

# Paris Session 2022



## DEVELOPMENT OF MARKET MONITORING SYSTEM

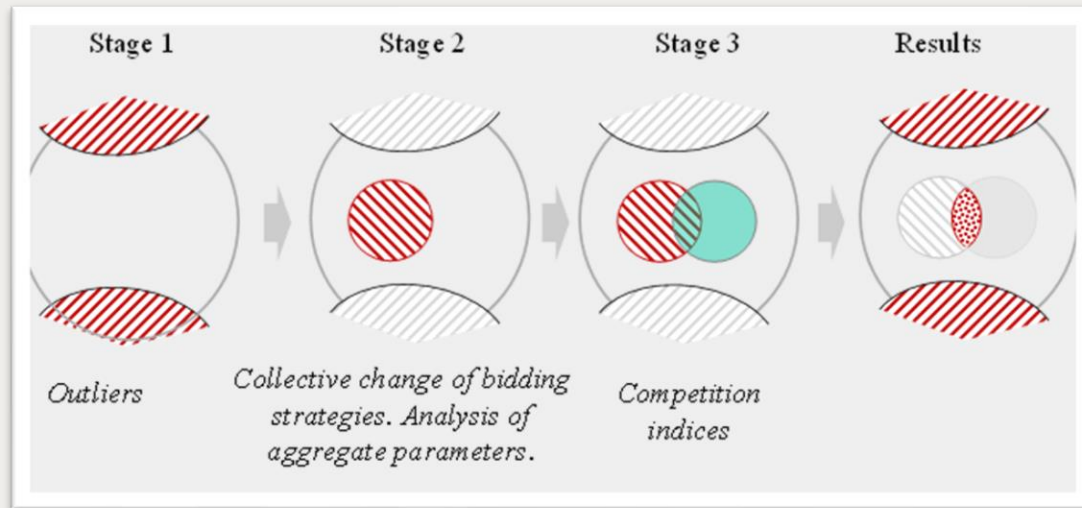
### C5 - Electricity Markets And Regulation PS-2, Question-5

How is the implementation of the three-stage process of market monitoring (behavioral, structural, and economic) carried out in practice and how are cross-border transactions considered?

How is monitoring possible for the positions taken by participants in the fuel market (in that it is linked with the electricity market?)

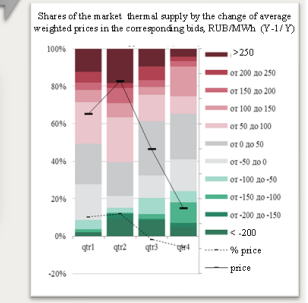
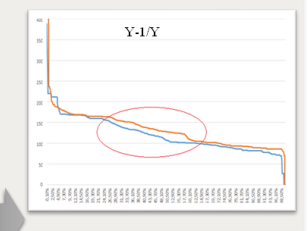
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# Three-stage market monitoring in practice



Stage 1

Stage 2

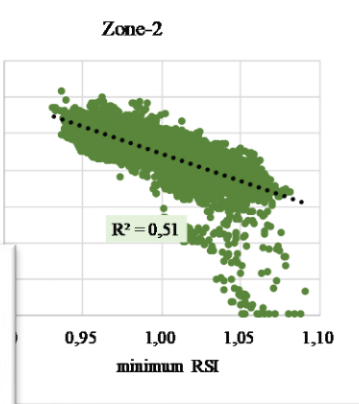
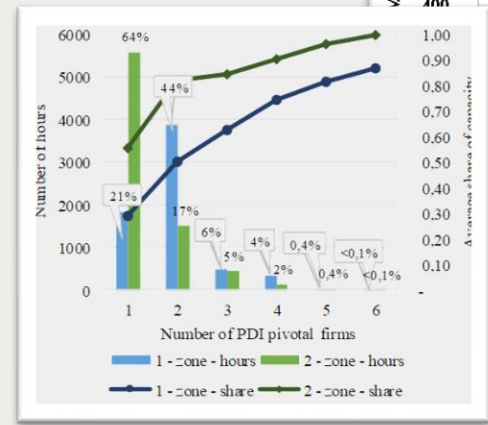
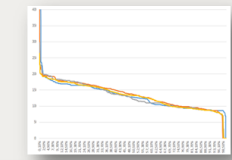
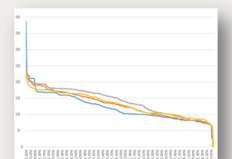


Stage 1 – (behavioral) Operational Screening prior to day-ahead market clearing.

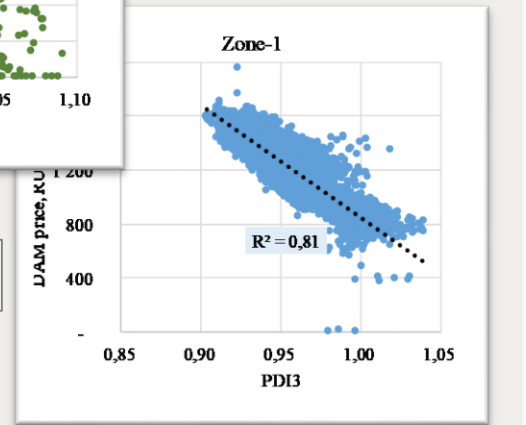
Stage 2 – (behavioral+economic) Analytical reporting with wide range of parameters reflecting change of aggregate market parameters and sufficient to distinguish influence of factors on market prices.

Stage 3 – (structural+economic) Competition assessment: structural indices characterizing supply and demand, possibly achievable states.

Station Type	Min price	Min price	Average price	Average volume	Avg. pivotal log volume	Change of parameters of bids																													
						q1	q2	q3	q4	q5	q6	q7	q8	q9	q10	q11	q12																		
CIP	90	90	95.00	6.00	1.00	-1%	-2%	-3%	-4%	-5%	-6%	-7%	-8%	-9%	-10%	-11%	-12%	-13%	-14%	-15%	-16%	-17%	-18%	-19%	-20%	-21%	-22%	-23%	-24%	-25%	-26%	-27%	-28%	-29%	-30%



Stage 3



Group Discussion Meeting

# Three-stage market monitoring in practice

## Cross-border transactions

- Considered price-taking;
- Accounted in *behavioral* monitoring and market price analysis as affecting participants' strategies;
- Included in formulas for *structural* indices calculation (evaluation of competition).

E.g.  $PDI_g^m(\delta) =$

$$\frac{TotalAvailCap^m(\tilde{p}^*(1 + \delta)) + Imp^m - OperatingRange_g^m(\tilde{p}^*(1 + \delta))}{Demand^m(\tilde{p}^*(1 + \delta)) + Losses^m + Exp^m}$$

- Forthcoming development of cross-border trade within EAEU Common Electricity Market (by ~2025)

## Fuel positions

- Proactive reporting by generators;
- Benchmarking: regulatory thresholds, fuel futures, geographical comparison;
- Formal request of supporting information.

