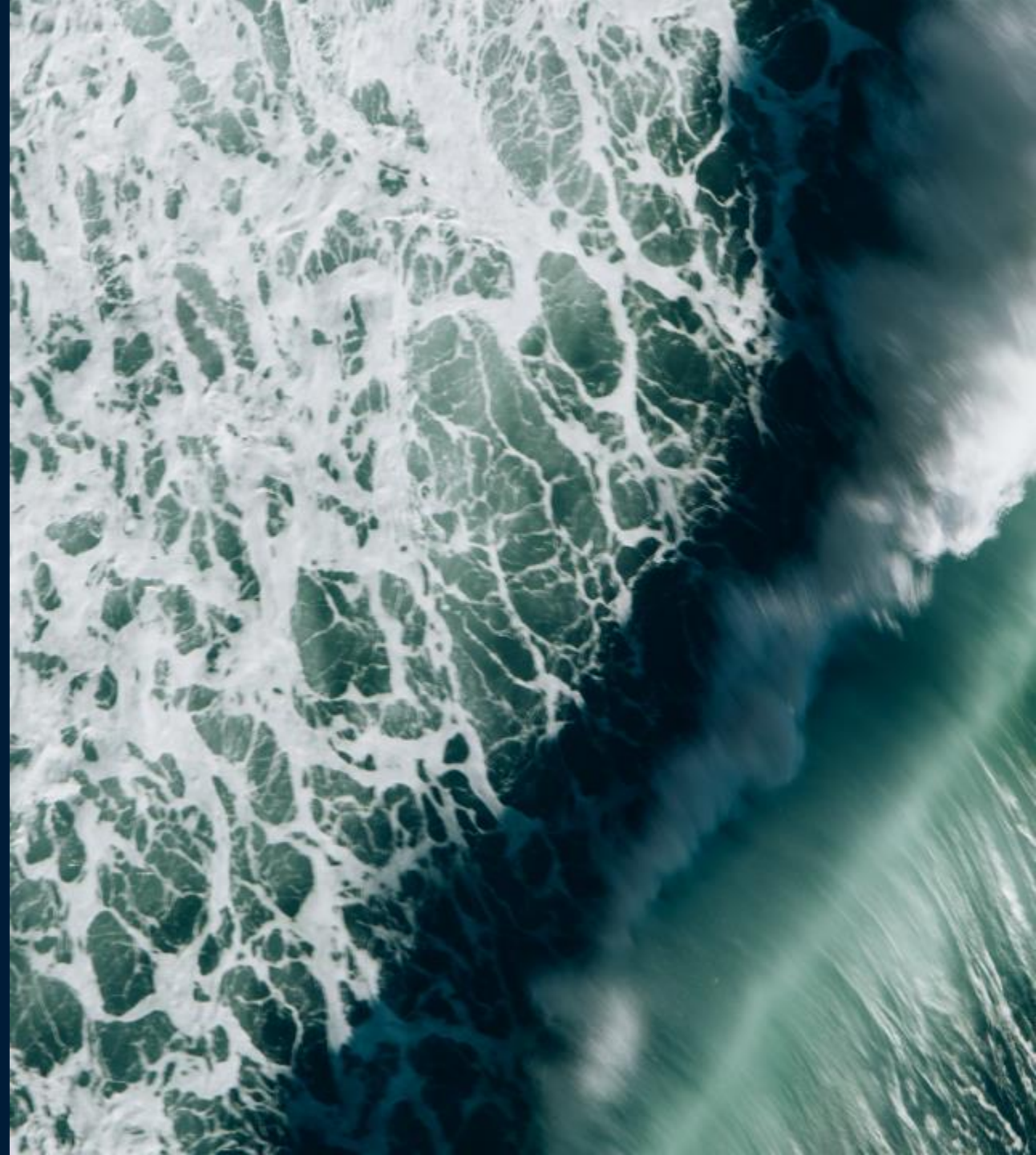
Summary related to 15 Min ISP and trading

- TSO set the schedule for cross-border capacities.
 - It is unfortunate that a delay of mFRR EAM is needed for some TSOs before implementation of 15 min ISP and hence delays allowance of offering of 15 MTU products not only inside a Bidding Zone/country but also Cross-Border.
 - Nord Pool would naturally prefer a situation where at the start of 15 ISP several/all Nordic countries would go-live and consequently also enable cross-border capacities for trading to be opened as well.
- Nord Pool ready for 15 Min trading as soon as it is possible for TSO systems and given 15 Min ISP.
- Trading will become more fast paced and complex.
- Fundamental to secure robust and functioning marketplaces for market participants to trade at.
- Application of 15 Min ISP and Balancing Mechanisms priced on 15 Min granularity is as such the regulatory requirement triggering a requirement to offer 15 Min MTU products for trading and also helps to drive liquidity and incentives for trading on 15 Min granularity
- Cooperation between all parties is key for a successful transition from 60 to 15 Min granularity for trading, CZ capacity allocation, ISP and Balancing Mechanisms.



HL remarks on a few other aspects of the NBM program

- Key to ideally prioritize features that are beneficial for enhancing efficiency in Nordic balancing mechanisms
- Key to not overly complicate product & pricing methods for various Balancing Mechanisms (aFRR, mFRR, FCR)
- Key to secure and enhance transparency on publication of prices & volumes in Balancing Mechanisms;
 - For ex. ensure near real-time publication of (indicative) up/down regulation prices which (today) form the basis for the ISP
 - Among others it gives a more even playing field between BSPs actively providing resources for balancing and BRPs that are not able to do so but equally affected by ISP prices
 - Also it gives key info to market parties that enables them to adjust their portfolios in Intraday for the nearest hours open for trading



Thank you!

Rickard Nilsson

Senior Advisor on Market Design

rickard.nilsson@nordpoolgroup.com

+46 (0)73 9 81 89 65

Vassi Kujala

Market Manager Finland

vassi.kujala@nordpoolgroup.com

+358 44 5582774