



Nemo Link 30-Minute Intraday Product Design Request for Feedback

The EU target model includes an ambition to enable intraday cross-zonal capacity products of a duration less than the current one hour. Nemo Link invites feedback from customers and stakeholders on proposals to shorten the current Nemo Link intraday product from 60 to 30 minutes.

June 2021

INTRODUCTION

- 1 Nemo Link Limited (NLL) and Elia System Operator are responsible for the transmission of electricity across the Anglo-Belgian Interconnector. This interconnector connects the national electricity systems of Belgium (owned and operated by Elia) and Great Britain (owned by three companies but operated by National Grid Electricity System Operator (NGESO)). NLL is a 50:50 joint venture between Elia and National Grid Plc holding an Interconnector Licence to operate Nemo Link and designated as a certified Transmission System Operator (TSO) in GB.
- 2 NLL launched its hourly intraday product in November 2019 and since then has been operating effectively with 24 hourly nomination gates. NLL is now considering changing to a 30-minute intraday product and is seeking input from market participants.
- 3 This document outlines options around possible changes and respondents are invited to submit any comments or questions on the proposals by email to the following address by 30th July 2021: customer.service@nemolink.co.uk.
- 4 Further information about Nemo Link is available on the Nemo Link website: <http://www.nemolink.co.uk>

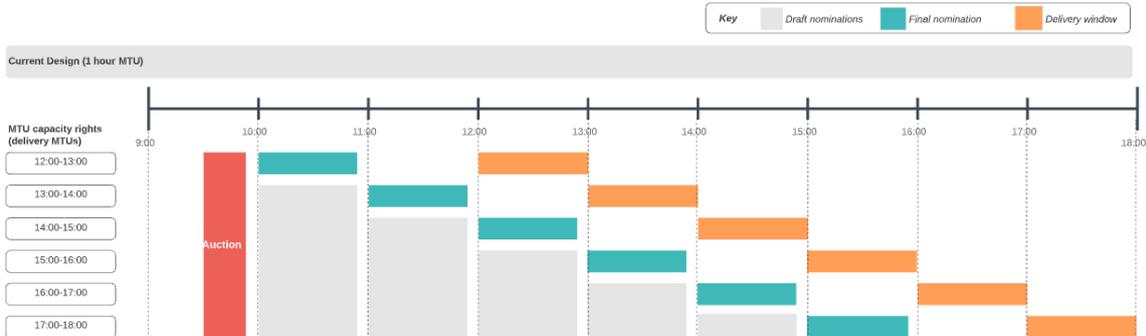
CONTEXT

- 5 The EU target model is for Transmission System Operators (TSOs) to offer intraday (ID) cross-zonal capacities with the Market Time Unit (MTU) being the maximum of the two imbalance settlement periods (ISP) on each bidding zone border. The ISP in GB is 30 minutes and in Belgium this is 15 minutes. Therefore, Nemo Link is consulting on options to change the ID MTU from 60 to 30 minutes.
- 6 A move to 30-minute ID MTU is expected to have benefits for market functioning, allowing for nomination at a higher resolution and therefore more closely approximating actual load and generation patterns. In fact, in GB, half-hourly products are tradable and have been established in the market while 15-minute and 30-minute cross-border products are also available on other Belgian borders via the Single Intraday Coupling; therefore, this could ensure more the liquidity for the proposed 30-minute ID product on Nemo Link. In addition, market participants may benefit from delayed nomination gate closure time for the 2nd half hour of Nemo Link's hourly intraday product as this means they can nominate closer to delivery. As renewable penetration continues to increase, additional flexibility to take account of latest forecasts and market conditions may bring benefits to intraday traders. NLL is currently considering implementing a 30-minute MTU in Q2 2022.

CURRENT INTRADAY PRODUCT DESIGN

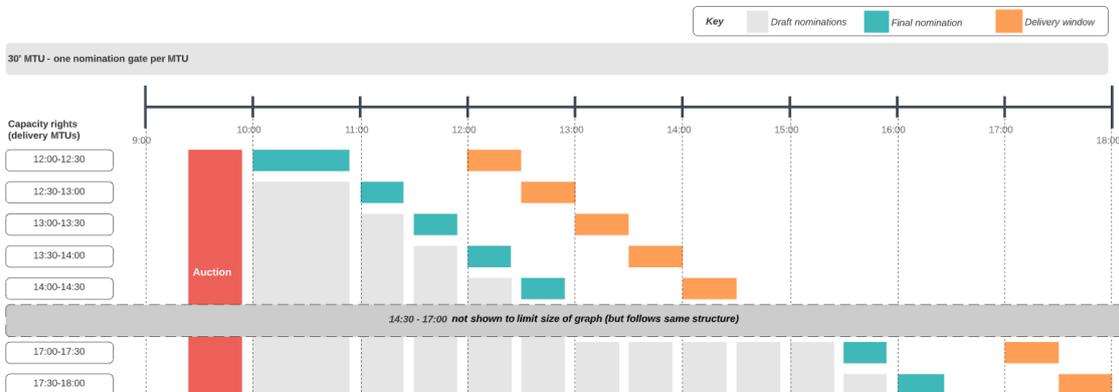
- 7 Currently, each NLL intraday capacity auction allocates capacity rights over 6 hourly delivery MTUs. Market participants may nominate capacity up to 1 hour and 10 minutes ahead of delivery for the relevant MTU.

- 8 As an example, the diagram below shows the timeline for NLL’s auction process for capacity delivery from 12:00 to 18:00. The auction window is from 9:30 to 9:55. The first nomination window is from 10:00 to 10:50, during which market parties can place final nominations for delivery MTU 12:00-13:00 and draft nominations for delivery MTUs 13:00-18:00.



30-MINUTE ID MTU DESIGN OPTIONS

- 9 NLL is considering 3 high-level design options. In option 1, each half hour block would be allocated and nominated separately over 48 nomination windows. With option 2, capacity allocation would remain hourly but market participants would have the opportunity to nominate at half hourly resolution during 48 nomination windows per day. With option 3 capacity rights can be nominated in half-hourly resolution over 24 nomination gates.
- 10 **Design option 1: both capacity allocation and nomination at half-hourly granularity.** Intraday capacity auctions allocate capacity at a half-hourly granularity. In other words, each NLL intraday capacity auction (4 auctions per delivery day) would allocate rights over 12 half-hourly delivery MTUs instead of the current 6 hourly MTUs. During the auction window, customers will be able to place bids for half-hourly capacity rights, and there will be a separate clearing price per half-hourly MTU. Customers can then nominate capacity per half-hourly MTU up to 1 hour and 10 minutes ahead of delivery as shown in the diagram below.



11 **Design option 2: nomination moves to half-hourly granularity while allocation remains hourly.** Intraday capacity auctions continue to allocate capacity at an hourly granularity, with one clearing price per delivery hour. However, market participants would have the option to nominate their rights at a half-hourly granularity (in separate values for each 30-minute block up to the acquired hourly transmission rights) over 48 nomination gates again up to 1 hour and 10 minutes ahead of delivery. Therefore, the nomination process would follow the same logic as in the above diagram.

12 **Design option 3: allocation at hourly granularity, nomination half hourly granularity, but keep 24 nomination windows.** With this design option, intraday capacity auctions continue to allocate capacity at an hourly granularity, with one clearing price for the whole hour. Market participants would continue to nominate capacity rights using the 24-hourly nomination windows up to 1 hour and 10 minutes ahead of delivery for each hour (i.e. 24 nomination gates across the day) but would be able to input nominations for each half hour of the day. In this option market participants would lose the ability to move the 2nd half hour nomination closer to delivery but would perhaps benefit from operational efficiencies by only managing 24 rather than 48 nomination windows across the day.

13 The table below summarises the design options:

	Option 1	Option 2	Option 3
Capacity Allocation	Half Hourly	Hourly	Hourly
# Nomination Windows per day	48	48	24
Nomination granularity	Half Hourly	Half Hourly	Half Hourly
Key differences	Intraday auctions allocate capacity by half hour and nomination can be made at half-hourly granularity over 48 nomination gates per day.	Intraday auctions allocate capacity at hourly granularity as today, but rights can be nominated at half-hourly granularity over 48 nomination gates per day.	Intraday auctions allocate capacity at hourly granularity as today, rights can be nominated at half-hourly granularity over 24 nomination gates per day.

14 Finally, in NLL’s current intraday process, there is a 10-minute gap between gate closure of one nomination window and gate opening of the next window. For example, currently for delivery period 15:00 to 16:00, the final nomination window currently runs from 13:00 to 13:50. The final nomination window for 16:00 to 17:00 then only opens at 14:00, leaving a 10-minute gap where customers can’t submit nominations. NLL’s current view is that there is no operational or systems need to maintain this gap, and therefore NLL proposes (regardless of which design option is chosen) to open the next nomination gate straight away after the previous gate closure (apart from the first nomination gate after each ID auction, i.e. gates opening at 22:15, 04:00, 10:00, 16:00).

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This would enable customers to place their nominations at any time from the opening of the 1st nomination gate until the last gate within each 6 hourly delivery period (see also below diagram in example of design option 1).



FEEDBACK QUESTIONS

NLL would welcome feedback on the content of this document and in particular:

- 15 Do you welcome the concept of a 30-minute ID MTU?
- 16 Which of the 3 design options would best meet your trading needs and why?
- 17 Would you welcome contiguous nomination windows?
- 18 Would you support implementation by Q2 2022?
- 19 Do you have any additional concerns that NLL should consider?
- 20 NLL would be grateful to receive any comments from interested parties ahead of considering next steps. Please email your responses to customer.service@nemolink.co.uk by 30/07/2021.