# CONSULTATION RESPONSE

## Response to the CRE call for interest on forward hedging Feed-in-premium volumes

Brussels, 05 March 2026

### Key messages

- 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. New and upcoming market references, such as sunpeak products, should be considered in future developments to be better integrated within hedging strategies and better replicate new balances in the electricity system.
- Fostering forward market liquidity, while striking a balance between subsidised and market-based contracts, is crucial.
- We've previously indicated for this new centralised forward hedging entity option that only volumes are brought to forward markets, which would only partially meet the objective of increasing forward market liquidity. The option also enables price hedging, but the volume risk exposure for the State – linked to the captured price – would remain. We raised attention to the complexity of the theory elaborated by the CRE, especially the coordination and clear delineations between two actors working under the State: EDF OA and the centralised entity.
- Traders are keen to have transparency and non-discrimination upheld on the proposed criteria and process for hedging on the behalf of the State in forward markets. We welcome a competitive tender to be implemented, avoiding the substantial concentration of volumes with one actor, i.e. we prefer a system where the entire market can participate, and the information is provided to all market participants.

## Detailed comments

*Question 1.1: Do you have any comments on the proposed terms and conditions of the hedging contract between the State and the pre-selected operator(s)? Do you consider the PN reference to be sufficiently replicable?*

We appreciate leaving up to the market participants applying to the tender the liberty of how they hedge the tendered volumes. As stated in a previous response, we support the gradual introduction of volumes to be absorbed into the market. The Y+1 French market is relatively liquid, more so than the Y+2. After an initial period with an assessment, further longer maturity baseload products could be considered, as well as other forward market products if there is an interest and developing liquidity, such as emerging sunpeak futures. They may help reduce the gap in risk coverage while help support liquidity on nascent forward products.

Finally, we emphasise that this hedging is only partial, and numerous embedded risks remain, which may still affect the visibility of the state budget.

*Question 1.2: Do you identify any particular issues or difficulties with the proposed price reference (EEX settlement price)?*

We understand that one power exchange reference price is being used in this setup. We wonder whether, for a more holistic view of forward markets in France, it will consider in the future other established power exchanges, and their reference prices, while avoiding wholesale market distortions.

*Question 1.3: Do you identify any particular issues or difficulties with the choice of a simple arithmetic average of settlement prices over two years? Would you prefer another reference (e.g. average settlement prices weighted by the volumes of each session), and if so, why?*

As the forward hedging FiP volumes process develops, accounting for the emergence of new market products on the markets should be considered in the hedging range available to market participants and the hedging operator candidates. Upcoming sunpeak forward products could be ones to consider once they have been established on the market. The better integration of new market products will reduce remaining embedded risks and thus improve visibility for State budget while supporting forward market liquidity.

*Question 1.4: Do you have any other proposals for price references relevant to the PN reference?*

No comment.

*Question 2.1: Do you identify any particular difficulties arising from the billing schedule imposed by the regulatory framework for public electricity service charges, particularly with regard to final adjustments?*

Gradual and adjusted payments from the initially won auctioned volumes to after delivery seem to make sense.

*Question 2.2: Would you be prepared to enter into a contract providing for such a billing schedule?*

N/A

*Question 3.1: Do you have a preference between the two schedules presented above?*

Concerning the two calendars for the tenders, both variations start three years before delivery of the baseload calendar product. A yearly tender may allow for flexibility every year on how much a market participant may commit, while a tender every two years over two delivery years may provide more visibility in advance on the volumes to be hedged.

Regarding the different tender options (once a year or once every two years), we would prefer the first option, notably because it would avoid the possibility of a reassessment of the volumes.

*Question 3.2: Do you identify any particular difficulties with the fact that the volume to which the operator commits may be re-evaluated after the bid has been selected, within a limit of +/- 20%? To what extent would such flexibility be reflected in the management fees charged?*

Regarding the +/- 20% reassessment that option 2 might imply, we would like to point out that operators would require visibility on the procedure and conditions for the reassessment of volumes – the contract should specify who can decide to reassess the volumes and when. Such a reassessment would inevitably have a material impact for market participants, and this would have to be reflected in the contract (who covers the additional risk, compensation if relevant, reassessment of/impact on the proposed management fees, etc.). We would also like to clarify how and by whom this reassessment could be triggered, if it may originate from the operator or be requested by the French authorities.

While we cannot provide input on management fees, changes with a reassessment would likely be reflected in some way into these fees.

*Question 4.1: Would your company be able to meet the financial requirements detailed above?*

N/A

*Question 4.2: Does it have an external rating from Standards & Poor's, Moody's or Fitch?*

N/A

*Question 4.3: Do you have any comments or recommendations on the requirements listed above?*

We ask about possible interactions with other tendering and reporting procedures with requirements that could overlap. We generally want to avoid administrative burdens and double-reporting requirements where feasible. Perhaps if an applicant has already submitted the required documents in a similar timeframe for another process, they should be considered received and complemented with updated information when available. An applicant market participant profile could centralise already submitted information and be consistently updated as they apply to new projects.

*Question 4.4: Do you have any comments on the possible implementation of a financial equivalence calculation tool?*

We would welcome further clarity on the criteria included in a financial equivalence calculation tool.

*Question 5.1: Do you have any comments on the proposed selection criteria?*

No comment.

*Question 5.2: Based on the declaration template provided in Appendix 3, can you indicate your current view of the possible level of management fees according to the volumes managed?*

N/A

*Question 6.1: Do you have any comments on the minimum and maximum volumes proposed above per operator?*

We emphasise the need for this process to remain a competitive process with not one operator concentrating more volumes to hedge.

If the CRE considers a maximum volume to be hedged by a single operator, within the range considered as an upper limit, 10 TWh seems to be a more suitable solution so as to have a diversity of operators.

*Question 6.2: What volumes would your company be prepared to commit to?*

N/A

*Question 7: Do you have any comments or proposals on the size of the guarantees presented in Annex 4?*

We raise awareness of a trade-off between the need to be financially robust and trustworthy to trade in forward markets, and market access barriers with too high credit guarantees that can impact market participant diversity and market competition.

We would like to reinforce that statement by reminding the regulator that, even though the financial requirements proposed are consistent with standard industry practice, in the context of the present tender, such requirements may directly influence the outcome, rather than simply serving as mere prequalification criteria as is the case in other tenders or auctions, since the selection of operators will be solely based on the management fees they propose (and an operator required to provide a bank guarantee will likely need to incorporate the associated costs into its pricing). CRE should consider this when determining the selection criteria and drafting the "cahier des charges".

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## Contact

Coline Gailleul
Electricity Policy Advisor
c.gailleul@energytraderseurope.org