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Vattenfall response to Energinet.dk public consultation
Special regulation as countertrade model on DK1-DE
following Joint Declaration

Vattenfall welcomes the opportunity to comment the proposal.

In the specific case of the Danish-German border, Vattenfall regrets that the proposal in fact is a prolongation of the existing practice.

Vattenfall has encouraged the referred TSOs to apply a combination of the following three marketplaces to handle the regulatory needs:

1. Opening (pan-Europe) ID auction 22:00 in the evening D + 1.
2. *If available* a regional opening balancing auction. Place after the continuous trading period for each traded product has closed and before the delivery period starts.
3. Special regulation during the operating time frame.

By combining these three markets, the TSOs should have the opportunity to enlarge the market and thus handle the regulatory requirement at a low cost. The TSOs would also be able to adjust its strategy continuously to minimize market manipulation, arbitration risk, etc.

In our opinion, special regulation via the regulating power market should only be used as a temporary solution, as it to some degree distorts the balance market prices as bidders may anticipate a grid regulation and thus bid as if it is under a "pay as bid" regime.

In light of Energinet.dk's decision to continue the application of special regulation, Vattenfall strongly argues that the methodology would be improved either through:

1. A) Applying a marginal price for the resources used for grid regulation or
B) Allowing for two prices for the same bid, e.g. bid price + some acceptable margin (e.g. +10%) for a bid if used for grid regulation.
2. Publication of activated bid price.

Comments referring to further development – next steps

In the event that Energinet.dk considers using capacity auction we encourage the Nordic TSOs to seek a developed methodology that make use of the regional auctions that will be implemented by NordPool later this year. The ambition and driver should be to make efficient use of the full Nordic power system.

Finally we think that the concept of “opening balancing” auctions, taking place after the close of continuous intraday trading for each trade time frame, needs to be investigated more. We therefore encourage the Nordic TSOs to initiate a stakeholder discussion around the concept as soon as possible.

Kind regards



Cecilia Hellner

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