

4.1 ENTSO-E's first views on ACER's policy paper on forward markets

MESC 09/03



ENTSO-E's first views on ACER's policy paper on forward markets

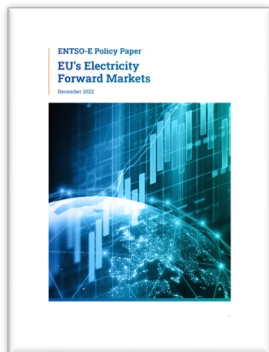
Based on ENTSO-E's Policy Paper - [Link](#)

Topic	Agreement	Disagreement	
1	Problems of forward markets	<ul style="list-style-type: none"> In most EU countries most forward commercial markets are lacking liquidity; 	<ul style="list-style-type: none"> Some points require further detailed assessment (i.e. maturities, harmonisation); LTTTs are only a part of forward markets and they cannot solve every issue - Other aspects to be also tackled: i.e. adopting CRMs in most markets - PPAs and CfDs also to be assessed; None of the proposed commercial baseload hedging products would work for RES/industrial consumer (variable production);
2	Valuation of LTTTs	<ul style="list-style-type: none"> ENTSO-E finds similar results of LTTTs: valuation continuously below the materialised price difference Consequence financial loss for end consumers (in most countries, gap compensated via network tariffs); 	
3	Improved allocation (longer products, more auctions)	<ul style="list-style-type: none"> Market Participants keep requesting products with a longer time horizon and more frequent auctions; 	<ul style="list-style-type: none"> Huge uncertainty and higher financial burden on end consumers - risk shift from MPs to TSOs; Additional need of redispatching in real time and higher costs due to more frequent curtailment; Additional auctions cannot lead to more total capacity. Reduced offered capacity in each auction → negative impact on liquidity;
4	Statistical Capacity Calculation process	<ul style="list-style-type: none"> There are no coordinated planning processes on the regional level that allow the state of the grid to be modelled more than 1 year ahead of real time; Performing sophisticated capacity calculations based on forecasted scenarios cannot be expected; 	<ul style="list-style-type: none"> Potential higher risk and financial burden on end consumers; LTFBA efforts for a short period of time; No consideration of outages planning; Weak link with reality - lose of LTA inclusion: financial risk; Statistical should use real time capacity values and no long-term values - DA capacity values to be used; No prediction (only looking backwards);

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5 Switch to FTR obligations	<ul style="list-style-type: none"> In line with Policy Option Approach 2 of EE's policy paper; 	<ul style="list-style-type: none"> ENTSO-E's Policy Option Approach 1 (FTR Options) or Policy Option 2 (Purely financial forward markets) still to be assessed;
6 Zone-to-Hub <i>(Approach still under assessment)</i>		<ul style="list-style-type: none"> Uncertainty around capacity calculation: <ul style="list-style-type: none"> Which would be the underlying capacity? Impact on current LTA inclusion (remuneration adequacy)? Uncertainty around financial regulation: <ul style="list-style-type: none"> Will the approach fall under MiFID? Additional burden: reporting obligations, impact on collaterals, etc. Would the model be an 'add-on' or a 'substitute' framework? → Are new "future hub forward markets" supposed to coexist with current liquid forward markets, like the German?
7. Full financial firmness		<ul style="list-style-type: none"> Serious financial impact to end-consumers;



[ENTSO-E's Policy Paper](#)

TSOs will further evaluate possible ways to improve the forward markets in line with ENTSO-E's policy paper
 TSOs remain open to further assist in a proper impact assessment and upcoming discussions

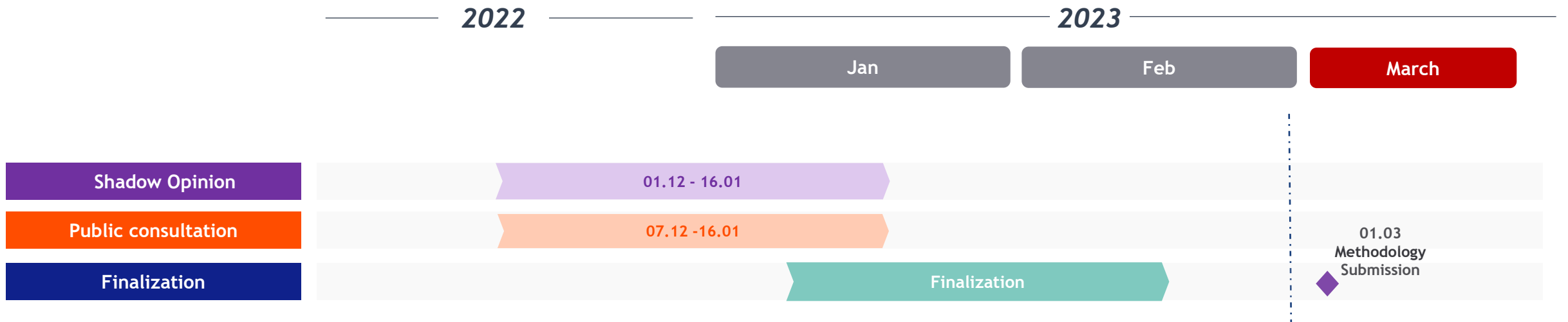
4.3 ENTSO-E's update on HAR and FBA

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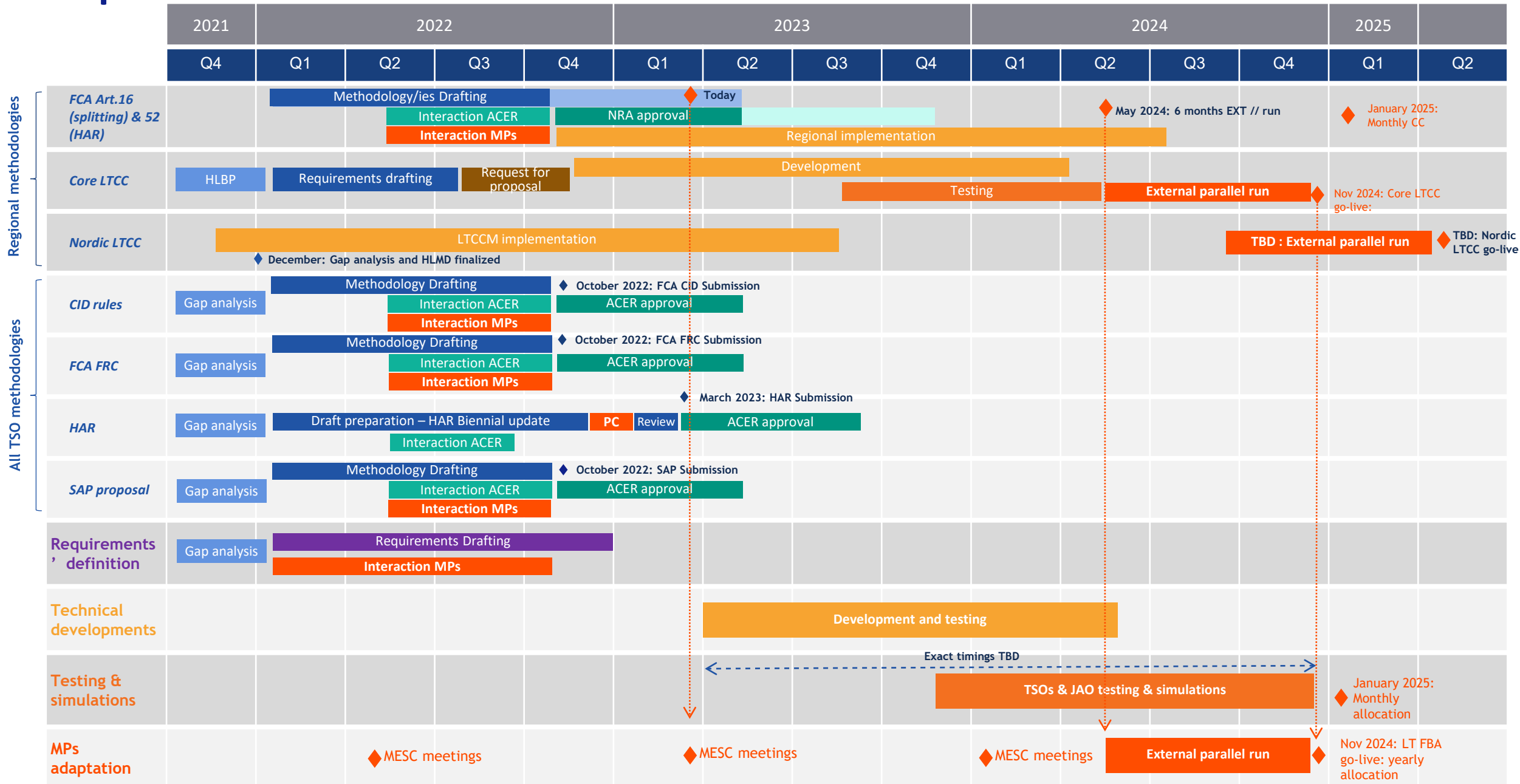
Update on HAR and FBA

Planning



After the submission: the work in regards to collateral changes has continued. The further process in regards to collateral requirements in HAR includes but limited to public consultation on the specific topic and proposed solutions

Update on HAR and FBA



*Timings may slightly vary from the planning above

Update on HAR and FBA

Interaction with stakeholders

- ENTSO-E is planning to organise a workshop towards the end of March to present the first results on the LTFBA simulations run by the TSOs;
- Preliminary results in line with ACER's previous simulations (2021);
- Invitation to be shared in the upcoming days;