

Questionnaire for the Public Consultation

The questions in this public consultation relate to the current version of the two documents that are consulted upon: the report on Liquidity and Transaction costs (version for public consultation, 17 July 2024) and the report on Transition Costs (version for public consultation, 6 December 2023).

1 Transition cost study

1.1 On costs

- a. Do you consider the estimated range of transition costs reasonable and feasible? Please indicate why or which part of the estimate of transition costs you consider (not) reasonable. Please specify in your answer if you are referring to all configurations or to a specific one.
- b. Which mitigation measures, e.g. by TSOs, regulators, policy makers or NEMOs, could decrease transition costs in general? Do you have experiences from previous bidding zone reconfigurations?
- c. Considering the impact of the lead time on the transition costs: What mitigation measures to decrease these costs do you consider reasonable and feasible and how much, in your estimate, would they decrease the costs (in %)?
- d. Do you expect other type of transition cost that are not covered by the definition used in the study which was based on the bidding zone review methodology¹?

1.2 Implementation and timeline

- a. What do you consider an appropriate minimum implementation lead time of a new bidding zone configuration? Please explain why you consider this to be a minimum.
- b. What are practical considerations that impact the minimum implementation lead time?
- c. What is your experience of previous bidding zone reconfigurations on the implementation and timeline?
- d. Are there any other potential changes in the market design that could affect the transition costs of a bidding zone reconfiguration or the implementation and timeline? Why and how would they affect the transition costs and the implementation and timeline?

¹ ACER 29-2020: Methodology and assumptions that are to be used in the bidding zone review process in accordance with Article 14(5) of the Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity

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- 1.3 Please provide any other practical considerations on transition costs and implementation and timeline and comments you may have on the transition cost study.

2 Liquidity and transaction cost study

2.1 On the impact of bidding zone reconfigurations on liquidity and transaction costs

- a. What do you perceive to be the impact of the proposed bidding zone reconfigurations on liquidity and transaction costs in comparison with the status quo configuration?
- b. Do you agree with the conclusions on the liquidity and transaction costs in alternative bidding zone configurations? Please indicate why you consider the conclusions (not) reasonable. Please specify if you are referring to all configurations or to a specific one.
 - i. Remarks to the conclusions on the short-term timeframe
 - ii. Remarks to the conclusions on the long-term timeframe
- c. What is your experience of previous bidding zone reconfigurations on the impact on liquidity and transaction costs?
- d. What effects on intra company transactions do you expect from a bidding zone reconfiguration?
- e. Do you think that after a reconfiguration, the hedging opportunities would or would not suffice in certain alternative configuration(s)? Please specify the respective alternative configuration(s) you are referring to and explain how you come to this conclusion. Does it differ under current market design or with mitigation measures in place? If so, please specify.
- f. Do you expect additional impacts of the proposed bidding zone reconfigurations on liquidity and transaction costs that were not addressed in the draft report?

2.2 On mitigation measures

- a. What risks or adverse impacts on liquidity and transaction costs do you anticipate with the bidding zone reconfigurations?
 - i. on short-term markets
 - ii. on long-term markets
- b. Which mitigation measures to decrease risk or an adverse impact on liquidity and transaction costs do you consider reasonable and feasible?
 - i. On short-term markets

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- ii. on long-term markets²
- c. Liquidity risk is not necessarily distributed equally among market participants.
 - i. What changes in the distribution of liquidity risk do you expect to result from a change in bidding zone configuration and how would it affect different market participants? Please give an example.
 - ii. Do you think there are risk exposure shifts that need to be mitigated? If so, which mitigation measures do you consider to be reasonable and feasible?
- d. Which mitigation measures both generally and against shifts of risk exposure do you consider to be **not** reasonable or feasible?

2.3 Practical considerations:

- a. Which practical considerations do you think could affect the impact of a bidding zone reconfiguration on liquidity and transaction costs?

2.4 Please provide any other comments you may have on the liquidity and transaction cost study

3 Further Questions:

3.1 In the course of the BZR, as foreseen in ACER decision 11-2022, TSOs will also investigate two combinations of bidding zone reconfigurations for Central Europe. What do you consider to be the impacts of more than a single bidding zone reconfigured at the same time in terms of

- a. Liquidity and transaction costs
- b. Transition costs
- c. lead time
- d. any additional practical considerations

The following questions may not necessarily arise out of the BZR methodology and may be incorporated in an annex of the BZR report.

3.2 Considering the different potential reconfigurations: Are you of the opinion that any implementation of a reconfiguration assessed in this bidding zone review should be undertaken simultaneously or stepwise? If stepwise, then how should the steps be defined?

² For some examples of measures aiming to increase liquidity in long term markets see [ACER policy paper on the further development of the EU electricity forward market \(February 2023\)](#) and [ENTSO-E advocacy paper on forward markets \(July 2024\)](#).

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- 3.3 Please share any additional practical considerations you may have (apart from the timeline and liquidity and transition costs which are covered by previous questions).
- 3.4 What effects on Power Purchase Agreements (PPAs) and other contractual arrangements not covered by the report on liquidity and transaction costs do you expect from a bidding zone reconfiguration?
- 3.5 What alternative policy measures could be implemented to achieve the potential benefits of a bidding zone reconfiguration?