

Response to RTE on yearly auction 2024 for 2026 products

Brussels, 6 September 2024

Detailed comments

- 1. Are you in favour of an auction offering yearly capacity 2 years before the delivery year (e.g. auction of 2026 yearly product as early as December 2024) on French borders (except FR-UK), provided a bilateral agreement is found between TSOs and NRAs?*

We fully support putting in place an auction offering yearly capacity 2 years, or more, before delivery on the French borders. Long-term transmission rights (LTTRs) products, such as Cal+2 products, are a crucial step forward in allowing market participants access to capacity further ahead of time and have more trading opportunities. We further encourage RTE to consider setting up an auction for Cal+3. These long-term cross-border capacity auctions will help increase the liquidity in France and other bidding zones. They can also contribute to developing cross-border power purchase agreements (PPAs) by providing longer-term transmission capacity hedging tools.

We would be interested to know how the capacities would be calculated for multi-year products and which volumes of transmission capacity would be expected to be offered for delivery year Y in this additional Y-2 auction, as well as how far they would be subtracted from the Y-1 auction. We remind RTE that the volume of yearly capacity to be made available to the market should be as high as possible. Our proposal is to allocate 25% at the Y-2 auction and 75% at the Y-1 auction. We suggest that the split of allocated capacities between Y-2 and Y-1 auctions for delivery year Y should be evaluated after some time. For example, it could be after a year. Not all the capacity available in the delivery year Y must be allocated in Y-2, to mimic the gradual hedging activities in the

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market. Indeed, given the relatively low volume of LTTRs, plus the fact that there is no secondary market, we want to ensure that some capacity will also be allocated in Y-1.

Additionally, to bid properly LTTRs on Cal+2 market participants would need an efficient Transparency publication.

Indeed, it currently seems that the RTE website does not publish information about the planned unavailability of transmission networks beyond the current year.

In order to bid for the Cal+2 cross-border capacities, market participants need to have the best possible view and therefore need to have the publication of the Cal+2 planned unavailability of transmission network before the Cal+2 auction.

To conclude, issuing additional Long Term Transmission Rights is a means to better secure capacity and foster hedging that enables better market liquidity. We will encourage the neighbouring TSOs to adopt such measures.

2. If not, please explain why?

N/A

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