

Consultation on Czech market reform plan

Brussels, 20th December

Response

Energy Traders Europe welcomes the opportunity to respond to the DG ENER consultation on electricity market reforms in the Czech Republic.

We support well-functioning, interconnected, and competitive electricity markets, which deliver the appropriate level and type of generation to meet consumer needs. We recognise that capacity mechanisms can be introduced when adequacy concerns cannot be resolved by removing remaining market distortions.

Our key concern is that any capacity mechanism maintains **accurate and undistorted price** signals in the energy market, as these are essential for efficient market functioning and investment decisions. Therefore, we recommend that any mechanism be designed to **protect proper price formation** in the Czech market.

We appreciate that the Czech Electricity Market Implementation report offers a comprehensive overview of the current state of market liberalisation and ongoing reforms. We note the progress already achieved, including high levels of interconnectedness, openness to cross-border participation, and deregulated retail prices, all of which support efficient and competitive price formation.

Using this opportunity, we would like to propose further steps to deepen market liberalisation and strengthen liquidity:

- **Allow bilateral intraday transactions:** Current limitations constrain market participants' ability to balance their positions efficiently and increase imbalance risks.
- **Remove the requirement to establish a branch for foreign traders:** This rule creates unnecessary administrative burden and reduces the attractiveness of participating in the Czech market.
- **Remove the licence requirement to use the transmission system:** This reduces liquidity in capacity allocation. Market participants should instead be able to contract directly with TSOs to access the system and participate in capacity auctions.

We believe these measures would increase market liquidity and competitiveness without imposing high administrative or political costs.

We remain at your disposal for further discussion or clarification

CONSULTATION RESPONSE



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