

ELECTRICITY MARKET
GME'S PROPOSALS TO CHANGE THE TIMING OF ACTIVITIES RELATED TO THE SESSIONS OF
THE MPE AND OF ACTIVITIES RELATED TO THE PCE

1. Introduction

The European Union is gradually completing the process of creation of the European single market, aimed at establishing a really integrated internal electricity market.

In regulatory/legislative terms, the process (which has been going on for several years) began with the approval of the Third Energy Package by the European Parliament and Council. Among the various regulatory/legislative measures concerning the electricity sector, it is worth mentioning Directive 2009/73/EC (approved on 13 July 2009) and Regulation (EC) No 714/2009. The latter Regulation identified, *inter alia*, the common requirements that each Member State must meet to enable access to power grids and cross-border power trade within the EU.

The regulatory process continued with the publication of the “Framework Guidelines on Capacity Allocation and Congestion Management” by ACER¹ on 29 July 2011. In the past few years, these guidelines have represented the reference programme document that the European Network of Transmission System Operators for Electricity (ENTSO-E) and the European Commission’s DG Energy have adopted for drafting the “Network Code on Capacity Allocation and Congestion Management” (CACM), i.e. the EU-wide technical regulation defining operational procedures and key harmonisation measures for the individual market models that each transmission system operator and each national power exchange will have to implement in order to: i) harmonise cross-border transmission capacity allocation; and ii) align cross-border congestion management processes.

With particular regard to wholesale electricity markets, the CACM identifies the Price Coupling mechanism as the reference Target Model to be applied for implicitly allocating available interconnection capacity over the timescales of Day-Ahead Markets. To this end, the latest version of the CACM (of 14 January 2014, now being examined by the Electricity Cross Border Committee) provides among others that: i) in order to implement the European Target Model in an adequate and efficient way, the time of closure of trades on the various spot markets of the EU should be aligned with the one of the individual Day-Ahead Markets (Gate Closure Time – GCT); and ii) this common GCT should be set to 12:00 am².

As is known, the current GCT of the Italian Day-Ahead Market is 09:15 am. A comparative analysis of the current Italian market design vs. the benchmark required for implementing the EU Target Model has indicated that one of the main aspects to be harmonised is the adoption of the GCT of 12:00 am for the Italian MGP. This implies: i) the concurrent reorganisation of the timing of the intra-day and ancillary

¹ ACER- Framework Guidelines on Capacity Allocation and Congestion Management for Electricity (FG-2011-E-002_29 July 2011).

² Under art. 54, para. 2 of the latest available version of the CACM: “The Day Ahead Market Gate Closure Time in each Bidding Zone shall be noon Market Time day ahead”.

services market sessions (taking place after the closure of the MGP); as well as iii) the revision of the timing for some market activities taking place within the OTC Registration Platform (PCE).

In view of the above, GME has decided to launch a consultation (open to interested parties) about its proposals to change the timing of the sessions of its spot electricity market (see Technical Rule no. 3 rev5 MPE - Time Periods of Activities for the Sessions of the MGP, MI and MSD), as well as the timing for some market activities related to the operation of the PCE (see Technical Rule no. 3 Rev3 PCE - Registration of transactions and schedules).

To harmonise the Italian spot market in view of its integration (via the coupling mechanism) with the other spot markets of the EU by the end of 2014, GME's objective is to implement the new timing of its wholesale electricity markets and of the PCE in December 2014.

Thus, the following paragraphs provide details on GME's proposed amendments, which will involve corresponding amendments of Technical Rules no. 3 MPE and no. 3 PCE.

To complete this introduction, it is worth pointing out that the solution proposed by GME in this consultation document is to be assessed and analysed jointly with the simultaneous consultation that Terna (as Power Transmission System Operator) has launched on the same subject, with a view to making the necessary amendments to the relevant provisions laid down in the national power Grid Code.

Interested parties are invited to express their views on the operational procedures described in this document.

Comments are to be sent in writing to the "**Unità Legale e Regolazione**" (Legal & Regulatory Office) of **GME by 19 March 2014** at the latest (end date of the consultation):

- by e-mail to info@mercatoelettrico.org
or
- by fax to **+39-06-8012-4524**
or
- by mail to **Gestore dei mercati energetici S.p.A.**
Largo Giuseppe Tartini, 3-4
00198 – Roma

If you want us to keep all or part of your comments confidential, please specify which parts of your comments are to be kept confidential.

2. Proposed change of the timing of activities related to the sessions of the MPE and of activities related to the PCE

MGP AND PCE

First of all, the postponement of the **GCT of the MGP to 12:00** a.m. involves a corresponding postponement of the time of GME's publication of preliminary market information, to be made available at least thirty minutes before the CGT (art. 37.1 of the Integrated Text of the Electricity Market Rules). Therefore, the **preliminary market information** will be published by **11:30**.

The **general results** and the **individual results of the MGP** will be published and notified to market participants by **13:10**.

The postponement of the GCT of the MGP makes it possible, among others, to redesign the timing of activities associated with the management of the PCE and, in particular, to extend the timing for registration of commercial transactions and for registration of injection/withdrawal schedules. Indeed, the sessions for registration of transactions on the PCE are currently open every day from 10:00 to 22.00 and, in each session, participants may register transactions in respect of the period elapsing from the 2nd day of flow to the 60th day of flow following the one on which the session takes place. It follows that PCE participants may register transactions in respect of a day of flow until 22:00 of the 2nd day before. However, given the postponement of the GCT of the MGP from 9:00 to 12:00, the opening time of the session for **registration of transactions** might be set to 9:00 instead of 10:00.

As to the second aspect, i.e. the **registration of injection/withdrawal schedules**, the current acceptance time limit of 8:45 of the day before the day of flow to which the schedules refer (i.e. 30 minutes before the current GCT of the MGP) would be consistently postponed to **11:30**.

MI, MSD and MB

The postponement of the GCT of the MGP to 12:00 requires reorganising the timing of the markets that follow the MGP, i.e. of the sessions of the MI, MSB and MB.

GME also proposes the introduction of an additional session of the MI (followed by a corresponding session of the MSD). In this session, which would take place in the early hours of the day of flow, participants might submit bids/offers in respect of the hours from 8:00 to 24:00 of the same day as the one on which the session is held.

The following are the details of the proposed new timing of the MI and MSD in respect of each day of flow D:

- MI1
 - o In this market session, participants may enter bids/offers in respect of all the hours of the day of flow D;
 - o The opening of the sitting is postponed from 10:45 to 13:10 of D-1;
 - o The GCT and the concurrent publication of preliminary information are postponed from 12:30 to 15:00 of D-1;

- The publication of general results and the notification of individual results are postponed from 12:55 and 13:00, respectively, to a single time, i.e. to 15:30 of D-1.
- MI2
 - In this market session, participants may enter bids/offers in respect of all the hours of the day of flow D;
 - The opening of the sitting is postponed from 10:45 to 13:10 of D-1;
 - The GCT and the concurrent publication of preliminary information are postponed from 14:40 to 17:00 of D-1;
 - The publication of general results and the notification of individual results are postponed from 15:05 and 15:10, respectively, to a single time, i.e. to 17:30 of D-1.
- MSD1
 - In this market session, participants may enter bids/offers in respect of all the hours of the day of flow D;
 - The opening of the sitting is set to 13:10 of D-1 (currently 15:10 of D-1), so as to enable participants to enter bids/offers immediately after the publication of the results of the MGP;
 - The GCT is postponed from 16:40 to 17:30 of D-1;
 - The publication of general results and the notification of individual results are postponed from 20:30 and 20:40, respectively, to a single time, i.e. to 21:10 of D-1.
- MB1
 - In this market session, participants do not enter bids/offers, but use is made of bids/offers entered by participants and validated in the previous session of MSD1;
 - In this market, Terna accepts bids/offers in respect of the hours from 00:00 to 8:00 (from the first to the eighth applicable period) of D, instead of the hours from 00:00 to 6:00 (from the first to the sixth applicable period) of D;
 - Provisional results are notified on an hourly basis, one hour after the end of each hourly period; final results are notified within the fifteenth day of the month M+2.
- MI3
 - This is a **new market session** to be implemented, about which participants are invited to express their views;
 - In this new market session, participants may enter bids/offers in respect of the hours from 8:00 to 24:00 (from the ninth to the forty-fourth applicable period) of D;
 - The opening of the sitting would be set to 17:30 of D-1;
 - The GCT and the concurrent publication of preliminary information would be set to 3:45 of D;
 - The publication of general results and the concurrent notification of individual results would be set to 4:15 of D;
- MSD2
 - This is a new session of the MSD, which would be needed only if the above-mentioned introduction of MI3 were confirmed;
 - In this market session, participants would not enter bids/offers, but use would be made of bids/offers entered by participants and validated in the previous session of MSD1;
 - In this market session, Terna would accept bids/offers in respect of the hours from 8:00 to 24.00 (from the ninth to the twenty-fourth applicable period) of D;
 - The publication of general results and the concurrent notification of individual results would be set to 6:15 of D.

- MB2
 - o In this market session, participants may enter bids/offers in respect of the hours from 8:00 to 12:00 (from the ninth to the twelfth applicable period) of D, instead of those from 6:00 to 12:00 (from the seventh to the twelfth applicable period) of D;
 - o The opening of the sitting remains at 22:30 of D-1;
 - o The GCT is postponed from 5:00 to 7:00 of D;
 - o Provisional results are notified on an hourly basis, one hour after the end of each hourly period; final results are notified within the fifteenth day of the month M+2;
- MI4 (corresponding to the current MI3)
 - o In this market session, participants may enter bids/offers in respect of the hours from 12:00 to 24:00 (from the thirteenth to the twenty-fourth applicable period) of D;
 - o The opening of the sitting is postponed from 16:00 to 17:30 of D-1;
 - o The GCT and the concurrent publication of preliminary information are postponed from 7:30 to 7:45 of D;
 - o The publication of general results and the notification of individual results are postponed from the current 7:55 and 8:00, respectively, to a single time. i.e. to 8:15 of D.
- MSD3 (corresponding to the current MSD2)
 - o In this market session, participants do not enter bids/offers, but use is made of bids/offers entered by participants and validated in the previous session of MSD1;
 - o In this market session, Terna accepts bids/offers in respect of the hours from 12:00 to 24:00 (from the thirteenth to the twenty-fourth applicable period) of D;
 - o The publication of general results and the notification of individual results are postponed from the current 9:50 and 9:55, respectively, to a single time, i.e. to 10:15 of D.
- MB3
 - o In this market session, participants may enter bids/offers in respect of the hours from 12:00 to 16:00 (from the thirteenth to the sixteenth applicable period) of D;
 - o The opening of the sitting remains at 22:30 of D-1;
 - o The GCT remains at 11:00 of D;
 - o Provisional results are notified on an hourly basis, one hour after the end of each hourly period; final results are notified within the fifteenth day of the month M+2.
- MI5 (corresponding to the current MI4)
 - o In this market session, participants may enter bids/offers in respect of the hours from 16:00 to 24:00 (from the seventeenth to the twenty-fourth applicable period) of D;
 - o The opening of the sitting is postponed from 16:00 to 17:30 of D-1;
 - o The CGT and the concurrent publication of preliminary results are advanced from 11:45 to 11:30 of D, so as to avoid the overlapping of the execution of this market with the execution of the session of the MGP in respect of day D+1;
 - o The publication of general results and the notification of individual results are advanced from the current 12:10 and 12:15, respectively, to a single time, i.e. to 12:00 of D.
- MSD4 (corresponding to the current MSD3)
 - o In this market session, participants do not enter bids/offers, but use is made of bids/offers entered by participants and validated in the previous session of MSD1;
 - o In this market session, Terna accepts bids/offers in respect of the hours from 16:00 to 24:00 (from the seventeenth to the twenty-fourth applicable period) of D;

- The publication of general results and the notification of individual results are postponed from the current 14:05 and 14:10, respectively, to a single time, i.e. to 14:15 of D.
- MB4
 - In this market session, participants may enter bids/offers in respect of the hours from 16:00 to 22:00 (from the seventeenth to the twenty-second applicable period) of D;
 - The opening of the sitting remains at 22:30 of D-1;
 - The GCT remains at 15:00 of D;
 - Provisional results are notified on an hourly basis, one hour after the end of each hourly period; final results are notified within the fifteenth day of the month M+2.
- MB5
 - In this market session, participants may enter bids/offers in respect of the hours from 22:00 to 24:00 (from the twenty-third to the twenty-fourth applicable period) of D;
 - The opening of the sitting remains at 22:30 of D-1;
 - The GCT remains at 21:00 of D;
 - Provisional results are notified on an hourly basis, one hour after the end of each hourly period; final results are notified within the fifteenth day of the month M+2.

	PCE (transactions)	PCE (schedules)	MGP	MI1	MI2	MSD1	MB1	MI3	MSD2	MB2	MI4 (former MI3)	MSD3 (former MSD2)	MB3	MI5 (former MI4)	MSD4 (former MSD3)	MB4	MB5
Reference day	D-1						D										
Preliminary information	n.a.	n.a.	8.45 11.30	12.30 15.00	14.40 17.00	n.a.	n.a.	3.45	n.a.	n.a.	7.30 7.45	n.a.	n.a.	11.45 11.30	n.a.	n.a.	n.a.
Opening of sitting	09.00 (D-60)+	n.a.	8.00*	10.45 13.10	10.45 13.10	15.10 13.10	°	17.30**	°	22.30** 23.00**	16.00** 17.30**	°	22.30** 23.00**	16.00** 17.30**	°	22.30** 23.00**	22.30** 23.00**
Closing of sitting	22.00 (D-2)+	8.45 11.30	09.15 12.00	12.30 15.00	14.40 17.00	16.40 17.30	°	3.45	°	5.00 7.00	7.30 7.45	°	11.00	11.45 11.30	°	15.00	21.00
General results	n.a.	n.a.	10.30	12.55	15.05	20.30	#	-	-	#	7.55	09.50	#	12.10	14.05	#	#
Individual results	n.a.	n.a.	10.45	13.00	15.10	20.40	#	-	-	#	8.00	09.55	#	12.15	14.10	#	#
Results	n.a.	n.a.	13.10	15.30	17.30	21.10	#	4.15	6.15	#	8.15	10.15	#	12.00	14.15	#	#

+ commercial transactions may be registered on the PCE every day from **9:00 to 22:00**.
Commercial transactions in respect of day **D** may be registered from the opening of the sitting of the 60th day before until the closing of the sitting of the second day before the day of flow (D-2)

* the time refers to day D-9

** the time refers to day D-1

° Use is made of bids/offers entered in the first substage of the MSD

Grid Code

new market