

## **Suomen ELFi's statement to Nord Pool Spot questions about 2nd auction in the spot market**

### **1. Do you find it would improve the functioning of the Nordic power market to implement 2<sup>nd</sup> auctions?**

Suomen ELFi gives full support to second auction on the Nordic and Baltic day-ahead spot market as a part of integration of European electricity market. It is important to harmonize market rules in the European electricity market and encourage competition in the market. Nord Pool Spot's second auction supports this development but only if price range is equal with Epex Spot, EUR 500/MWh - EUR -150/MWh.

There is European wide price and flow algorithm operating today in the day-ahead market and when price range for second auction is in place and equal we all are one big step closer to one common European electricity market.

### **2. Do you support the implementation of 2<sup>nd</sup> auction as part of the Nord Pool Spot product portfolio?**

Yes, but only if price range is equal with Epex Spot, EUR 500/MWh - EUR -150/MWh.

### **3. If 2<sup>nd</sup> auction is to be implemented in Nord Pool Spot market area , do you see any drawbacks / benefits of re-opening order books**

ELFi's view is b. "only non-matching bidding zones". Market should trust TSO's that they are giving full cross border capacity to the market all the hours so there is no reason to re-open order books from areas where pricing is inside normal limits.

### **4. Do you think that it is necessary to have restrictions on orders entered in the 2<sup>nd</sup> auction as described in section 5, or should the market be reopened for participants to freely enter new orders only with some advice from NPS on what type of orders that will remedy the non-matching situation?**

ELFi highlight Nord Pool Spot's second auction supports this development but only if price range is equal with Epex Spot, EUR 500/MWh - EUR -150/MWh. It is very important to have restrictions on areas with peak load capacity in high price curtailment situations, market participants located in this bidding zone are only allowed to reduce their purchase orders or submit new sales orders. In low price situations should have similar but opposite orders.

### **5. Specifically for market participants active in a bidding zone with peak load capacity arrangements:**

#### **a. Do you agree that if 2<sup>nd</sup> auction is implemented in the Nord Pool Spot market area that peak load capacity is activated at maximum price of 3 000 €/MWh?**

No. It is important to harmonize market rules in the European electricity market and encourage competition in the European electricity market. This means that Nordic electricity market must operate with same price range with Epex Spot, EUR 500/MWh - EUR -150/MWh.

New range for 2<sup>nd</sup> auction will as well affect to peak load capacity activation. Peak load capacity should be able to active to market all the prices equal or more than 500 EUR/MWh. It is important that as long there are in the market oil condensing power plants price of the 2<sup>nd</sup> auction shall be higher than marginal cost of those power plants. For consumption side the most important issue is competitive electricity price even for those who are able to cut theirs consumption between price range 500-3000EUR/MWh.

**b. Do you have any other views related to 2nd auction and peak load capacity.**

It would be good for the market if terms for peak load capacity would have similar structure in all Nordic countries if possible.

**6. Any other views or comments related to implementation of 2nd auction in Nord Pool Spot market area?**

For consumers this is important. Elfi's view is that 2<sup>nd</sup> auction is the most effective mechanism to find "extra" MW's outside normal daily procedures to the market when needed. Areas with peak load capacity today's rules regarding for peak load activation seems unjust for consumers and are based on assumption of perfect market. Nordic market function well but is not perfect, yet.

Sincerely yours,

Suomen ElFi Oy

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