CONSULTATION RESPONSE

Response to the CRE's consultation on Feed-in-Tariffs changes related to the long-term market

Brussels, 26 November 2025

General messages

We encourage the development of forward markets and increasing their liquidity.

Increasing forward hedging of Feed-in-Tariff contracts is overall a good initiative, allowing a space for market signals within support contracts. We reiterate that the use of subsidies should be only on a necessary basis and recommend the use of market-based instruments like PPAs. The risk associated with the variability of CSPE persists without complementing its risk management via financial Pay-as-Produced PPAs.

We point out that any measure leading to the centralisation of liquidity tends to not function effectively in a mature market, where liquidity depends on decentralisation.

We emphasise the need to involve market participants in the development process of new products, like with solar products which would require a larger audience than participants in EDF OA, to properly assess that new products are efficiently and effectively supported by the players of the wholesale market.

As a general remark, market participants appreciate the freedom to choose which product will help them in their hedging strategies. New product development needs to consider market interest, if it reflects well new market realities, and its impacts and interactions with existing products. It is also good to keep in mind the European context.

We recommend that the CRE allow for a longer consultation period, especially when considering the introduction of new products, to leave enough time for market participants to enquire internally for an interest and need for them. Additional reflection time can also highlight possible impacts on the market.

Detailed comments

Question 1 Do you agree with the CRE's analysis of the main parameters to be taken into account when determining the level of volumes sold forward? In particular, do you support the strategy of minimizing EDF OA's net financial positions on the spot market? If not, what other approach would you recommend, taking into account the objective of improving predictability and reducing the variability of CSPEs?

No specific comment about the parameters considered. We encourage the development of forward markets and increasing their liquidity. Forward markets are more stable but not necessarily cheaper for the State to reduce their exposure to price variability in spot markets. We also remind our position to balance subsidised solutions with market-based instruments, leaving room for the market and its signals within these support schemes.

To help manage risks linked to changes like the well-defined nature of the solar generation shape, market-based instruments, like with an as-produced PPA, can contribute to handling the remaining risk management and work in combination with subsidised contracts.

Now, recognising that a significant proportion of Renewable Energy Sources (RES) production currently falls under the Obligation d'Achat (OA) scheme, it is also crucial to manage these volumes properly and enhance their hedging strategy.

Question 2 Do you have any comments on the analyses presented in section 3.2?

We recognise the theoretical analysis conducted by the CRE and the limitations underlined. Perhaps, it would be of interest to have a deeper assessment of scenarios where wholesale prices are increasing to capture the effects on the markets and subsidy contracts, as well as accounting for the volume and price interactions between subsidy and market-based contracts.

Question 3 Do you consider the methodology presented by the CRE in section 3.3 to be relevant? Do you identify any associated risks or possible improvements to this methodology?

No immediate comment. We advocate for technology neutrality but recognise the differences between technology streams influencing their functioning and generation capacities.

Question 4 Are you in favor of increasing the volumes sold forward by EDF OA, for a maximum amount of around 15 TWh, and would you be interested, if so, in purchasing part of these additional volumes?

In the CRE's consultation on expanding EDF OA Calendar sales to a Cal+3 product, we responded positively. We raised that limited liquidity should also be considered when extending further the 'obligation d'achat' calendar product maturity. The volumes should be gradually put on the market to avoid impacting market prices. The CRE's proposal to increase forward volume sales could help with liquidity, and we emphasise the need to carefully consider how much and which distribution among products.

Question 5 What rate of increase in volumes would you recommend, in a gradual approach?

We recommend that the volumes be introduced progressively and that they be well assimilated into the market before an increase, to ensure that the market can absorb the new volumes.

The increase should be equivalent for all the current products available: base, Q1, M11, and M12.

Question 6 Do you identify other types of products (excluding peak or "solar" products) that could be offered for sale by EDF OA? If so, please provide an estimate of the volumes you would be interested in purchasing annually by product type.

In general, we advocate for a balance between subsidy contracts and market-based instruments. Support schemes should also allow for market signals to be reflected and allow for responsiveness for more efficient system management and market functioning.

Other products, such as PPAs, could be further assessed to allow a complete hedge of EDF OA's remaining exposure to market variation.

Question 7 Do you consider the CRE's proposal to give priority, where appropriate, to the sale of Q2 and Q3 peak products over a smoothed six-month period to be relevant, and would you be interested in purchasing such volumes?

The seasonality of Q2 and Q3 products matches more abundant solar generation, but won't support the liquidity on the forward market. As a starting point to launch new products, it is crucial that there is market interest and demand to offtake them while assessing the chicken-and-egg effect, where price signals also allow for the development/shift of demand. It is also key to keep in mind the European context in product development, to avoid fragmentation.

We remind the CRE that when discussing the introduction of new products, it is essential to include market participants in developing them. We would have appreciated a longer consultation time to allow enough time for market parties to exchange.

Perhaps there should be a trial run of the new products to determine market participants' appetite and effective use before a full implementation.

Question 8 If not, what products and maturities would you recommend? In particular, do you think it would be more appropriate to prioritize the sale of a Calendar Peak product?

Provided that there is consultation with market participants and an assessment, we could consider peak products for Month+1 during the summer period to reflect the seasonal production curve linked to solar generation.

Question 9 Are you in favour of a cautious approach to determining the volumes offered for sale for peak products, based on observed market liquidity?

Market liquidity takes time to develop and requires several factors, one of which is sufficient market interest and demand and/or price signal to trigger/support it. Volumes can also contribute, and we would advise a cautious and gradual introduction if that is the selected option.

We highlight the need to consider the interactions of new products for subsidy contracts and how they interact and impact market-based instruments. A testing phase and gradual implementation would allow a holistic assessment, comparing existing standardised exchange products for forward markets, the 'obligation d'achat' products based on them, and impacts on PPA liquidity.

Question 10 Do you agree with the CRE's preliminary analysis on the advisability of including an 11am-5pm "solar" product in EDF OA's sales?

Compared to peak products, solar products are emerging and slow to be standardised on power exchanges, with only two examples known in Europe (Spain and the Netherlands), as well as in the US (Ercot). Any solar products in Europe tend to be concluded bilaterally and likely bespoke. Perhaps, as with the suggestion of building off existing peak products, it would be a better starting point to consider the introduction of a standard product before creating a product for FiT sales.

Question 11 How interested would you be in purchasing the 11am-5pm "solar" product in EDF OA auctions? If so, please provide an estimate of the maturity and volumes you *would be interested in, as well as the product you would prefer (base product or more refined product, where the power delivered would be profiled hour by hour).*

As a start, we would focus first on standard peak product developments instead of solar ones.

While a more refined product following the power delivery profile might be more accurate, it would entail more design considerations and perhaps operational ones too, as it would be more complex.

With a base product, it could also be possible to use it for proxy hedging and adapt its use to a more specific profile or portfolio.

If a solar product is pursued, ample consideration in the design and more discussions with market participants need to take place, perhaps through an ad hoc working group with market stakeholders. An assessment of the need and demand for a product, along with testing and monitoring after an implementation of its effectiveness, is also key.

Question 12 More generally, are you able to position yourself to purchase "non-standard" products, i.e., products for which there is no equivalent contract on an organized market?

Non-standard products are used on the market in a bilateral manner. One benefit of standardised products is that they provide a reference price, which can then be reflected in bilateral contracts.

We are unsure how such non-standard products would materialise from the CRE in the specific case of 'obligation d'achat' sales.

Question 13 Do you agree with the CRE's assessment of the risk to the state budget associated with the absence of reference prices for solar products? Are you aware of any *other price references for solar products that could help to ensure the performance of sales of production under OA?*

We reiterate that forward markets are more stable but not necessarily cheaper for the State to reduce their exposure to price variability in spot markets.

Keeping in mind the European context, if there is an appetite for solar products, it is useful to assess and converse with countries that have started using such products, notably Spain, with futures products offered by OMIP and EEX.

Furthermore, it is important to discuss the products currently being developed by Power Exchanges (e.g. EEX), to align with them in order to improve efficiency and appeal at European level, and avoid 'fragmentation' of products that would not contribute to liquidity.

Question 14 Do you agree with the CRE's analysis of the evolution of peak/off-peak products?

The CRE's suggestion to reconfigure peak/off-peak products is interesting. It could help reflect changes in the electricity system (supply and demand curves). Once again, it would be good to also consider it in the wider European context and how that may interact by changing the structure of products.

It would also be wise to consider whether it is a modification of existing products or the addition of a new product, and the overall impact on market liquidity and product liquidity. We generally caution against developing too many different and technologically specific products that may fragment the market.

The introduction of simple solar blocks that could be combined with unchanged peak/off-peak products seems to us to allow for a less risky transition, especially to ensure that the European context is maintained.

Question 15 Would you be in favor of introducing this type of product into forward sales of OA production, subject to demonstrating its relevance in view of the OA production profile, even in the absence of changes in standard peak/off-peak products? If so, do you think this would be preferable to selling "solar" products between 11 a.m. and 5 p.m.?

As mentioned above, starting with a focus on peak products could be a good.

Precisely how these peak and/or peak/off-peak products are shaped and offered needs to be thoroughly assessed, notably with interactions with the wholesale market functioning and other standardised products offered on exchanges.

While solar products could reflect more accurately changes to the power system with peaks of solar generation, it is a more complex operationalisation and should gather more input at the European level to learn from existing examples and the level of interest.

Perhaps developments in the wholesale market should emerge first and become more mature before considering their reflection in subsidy contracts.

Question 16 Do you have any other comments?

We reiterate our general remarks introduced at the start.

We encourage the development of forward markets and increasing their liquidity. The use of subsidies should be only on a necessary basis and recommend the use of market-based instruments like PPAs. Forward markets are more stable but not necessarily cheaper for the State to reduce their exposure to price variability in spot markets. Increasing forward hedging of FiT contracts is overall a good initiative, allowing a space for market signals within support contracts.

We also point out that measures leading to the centralisation of liquidity tend to not function effectively in a mature market, where liquidity depends on decentralisation.

We emphasise the need to involve market participants in the development process of new products, like with solar products which would require a larger audience than participants in EDF OA, to properly assess that new products are efficiently and effectively supported by the players of the wholesale market.

As a general remark, market participants appreciate the freedom to choose which product will help them in their hedging strategies. New product development needs to consider market interest, if it reflects well new market realities, and its impacts and interacts with existing products. It is also good to keep in mind the European context.

We recommend that the CRE allow for a longer consultation period, especially when considering the introduction of new products, to leave enough time for market participants to enquire internally for an interest and need for new products. Additional reflection time can also highlight possible impacts on the market.

We remain open to further discussions following the consultation, and hope to provide any additional missing elements that could not be provided in the short-time limit.

Contact

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