

Market Response 2019

Task Force ISR presentation

Brussels, September 2019



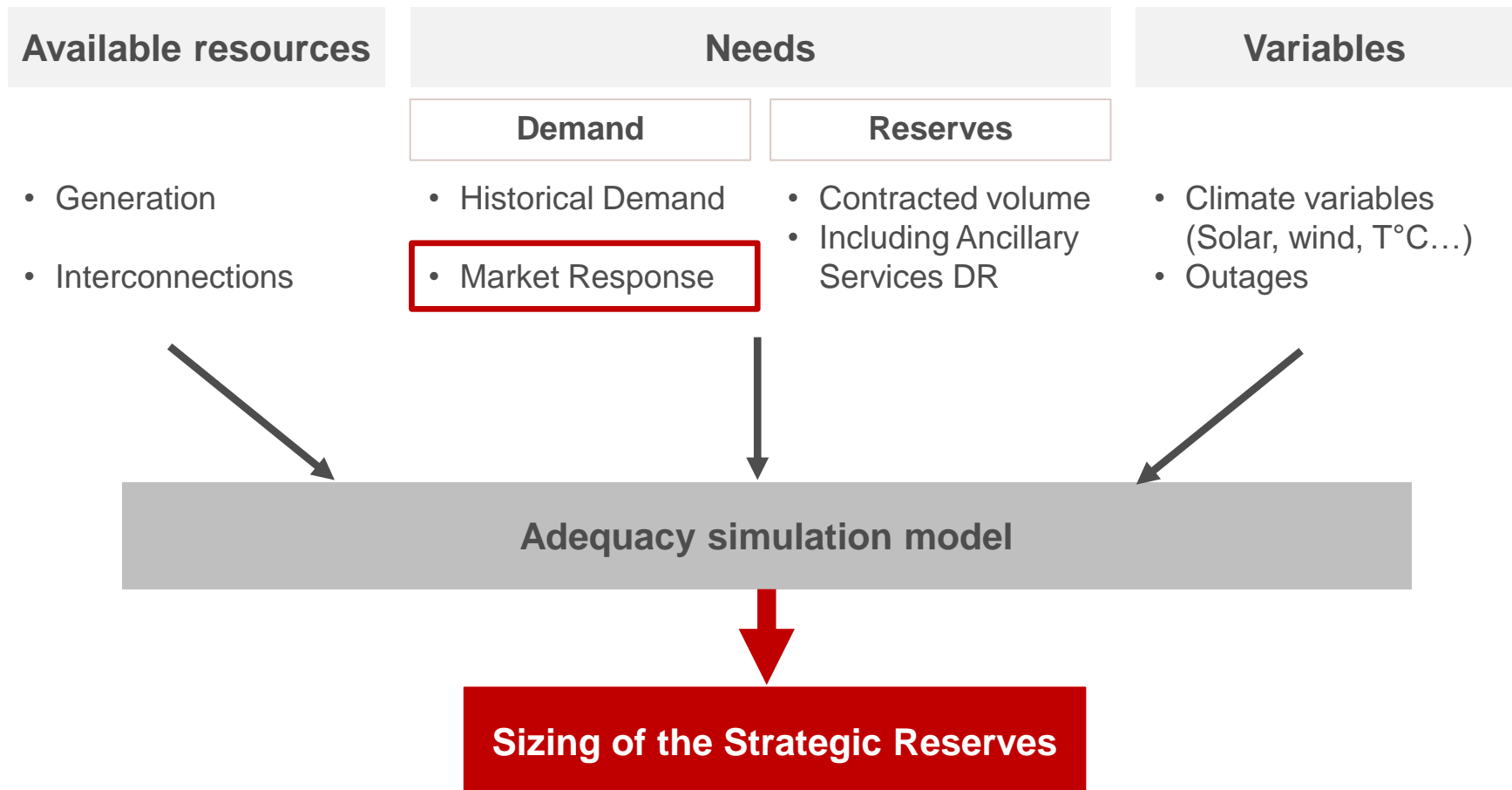
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1 | Additional data sources

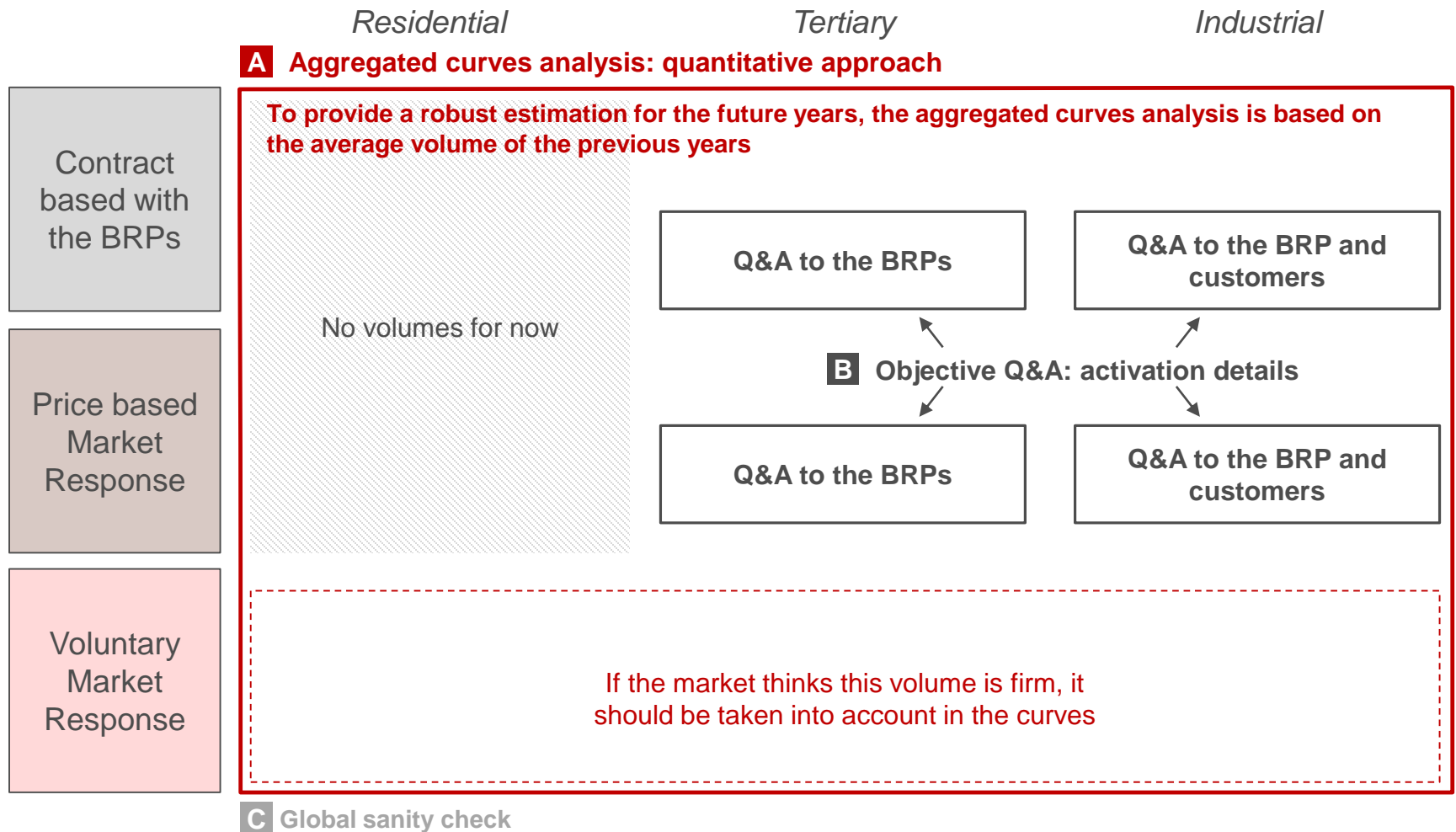
2 | Block orders

Market Response volume determination is essential to size the volumes of Strategic Reserves

Market Response corresponds to the response of electricity consumers in periods of tension and high prices in the electricity grid



In 2017, a robust methodology was established based on the aggregated curves, and complemented with a qualitative Q&A to define the details of the activation



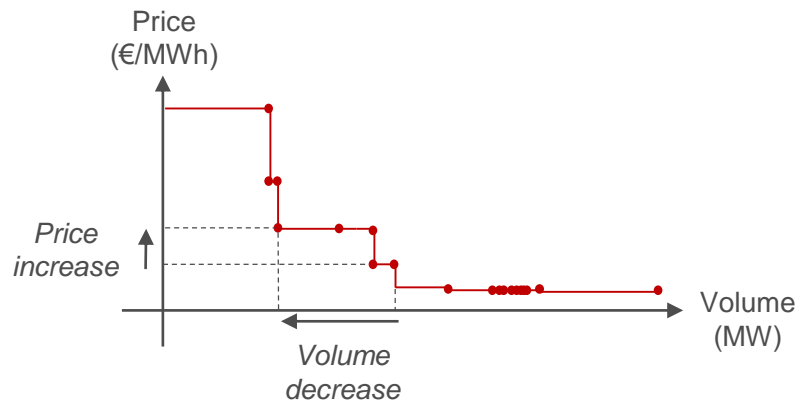
As from 2017, the analysis has been performed based on the aggregated curves from EPEX DAM Belgium – Market Response volumes appear as a demand decrease or as an offer increase

Market Response volumes valued in the DA market

Demand decrease

- This part can be analyzed directly in the aggregated demand curve, by studying the decrease of volume when price increases

Demand curve for a given hour



Offer increase

- Instead of a demand decrease, suppliers can value Market Response as new offer in the market: this part would appear in the supply curve
- Due to the possible presence of generation bids in the offer curve, two price thresholds have been set up:
 - Volumes above 150€/MWh, which correspond to the base case of Market Response volumes
 - Volumes above 500€/MWh, which enable to exclude all possible generation bids

Disclaimer:

The details on the activation cannot be estimated with the aggregated curve methodology, it is not possible to extract it from the curves. This has been validated with EPEX

The methodology will be adapted to incorporate data from other NEMOs

- **Nominated Electricity Market Operators** can now be active on the Belgian market. Since summer 2019, Noorpoolspot is active on the DAM market.
- The aggregated curve methodology to compute the market response will need to incorporate Noorpoolspot, as well as other NEMOs that may become active on the Belgian DAM market
- Providing the data is made accessible, the **current methodology & model can be easily adapted** to incorporate this data. The **required data** includes, as for EPEX,
 - Demand and offer curves, including clearing prices
 - For each hour of each day of the period covered (since the start of the concerned NEMO)
 - With volumes in MWh and prices in €/MWh
- The current methodology allows the **incorporation of additional data**, as market response from different NEMOs will be calculated separately and added to compute the total market response on the Belgian market

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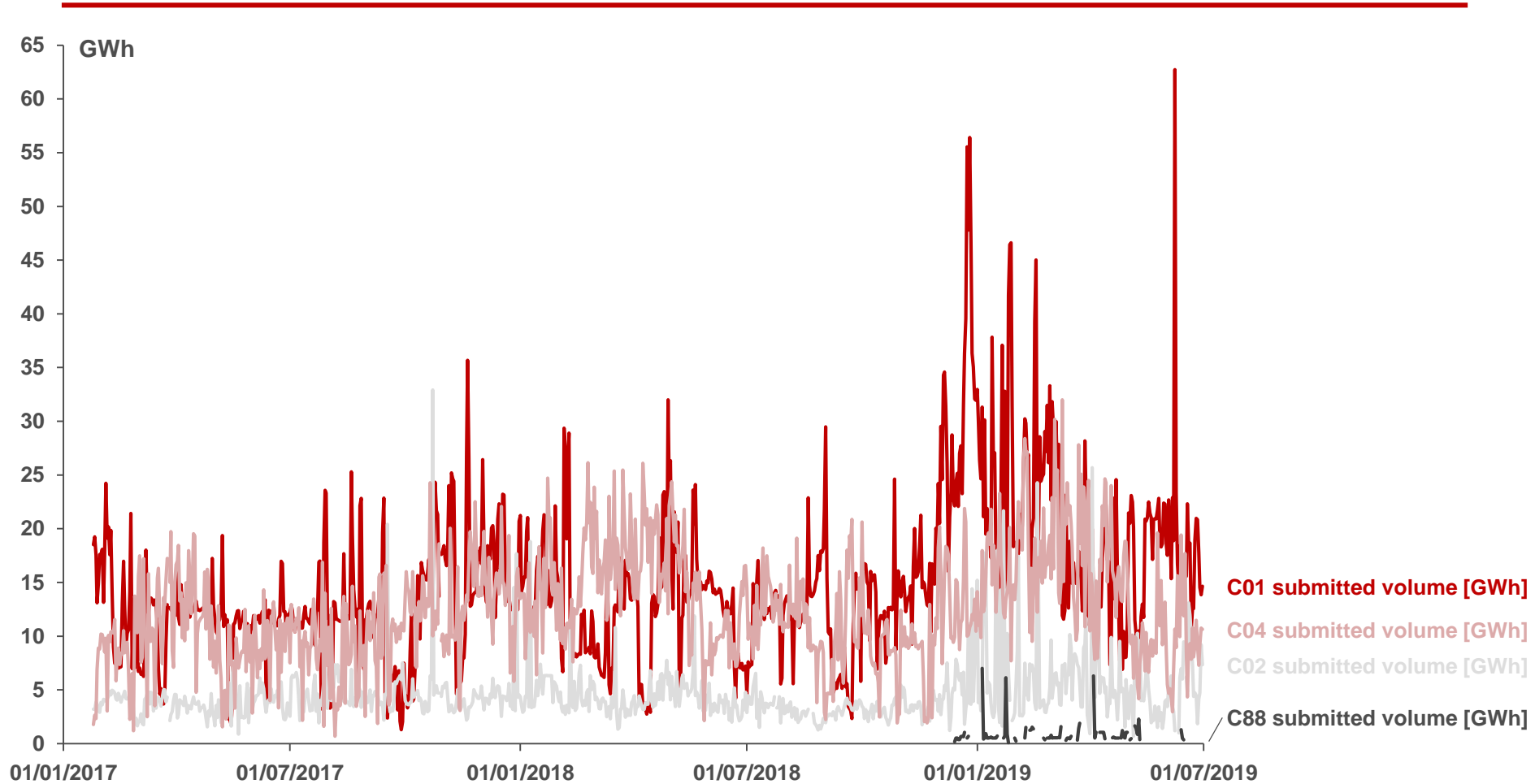
1 | Additional data sources

2 | Block orders

Limit and block orders are used by stakeholders

- Stakeholders may use **different types of block orders** in the EPEX market, such as limit orders or block orders (simple blocks, linked blocks, exclusive groups or loop blocks)
- As visible on the next page, the **volume of these orders has increased in the recent past**
- The **offer and demand curves from EPEX include all types of orders, yet only if accepted**. In this case, the volumes lie at -500€/MWh for the offer side, and at 3000€ for the demand side. The non accepted volumes are not visible on the curves and hence at this point not taken into account in the methodology.
- For the next update foreseen in 2020, it will be assessed **how these orders may influence on the global volume of market response** in Belgium, while keeping the aggregated curve quantitative methodology.
- The stakeholders behind these orders are and will at all times remain **confidential information**

Volume of orders has increased in 2019



- C01 : simple blocks
- C02 : linked blocks
- C04: exclusive groups (for this category, the volumes reported are the average of the volumes of the blocks within each group submitted)
- C88: loop blocks

Source: Epex, E-CUBE Strategy Consultants analysis