

Draft

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### **EFET view on market suspension**

Rules for market suspension must be developed by TSOs and approved by NRAs. EFET requires that such rules are clear and precise as otherwise market suspension could easily become counterproductive. In particular EFET wants to point out the following:

- **Applying market suspension in case of an emergency situation, with the aim to improve reliability of supply should be considered as an exemption and requires ex ante justification. This justification should explain why and in which circumstances, suspension of which market activity can help security of supply.** This view is based on the following:
  - The market plays a crucial role in balancing demand and supply and therefore it is in principle supporting system reliability. Suspending the market is therefore likely to deteriorate system security.
  - Market suspension is an administrative measure without direct physical impact on the system and therefore has questionable effectiveness as a measure for emergency situations. In case of emergency, TSOs obviously need to act and need to be able to act without delay. For that purpose, they need to be able to directly instruct market actors to change their physical generation and or consumption. TSOs have such tools at their disposal, e.g. redispatch. Such necessary measures should however be considered as market intervention but not as market suspension.
  - This view applies to market suspension during an emergency state, including situations where the system is not n-1 secure, when the system is extremely tight or even in case of a brown-out situation. Suspension of market activities in a black-out or in a system restoration state, is much less problematic for market participants.
- **When considering market suspension it is necessary to define which specific market activity is meant.**
  - Most EU markets are decentralised market with self-dispatch. Each decision of a generator, storage operator or consumer to change its (planned) generation/consumption is a market activity. In general there is a wide range of market and market facilitation activities. Therefore it is unnecessary and even impossible to suspend the market as a whole and it is always necessary to precisely define which market activity will be suspended.
- **For cases when a decision to suspend the market has been taken, it is necessary to clarify the processes as market participants are still governed by market rules.**
  - E.g. if the TSOs take control in a “central dispatch fashion”, TSOs will take actions that will have consequences on the balancing perimeter of BRPs. Nonetheless, BRPs are still balancing responsible, and still face the imbalance settlement price. How will this price be determined, and which level of transparency on each BRP’s balancing perimeter accompanies the actions of the TSOs? How can market participants mitigate the effect of out-of-the-market TSO measures when they are still governed by market rules?