

#Power Trading

strategies for the current and a new market design

electricity2018.org, Eilat | November 9th, 2018 | Dr. Max Scheidt



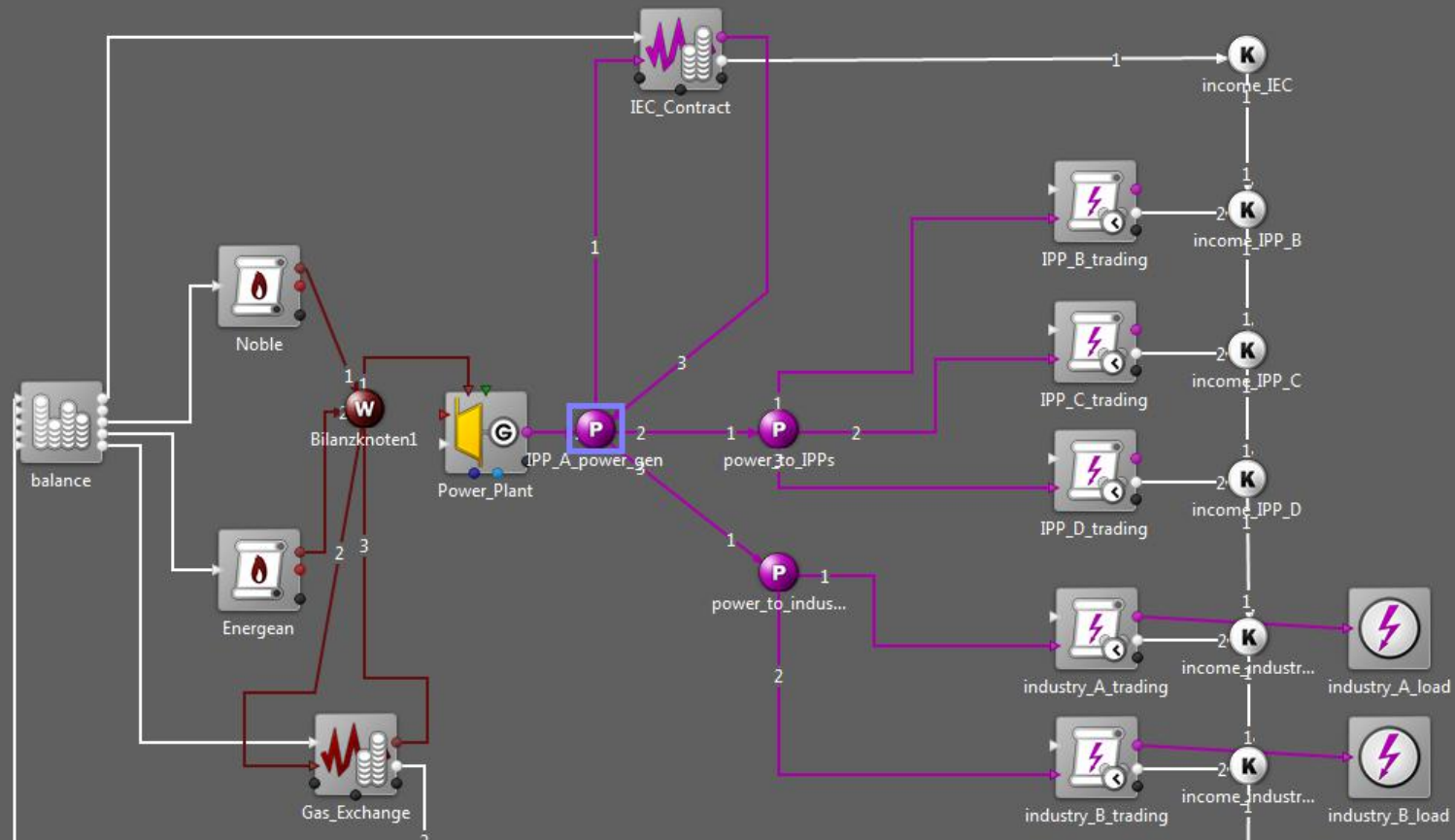
ProCom
brings transparency



Power trading

Status quo

Different options to trade day-ahead

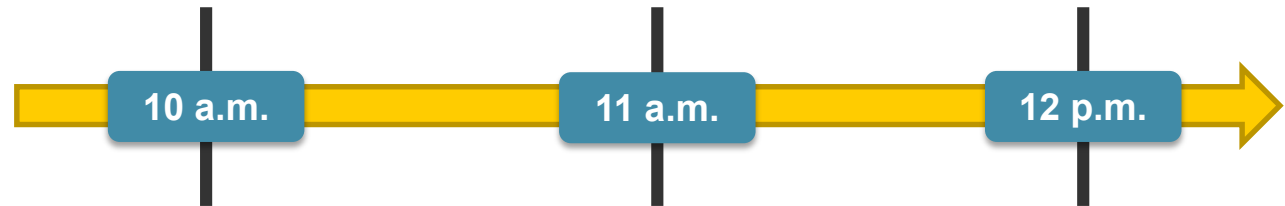


Timeline for OTC day-ahead trading

OTC trading related tasks

deadline to query market sentiment and sound out trading strategy

second deadline to sound out trading strategy



System operator related tasks

deadline to send first version of day-ahead generation and consumption plan to Yanam

possibility to re-schedule assets, close additional OTC deals and send updates of generation and consumption plan to Yanam

deadline for sending final version of day-ahead generation and consumption plan to Yanam

OTC trading strategy to maximize margin:

- Power producer: Find the right share where to sell
- Power consumer: Find the right share where to buy

Next step: digitization of OTC trading

Striking advantages

Platform concept:

- Standardized products, interfaces and contracts
- Faster and simpler operation compared to analogous trading
- Lower transaction costs
- Lower inhibition threshold increases market liquidity



Next step: digitization of OTC trading

Striking advantages

Digitized OTC trading for consumer

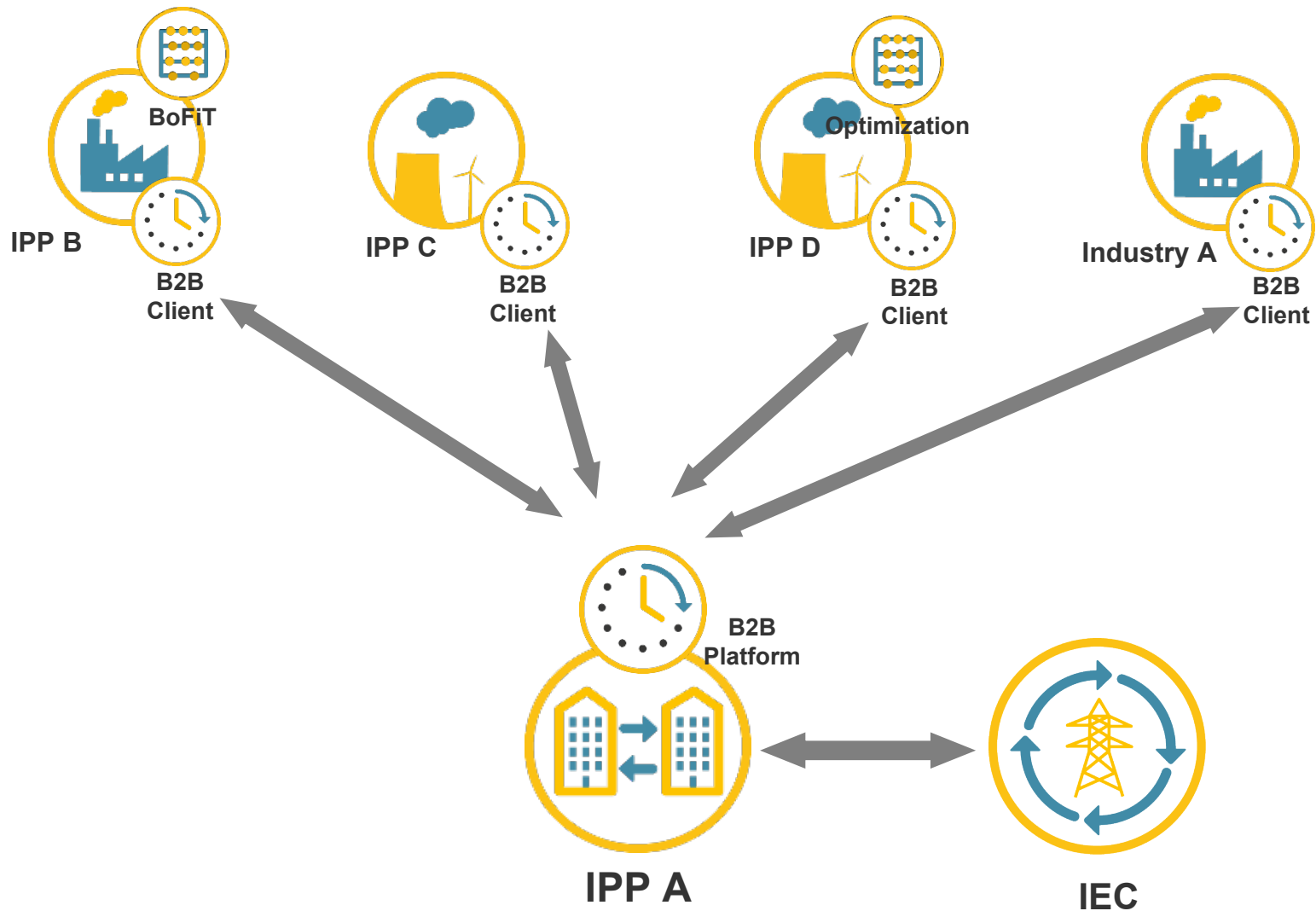
- Quick price overview and transparency
- Direct purchase confirmation and processing
- Lower electricity prices due to diversification of power purchase

Digitized OTC trading for producer

- Consideration of possible OTC deals in portfolio optimization
- Expansion of trading opportunities
- Platform operation supports customer retention



Digitization of OTC trading: B2B platform concept

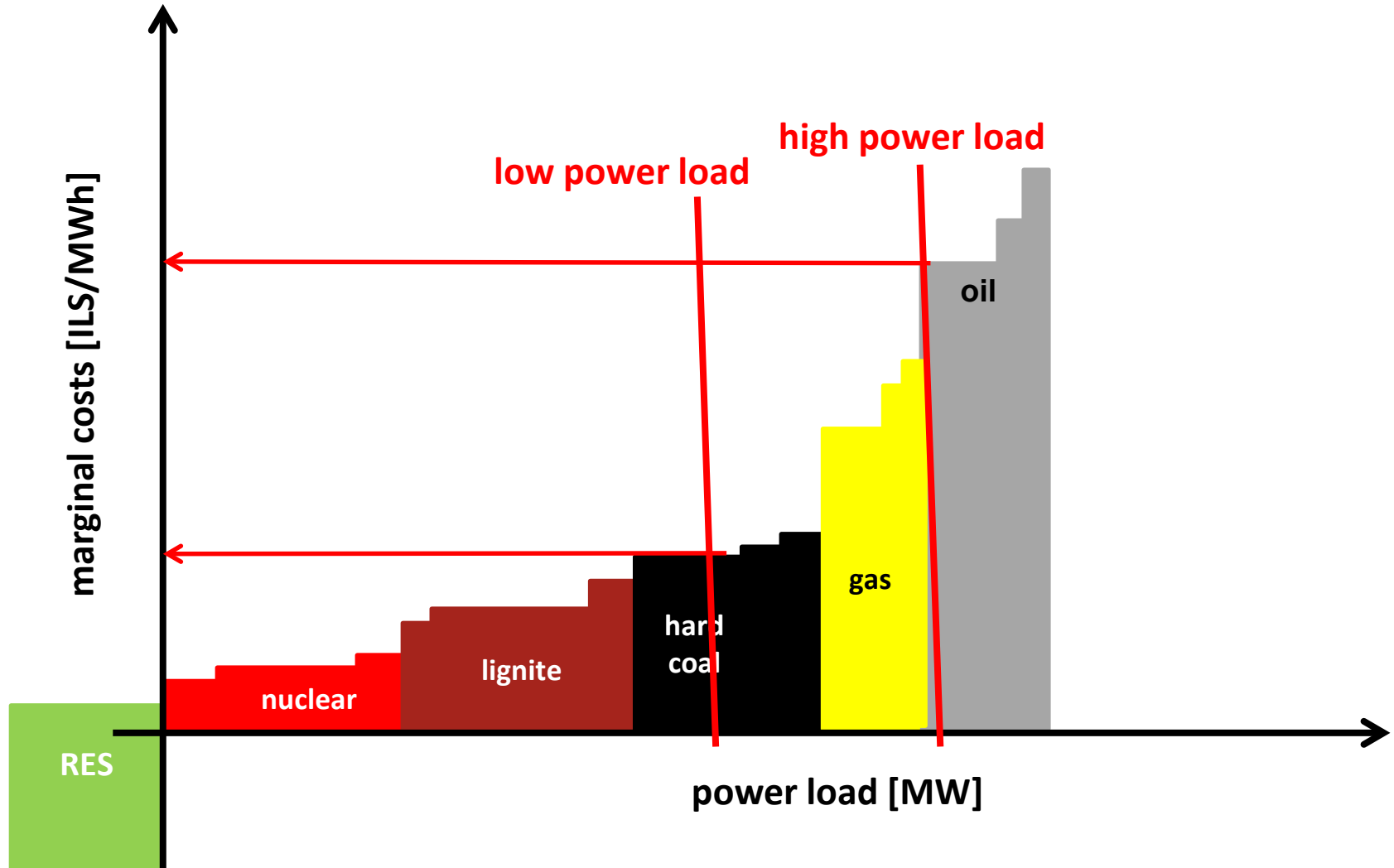




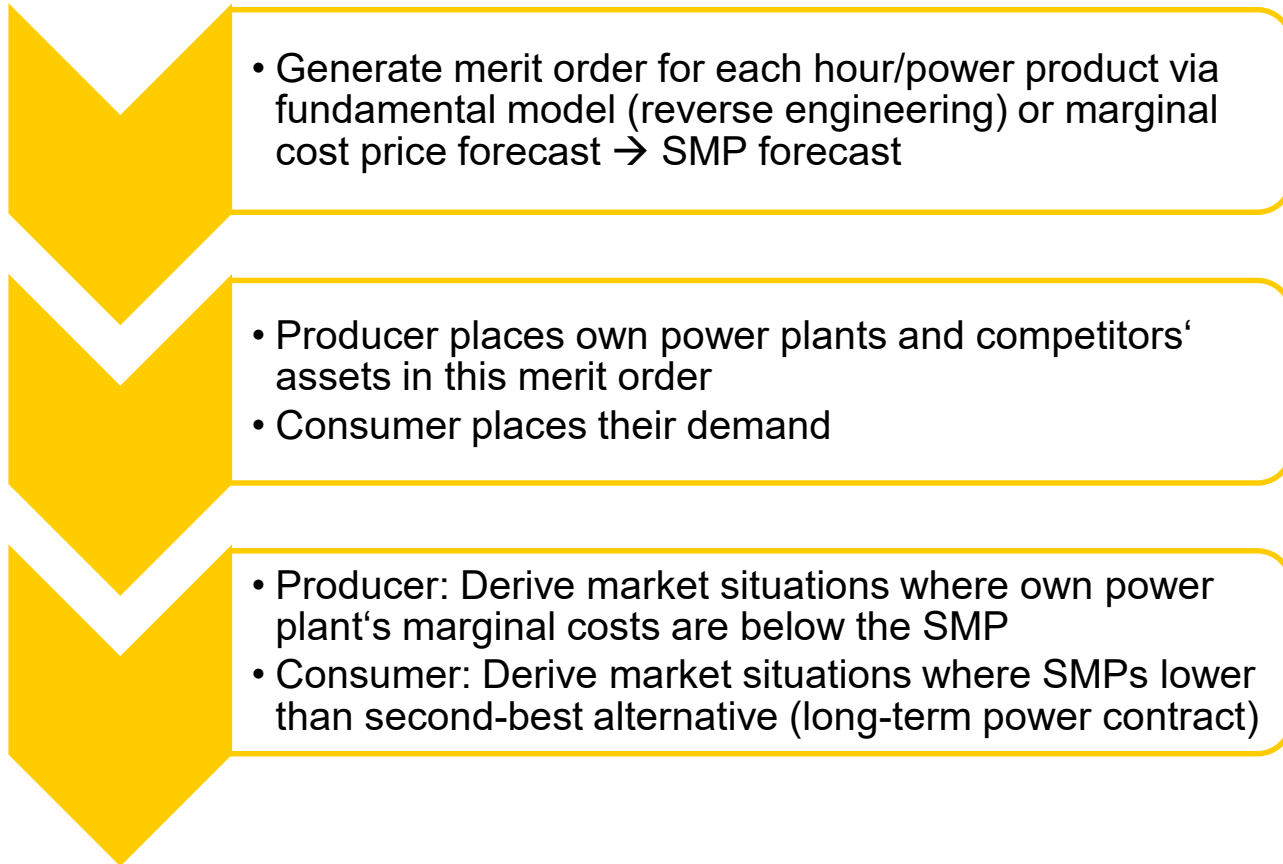
Power trading

Future outlook

System marginal price (SMP): merit order pricing model



Knowledge of merit order means benefit for trading and contracting



Basis for determining power prices and trading strategies

Expected/Necessary Increase of Renewables

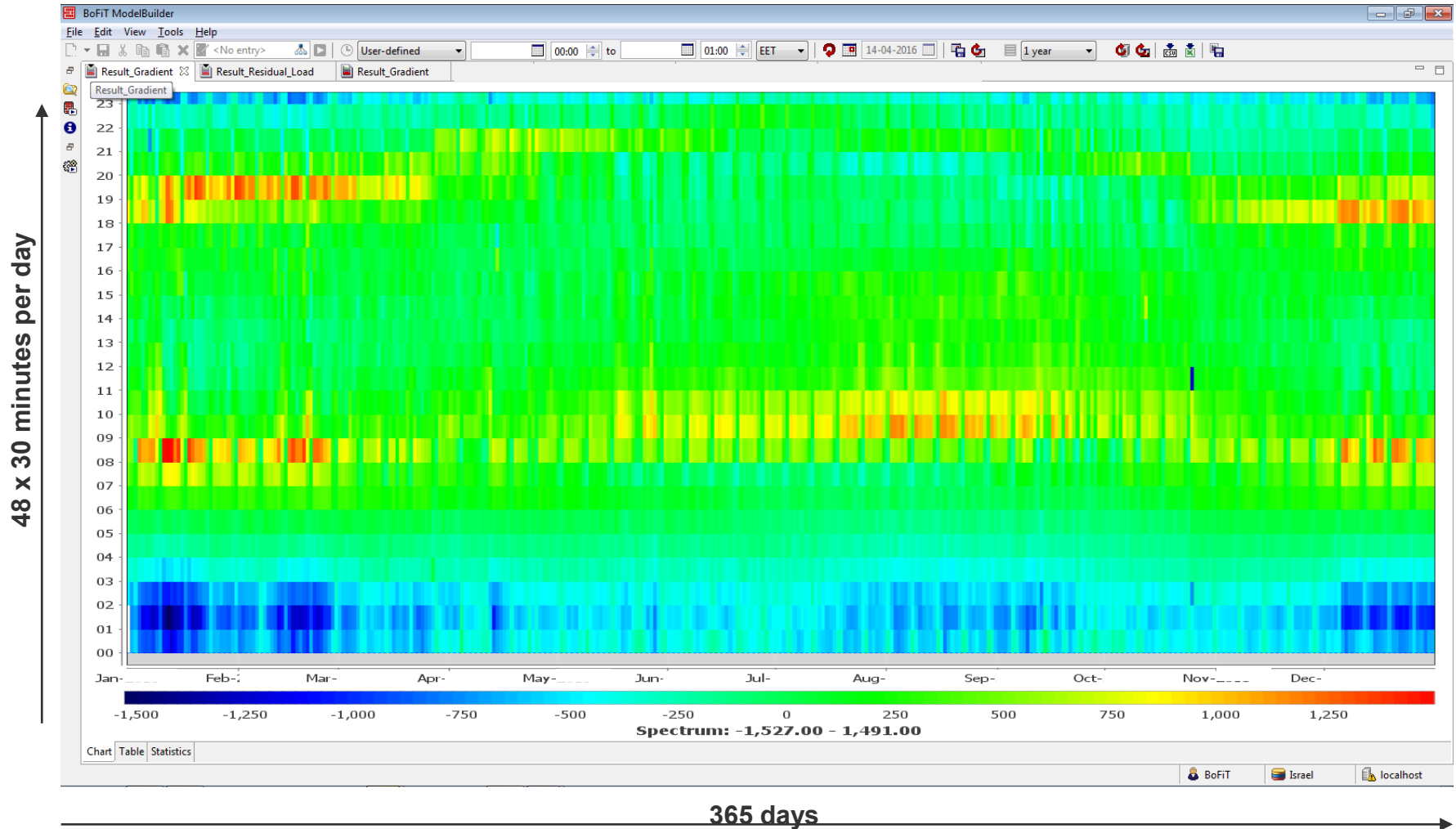
Based on annual demand increase of ~ 2,3% (??)



Dr. Nurit Gal, PUA, „Developing the Electricity Market“, electricity 2018, Eilat

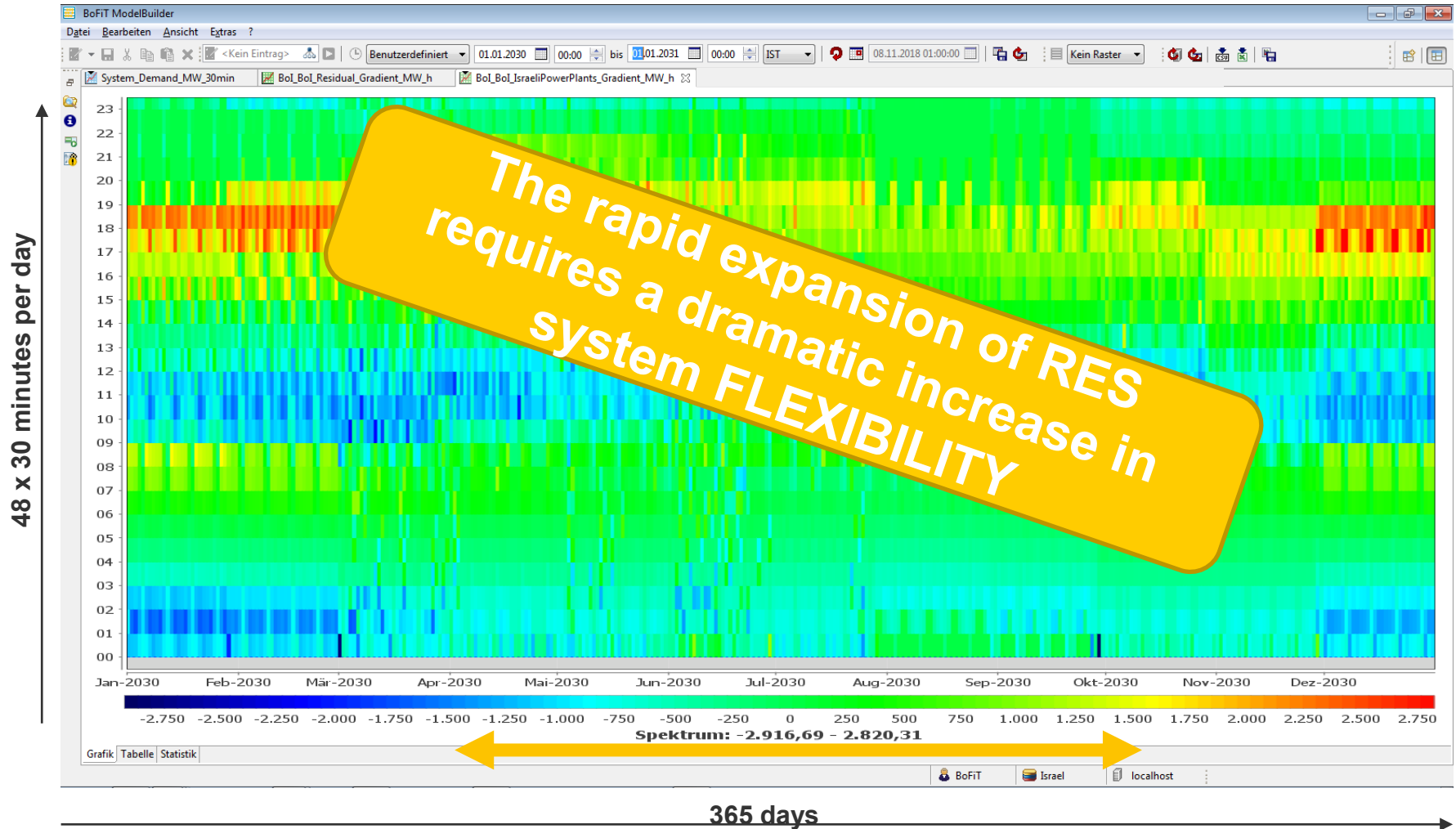
Power Plant Ramping in 2017

Spectral Representation – System „as is“



Power Plant Ramping in 2030

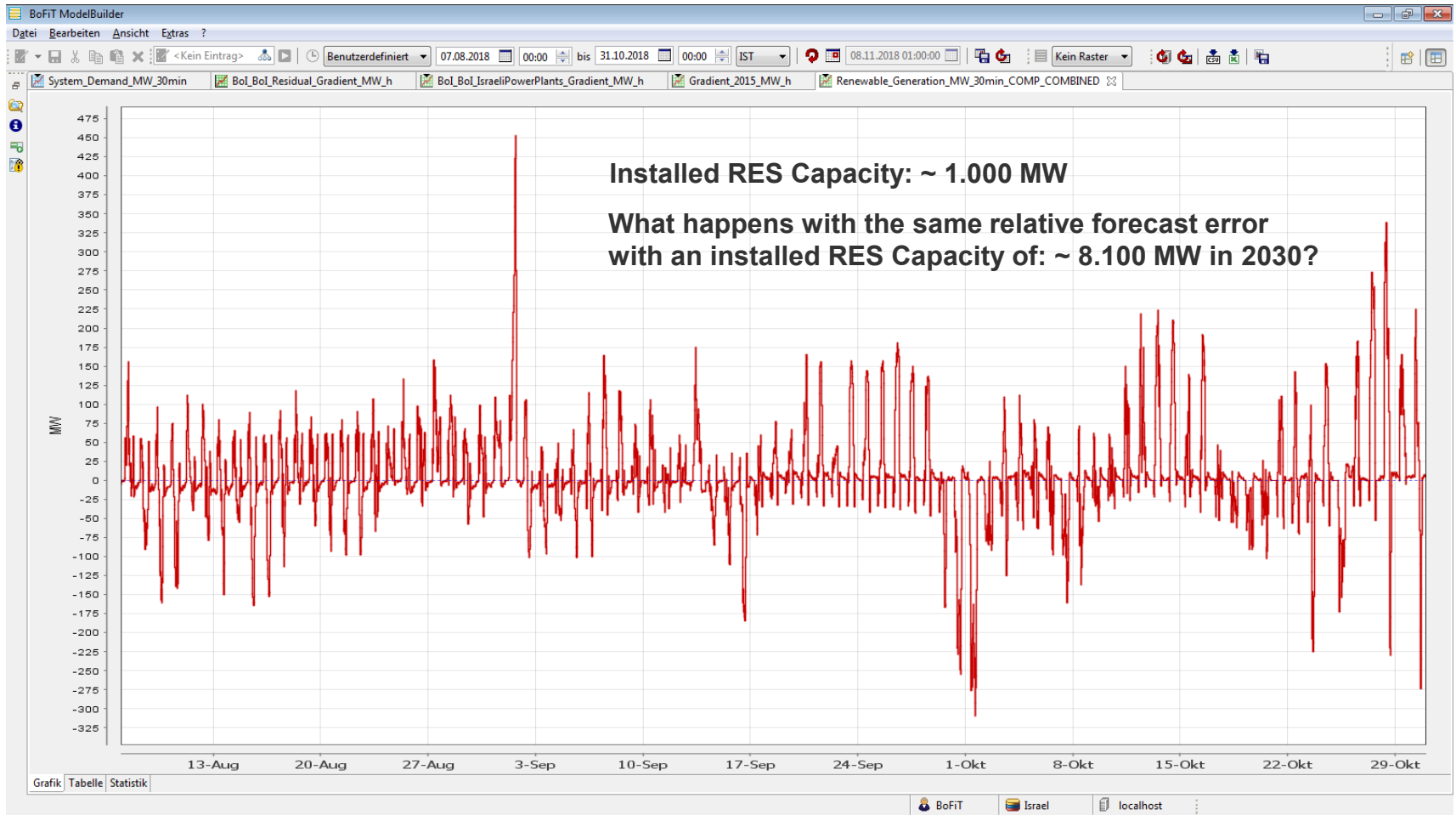
Spectral Representation – System „as is“ + RES + Kochav HaYarden, Gilboa Hydro Plants



Additional Uncertainty: Forecast Error (2018)

Source: Yanam, 2018

Expost Renewable Generation - Renewable Generation Forecast



Open Questions

Given a Day-Ahead Market with SMP pricing, only:

- How will the physical uncertainty of RES generation translate into the economic world?
- How will updated weather forecasts influence the plant dispatch?
- What will be the price basis for deviations from the day-ahead contract?

Any more questions?

Dr. Max Scheidt

Managing Director

max.scheidt@procom.de

ProCom GmbH
Luisenstraße 41
52070 Aachen
Germany

Tel. +49 (241) 51804-167

Fax +49 (241) 51804-30

Mobil +49 (1522) 2810 167

procom-energy.de/en