

Day Ahead Coupling

Oct 3rd 2011 Workshop



Day Ahead Coupling

- Implicit auctions;
- Single price coupling algorithm;
- Simultaneously determines volumes and prices in all relevant zones;
- Based on the marginal pricing principle;
- Firm prices and quantities;



Day Ahead Coupling

- Harmonised Gate Closure;
- Gate Closure at Trading Day – 12 hours;
- Trading Day from midnight CET (23:00 GMT);
- Hourly trading periods;
- Form of Bids;



Essential features of SEM Evolves – DA

Firm Day-Ahead Price

- In SEM DA SMP with Ex Post Imbalances?
- Or via Day Ahead CfDs with Ex Post SMP?
- Can we make EA1 or EA2 prices and quantities firm?
- How are deviations from dealt with?
- Use subsequent runs to settle modify position?
- What are the implications?



Essential features of SEM Evolves – DA

Prices and Quantities set by Single Price Coupling algorithm

- One algorithm for all of markets.
- What elements of current SEM design that need to be incorporated?
- What are the implications?



Essential features of SEM Evolves – DA

23:00-23:00 Trading Day

- Aligns with European electricity day.
- What are the implications?



Essential features of SEM Evolves – DA

11:00 D-1 Gate Closure

- 12 hours before Trading Day.
- What are the implications?



Essential features of SEM Evolves – DA

Hourly Contracts

- What are the implications?
- Can we retain 30min Trading Period for ex-post settlement?
- Other markets moving to 15mins for settlement.



Essential features of SEM Evolves – DA

Form of Offers

- Simple Offers;
- Sophisticated Offers possible:
 - Blocks;
 - Linked;
 - Minimum Revenue;
 - Energy Limited;
- What are the implications?



Considerations for SEM Evolves – DA

Mandatory or Voluntary Day Ahead

- Should it be mandatory to trade in the coupled Day Ahead auction?
- Could the Day Ahead auction be Voluntary but the SEM remain Mandatory?
- Does Voluntary imply Demand bids?
- What are the implications?

