CONSULTATION RESPONSE

Response to the French Government on selling new long-term RES products

Brussels, 17 July 2026

Key messages

- We see the appeal of fostering liquidity in the long-term markets with products at 8–10-year maturities, and the possibilities to improve hedging options. We note that the current market products already exist for long-term horizons and stress the importance of safeguards to avoid distorting existing, non-regulated products available on the market through a new mechanism.
- The Government should prioritise ensuring well-functioning markets and integrating market signals into RES support mechanisms before shifting focus to new products that overlap with market instruments.
- We call for keeping the debate on the potential introduction of new products open and transparent, and further research on the demand for such long-term products.
- Should these new products be offered, we recommend a testing phase and a gradual implementation with the volumes into the market and making sure they are available for all EU market participants.

Detailed comments

Question 1. What are your thoughts on the features of the products being considered for this scheme? Please give details of your views on: (a) the proposed term of 8 to 10 years and your preference in terms of duration; (b) the product structure: a constant-power yield over the proposed term. What changes to the proposed features would, in your view, increase your interest in these products?

We welcome the opportunity to respond to this consultation. As Energy Traders Europe, we represent 185 market participants active in power, gas, and certificate markets across Europe. While our organisation does not engage in energy trading, we represent the industry's views.

As a general comment, our response is guided by 3 core principles:

- Any product auctioned by the state should complement, rather than replace, the existing market instruments
- A testing phase to assess the demand from market participants should be organised before the introduction of the products. Volumes should be introduced gradually to avoid distorting price signals
- The scheme's rules and auction calendar should be transparent, predictable and allow participation of all European market participants

Firstly, we seek to better understand the objective of the Government with this initiative and whether all options have been assessed as the best way forward. We are aware of the Government's objective to optimise public spending in support of Renewable Energy Sources (RES) and the associated exposure on spot and long-term electricity markets.

At Energy Traders Europe, we seek to ensure the optimal balance between support mechanisms and market instruments and to integrate market signals in subsidy schemes. Hence, we point to existing products on the market, such as Power Purchasing Agreements, Over-the-Counter (OTC) forward contracts and exchange-based futures as means to handle exposure, as well as ongoing initiatives by the CRE on Obligation d'achat (Feed-in-Tariff) and Complément de Rémunération (Feed-in-Premium). The proposal at hand should not have a detrimental impact on existing, non-regulated contracts and, if implemented, should be properly aligned with EU State Aid guidelines.

Liquidity on forward markets drops sharply earlier than Y+3, introducing products with maturity from 8-10 years could increase the *offer* on the market. However, fostering liquidity – and improving hedging options on the markets - requires not only an offer, but also *demand* for a product. Before going ahead with the proposal, we invite the Government to study the depth of potential demand for such long-term products.

Finally, we also see potential IT costs to develop and implement this system, and we are concerned with the longevity of a product that focuses on FiT volumes, which we expect to slowly phase out.

Question 2. Do you have a strong preference for a physically delivered product or a financial hedging product? What advantages and disadvantages do you see in either type of product (physical vs financial)?

We encourage that any product developed has sufficient market interest and be open to cross-border participants (within the EU and also with GB and Switzerland) to have counterparties available for forward hedging.

With no preference for physical or financial products, we do recognise easier implementation and integration by aligning with current EDF OA physical products sold in the auctions.

Question 3. Would you like the guarantees of origin underlying the products on offer to be included in the product sales contracts? What advantages and disadvantages do you see in the joint sale of guarantees of origin? Please note that the potential marketing of guarantees of origin associated with the products is likely to delay the implementation timetable for the scheme presented here.

In terms of prioritisation for the Government, we recommend focusing on outstanding wholesale market functioning measures before looking at RES-supported products (physical/financial, Guarantees of Origin). There is also an outstanding decree related to GoOs that remains to be implemented in France.

We generally support decoupling guarantees of origin from the baseload products. We are concerned that if coupled, this could lead to fragmentation and a loss of liquidity in the Guarantees of Origin market.

Question 4. Do you see any additional value in this type of product compared with the products already offered by EDF OA as part of the sale of electricity under the obligation d'achat (CAL base, Q1 base, M11 and M12 base products, work to expand the range of products on offer by H1 2027, notably CAL peak, Q2 peak and Q3 peak, possibly supplemented by products focused on the solar generation period)?

The additional value of the proposed product lies in the fact that it is addressing the horizons far beyond the existing products, adding to the liquidity beyond the Y+3 horizon, which remains poor.

At the same time, these regulated products could be in competition with non-regulated PPAs if demand for very long-term products is not growing. Hence, it is key that any new product should complement existing market forward products and contribute to fostering liquidity on forward wholesale markets (including PPAs). Thus, should the products be developed, they should be gradually introduced into the market with a testing phase to see interactions with forward market functioning, particularly on the demand side.

Additionally, we seek clarification from DGEC on how these products would interact with the existing reform of FiT and FiP schemes to further develop forward hedging coverage.

Question 5. Do you consider the proposed general terms and conditions for these auctions to be appropriate?

Price-only ranking and pay-as-bid are consistent with EDF OA auctions. Clear rules, a predictable auction calendar, and transparent methodology are essential for the efficient functioning of the scheme.

Question 6. Do you consider it necessary for these auctions to be conducted by an entity other than EDF OA?

For a speedy and smooth process, EDF OA is a pragmatic choice to conduct the auctions. As we flagged in our previous 2024 consultation on modifying support mechanisms, delineation between regulated actors must be clear, and there needs to be a robust CRE oversight. Should the Government consider having these auctions conducted by an independent body, we would welcome the opportunity to study and comment on their assessment to do so.

Question 7. Which relevant parameters should, where appropriate, be monitored by the CRE to ensure that the auctions run smoothly?

The reserve price methodology should be transparent and predictable, and auction volumes should be calibrated against market liquidity so as to not distort price formation. CRE should also apply clear anti-circumvention rules covering affiliated entities, ensure all participants get equal and timely access to information, publish aggregate results after each auction, and keep safeguards in place against market power or volume concentration.

Question 8. Would you be interested in taking part in such auctions? If so, what volumes (in MW) might you be likely to request? Answers to this question are non-binding and will remain confidential.

As a representative organisation, we are not engaged in energy trading, and we encourage our members to respond to this consultation to express their individual interest.

Question 9. What timeframes should be set for the organisation of auctions to ensure the participation of interested counterparties (in particular, the notice period for the auction date and the duration of the auction)? How many auctions should be organised each year?

To make sure the offered volumes complement, rather than distort the forward markets, the auction calendar should be predictable, auctions announced sufficiently ahead of time and aligned with hedging windows (quarterly, annually). For the launch phase, a small number of auctions should be announced to help markets absorb the volumes gradually.

Question 10. Would you prefer delivery of the product to commence between Y+1 and Y+2, as opposed to in the year Y in which the auction takes place?

Y+1 seems to be the most natural choice, as forward market liquidity is highest there and starts dwindling in Y+2 and Y+3. Starting with Y+1 will therefore connect more readily with the liquid curve; however, both products are feasible.

Question 11. Would you be in favour of the sale of a 'solar PPA' banded product (e.g. 12:00–16:00 on working days) with a 5-year term, in addition to the banded product described in Part 2? What would be the relevant characteristics?

Recognising the name of this product may not be definitive; we highlight that PPAs are non-regulated, market-based instruments. We are unclear whether the DGEC is inquiring to create another type of PPA product or if it will be another product based on subsidised RES energy following the solar peak generation hours profile. We are aware that the CRE was looking into developing a solar peak profile product to support the FiP scheme, to which we had advised waiting for the recent EEX market product to mature before considering a regulated product as a template.

As a technology-neutral organisation, we would recommend a more neutral naming to allow the possibility of all technologies using the new tool. Having a technology-specific product risks liquidity splits, fewer counterparties to be found and a fragmented market.

On the other hand, there is an added value in that such a product does not exist on the market yet and could provide an alternative option compared to a pure baseload product. This needs to be tempered by the risk of low demand and cannibalisation. Hence, we recommend an assessment for such a product, according to demand, and that can be tested before a full launch.

Question 12. Do you have any comments or recommendations regarding the requirements relating to financial robustness?

While we understand the financial requirements, we emphasise that when the criteria are set too strictly, they limit the potential number of participants, to the detriment of market competition.

We also recommend avoiding duplication. Participants already provide financial documentation for prequalification in EDF OA auctions and to exchanges and clearing houses. This information should serve as a first basis for assessing financial robustness rather than requiring a separate submission.

Question 13. In your view, what impact would this measure have on the electricity consumption of certain types of consumers? If you are a consumer or a representative of consumers, please illustrate your point, where possible, using specific examples, specifying the projects concerned.

As Energy Traders Europe represents market participants engaged in the trading of power, gas and certificates, we abstain from answering this question.

Question 14. What potential impacts (on prices, liquidity, and as a benchmark for new developments) on the functioning of organised electricity markets (spot, intraday and forward) do you anticipate should such competitive auctions of the products presented be organised?

Provided there is adequate demand, a well-designed scheme, based on competitive auctions, transparency, standardised products and a gradual release of volumes could have a positive net effect on forward market liquidity and deepen the forward curve, which is significantly weaker after Y+3.

Alternatively, in case of stable demand, the new scheme could have a detrimental effect on forward market liquidity, including PPAs.

Regarding day-ahead and intraday markets, there would be a difference depending on the new product design decisions (i.e. as a financial or physical product). A financial product, having no physically nominated volume, could have no direct impact on day-ahead and intraday liquidity. A physical product with delivery at the day-ahead stage could limit the appetite of some participants to trade in the forward or day-ahead market. However, practice observed with PPAs is that market participants rarely sit idle on long-term positions: they optimise them on the forward markets, while deviations from day-ahead schedules are managed in the day-ahead nominations and further optimised via intraday.

We also see these auctions serving as a benchmark. Published clearing prices would provide a reference at horizons where no forward quote exists today.

This needs to be tempered by the risk of the regulated product setting the reference price. If the auctioned volumes are large compared to the market, the resulting price stops being a market signal and becomes an anchor for privately negotiated contracts. We therefore reiterate that volumes should be calibrated against market liquidity.

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