

CONSULTATION RESPONSE

Energy Traders Europe response to the French TSO consultation on yearly capacity auctions

Brussels, 19 April 2024

- 1. Are you in favour of splitting the annual capacity into several auctions (3 auctions foreseen in 2024 for the 2025 business year) on some French borders (except FR-UK), provided a bilateral agreement is found between TSOs and NRAs?*

In a previous response, we considered the two-auctions proposal in 2023 for yearly LTTR allocation with delivery in 2024 to be a step in the right direction and supported it, on the condition that additional capacity was made available to the market. We support keeping two auctions in September and December and are cautious about adding a third auction in June. We request further information on RTE's efforts and results from the two auctions of last year, so we gain better insight on the impacts. Notably, could RTE provide general feedback, data on the auction prices, and whether additional capacity was made available to the market?

Having a better understanding of the effects of implementing two auctions shapes our position on the addition of a third one. We reiterate our concerns about available liquidity related to further split volumes into three auctions. We remind that with split auctions there is a risk of lower liquidity in each of these auctions, which in turn could impede hedging. With an additional auction in June, at what moment and how would RTE calculate and possibly recalculate the capacity to be made available to the market in the form of LTTRs?

We encourage the issuing of additional long-term transmission rights as a means to better secure capacity and foster hedging enabling better market liquidity.

Lastly, aligned with the Electricity Market Design proposal, we would welcome long-term cross-border auctions multiple years, in advance of the delivery year such as a Cal+3 auction. This would help increase the liquidity in France and other bidding zones.

- 2. If not, please explain why?*

N/A.

- 3. If yes, from your point of view, which distribution would be the most appropriate and why (for example: 15% in June, 35% in September and 50% in December)?*

In the past, we generally advocated for the sooner the amount of MW available in the auction is published, the better. Following our questions about the impacts of the split of

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the annual capacity allocation into two auctions, we do not have a firm position on the appropriate distribution of the proposed three yearly auctions yet.

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