

Minutes from the joint meeting of Nord Pool's Customer Advisory Board and Continental Europe Advisory Board

9th November 2022 – Milan (Borsa Italiana office) and online meeting

1 **Welcome** by Emma McKiernan, Executive Vice President, Nord Pool and Pietro Rabassi, Executive Vice President, Nord Pool

Emma McKiernan and Pietro Rabassi welcomed all participants to the very first joint meeting of the Customer Advisory Board (CAB) and the Continental Europe Advisory Board (CE AB).

They thanked all the participants in Milan and those joining online for their presence and continued involvement in the dialogue with Nord Pool on all the topics important for power market development.

There were no comments to the minutes of previous meetings of both Boards.

2 **Opening words** by Fabrizio Testa, CEO, Borsa Italiana

Fabrizio Testa welcomed Nord Pool's guests and employees to Palazzo Mezzanotte, the seat of Borsa Italiana. He shortly presented the history of the building and the Italian exchange.

3 **Opening speech** by Tom Darell, CEO, Nord Pool

Tom Darell presented Nord Pool's agenda since the previous meetings of both Boards. He emphasized that back before summer there was no idea of the scale of the political interventions which happened in July 2022.

The new organizational structure of Nord Pool was described to the Boards as well as recent market shares development in all countries where NP operates. Tom referred to his pre-summer presentations delivered to both Boards and summarized recent developments in energy markets. It was followed by the characterisation of implemented and discussed short-term measures to answer the economic burden on households and businesses across EU caused by high power prices. Nord Pool's CEO underlined that the market should be protected against short-term measures with negative and lasting long-term effects. He added that all proposed and to be proposed short-term and long-term measures should have the roots in climate change and the reduction of GHG emissions. Nord Pool will continue engagement in all the discussions on future short-term power market design.

4 Update on regulatory challenges in CE presented by Birgit Kunze, Senior Legal Counsel, Nord Pool

Birgit Kunze delivered an update on current status of CACM 2.0. Its implementation was postponed due to overwork of the Commission and Member States and no new date has been announced. Nord Pool is pushing for implementation of Shared Order Book at all times as soon as possible and postponing market design review according to the Commission's plans.

Birgit highlighted Nord Pool's belief that the current market design based on marginal pricing remains the most efficient means to allocate scarce resources and provides the correct price signals for the green transition. Any short-term market interventions in exceptional circumstances should be tolerated only to reduce social and economic damage.

She also discussed planned wider reform of the electricity market design announced by the Commission. Based on the experiences with previous reforms the situation may lead to 3 to 8 years of uncertainty for market participants. There is plenty of ideas for long-term market design and it's impossible to predict and prepare to its future shape now.

5 Nord Pool's product roadmap presented by Julien Cossé, Chief Strategy Officer, Nord Pool

Julien Cossé presented his Strategy and Products department, its area of responsibilities as well as the objectives for near future. Their main targets are: enhancing day-ahead services, improving intraday platform to facilitate the green shift, development of market data offering, evolve clearing and settlement services. Julien's department includes also services for other power exchanges, Nord Pool Consulting as well as Nord Pool Academy. Part of his team is working on new growth initiatives like ONEnet project or EnergyTag and Granular Exchange.

Joffrey Faucon, Product Manager, followed with a deep dive into intraday continuous platform development. He presented new products and the performance improvement achieved since 2021 thanks to several changes, including the migration to cloud. Joffrey is currently managing the introduction of new API which should be available for the customers at the end of 2023.

6 Recent market developments presented by Alberto Pototschnig, Executive Deputy Director, Florence School of Regulation

Alberto Pototschnig started with the summary assessment of several reforms proposed in different countries. He referred to the following day-ahead market reforms: implementing "pay-as-bid" rule, the Iberian market intervention with gas price cap, the Greek model splitting the market into "when available" and "on demand" resources. It was highlighted that the Commission's reform proposal for

short-term market addresses only essential elements of the market design that can be implemented rapidly.

The second part of Alberto's presentation was focused on forward hedging pointing that lack of hedging resulted with some suppliers going out of business when wholesale prices increased steeply. The proposal focuses on promotion of the liquidity of forward markets by market coupling using obligation-type cross-border financial transmission rights and mandated market makers. Also suppliers could be encouraged or mandated to hedge their sales volumes to offer fixed-prices retail contracts.

The third part was dedicated to long-term resource adequacy. Alberto mentioned Capacity Remuneration Mechanisms (CRMs) as a last-resort, temporary measure to address residual resource adequacy concerns. However, CRMs have been approved by the Commission in many Member States. Two-way contracts for difference (CfDs) were pointed as a tool to promote the development of new renewable-based generation capacity. In such a case CRMs could be used to promote back-up capacity.

The last section was focused on the protection of vulnerable consumers and a long-term strategy for consumer protection. The proposed solution includes promotion of local renewable energy communities and small scale renewable energy generation deployed in private houses and public buildings.

7 **Continued – Nord Pool's product roadmap** presented by Julien Cossé, Chief Strategy Officer, Nord Pool

Lara Visone, System Specialist and Hanna Blomfelt, Manager, Market Integration Development continued Julien's section focusing on Intraday Auctions (IDAs). They presented the main assumptions for IDAs regarding daily process, timing and range of available products. The Quarter Hourly test auctions are available for all Nord Pool customers in the test environment. It allows integration towards 15-minute MTU for SDAC auction as well as SIDC IDAs. The go-live date is expected in Q1 2024 according to the latest available timeline. Members of both Boards emphasized the need to push for shared order book for local continuous intraday markets running during IDAs.

8 **AOB and closing remarks** by Emma McKiernan, Executive Vice President, Nord Pool and Pietro Rabassi, Executive Vice President, Nord Pool

Emma McKiernan presented the second day-ahead auctions in the Baltics and changes to reopening procedures in all markets. Nord Pool will align price thresholds of Baltic market with the CE region. All orderbooks in SDAC markets will

be reopened for 15 minutes in case price thresholds are reached in either CE or Baltic region. All changes will take effect on 7th December.

Emma and Pietro presented potential dates for the meetings in 2023. It was agreed that some meetings will be online only and at least one meeting will be held jointly and in-person for both Boards. Pietro reminded and invited again all participants in Milan for the dinner and for the next day site visit to Aruba Global Cloud Data Center.

Continued discussion on Alberto Pototschnig's intervention.

Emma and Pietro thanked the participants for coming to Milan as well as joining online and closed the meeting.

Next Meetings

Proposed dates for meetings in 2023:

- week 11 (29th March) Online/In person tbc
- week 24 (14th June) Online/In person tbc
- week 37 (19th September) Online/In person tbc
- week 47 (20-24 November tbc) , joint meeting with CE Advisory Board)
Online/In person

The exact dates of each meeting will be confirmed with Doodle poll.