

Response to the CRE consultation on hydroelectric products and auctions

Brussels, 19 October 2026

General remarks

- Our core principles highlight the need for well-functioning markets through competition, open and non-discriminatory access, and transparency.
- We recognise the underlying goal of law n°2026-554 of 29 June 2026 to improve the competitive playing field on the French electricity market. With this in mind, its Article 12 seeks to establish 6 GW of virtual hydropower capacity via auctioned products representative of hydropower plant characteristics. We note that the [European Commission closed the related Infringement Case](#) against France on this matter on 1 October 2026, based on its approval of the principles laid out in the aforementioned law. The French Competition Authority will oversee the implementation of the reform.
- We welcome the opportunity given by CRE to react to its implementation proposal of the law. The design of the capacity products and auctions should be clear and coherent, building off of the legislation and finding the most efficient way to put the law into practice considering the underlying characteristics of the hydropower capacity.
- We recommend that the design of products does not lead to distortions in existing and functioning markets and be carried out in a non-discriminatory and transparent manner. The new capacity products should be complementary to existing wholesale products.
- The auctioning process and products should be open to all market participants and avoid market entry barriers.
- We invite CRE and the French government to be as transparent as possible in the implementation phase and to report on the outcome of this reform, while respecting sensitive data. They should also consider engaging with market participants throughout the process to integrate their experience and feedback.

Detailed comments

Objectives of auctioning new products

Question 1 Do you believe that 'run-of-river' and 'lock-gated' products should offer something new, or at the very least provide liquidity, compared with products already traded – whether in terms of contract maturity, duration or daily delivery profile?

- The products should correspond to the law's objective to represent the production profile of these specific assets, the underlying characteristics and/or the flexibility offered by these assets. Such characteristics should be firmly set out upfront at the time of auction.
- 'Run-of-river' and 'lock-gated' products should be complementary to existing wholesale markets and contribute to the wholesale electricity market's overall liquidity.
- Added value is seen in longer delivery periods for liquidity on the long-term horizon that could be developed with time.
- New products generally need time to develop liquidity. We invite CRE to monitor how the products achieve liquidity, such as through indications of market use, bid/ask spreads and how they meet market participants' hedging needs. Lessons should be drawn from the implementation, and the rules adapted down the line, if necessary.

Question 2 Is the CRE's analysis regarding the auctioning of the products described in points 1 and 2 of Section V of Article 12 of the Act in line with your expectations concerning these products (complex products where the transfer of flexibility is as close as possible to the physical flexibility of the underlying assets)?

- Electricity trading is the management of market and price risks through the buying and selling of electricity, to optimise value and handle exposure. Efficient risk management, or hedging, is the daily task of energy traders, and is handled, e.g. via the market, market instruments or portfolio effects. Efficient market conditions allocate each risk to the party/participant best suited to handle it.
- Specific risk appetites differ from company to company, which make use of various products at their disposal, or may decide to rely on other market participants to handle risk for them. Overall, the market as a whole is in a capacity to handle new market products, even if such products are deemed by some to bring additional complexity compared to standard baseload products.

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- Lessons should be drawn from the implementation and the rules adapted down the line, if necessary.

Question 3 What are your expectations regarding the auction of 2.25 GW of ‘less flexible’ products? In your view, what level of complexity (risk-sharing, constraints, granularity) should apply to this type of product?

- Every product proposed in this reform should be representative of the underlying assets, according to the law. This is valid for the flexibility, just as well as the constraints, of these assets. These should be sold in a form that correctly represents the assets behind them. Lake-based assets that correspond to the 2,25 GW of “less flexible products” are able to produce shapes, with a bandwidth (Pmin/Pmax) that is narrower than for other more flexible assets, with a reduced ramp rate and reduced reservoir. These characteristics should be replicated in the product sold and set out upfront at the time of auction.
- Added value is seen in longer delivery periods for liquidity on the long-term horizon that could be developed with time.

Characterisation of the flexibility offered by the hydroelectric power generation fleet and the associated risks

Question 4 If you are a hydroelectric capacity operator, what do you consider to be the time scale (seasonal, weekly, hourly, sub-daily) for flexibility for each type of asset (run-of-river, reservoirs and pumped storage)? What proportion of the capacity can be modulated, and over what time horizon (renomination window)?

- Energy Traders Europe represents energy trading firms, with or without electricity production assets. Should CRE need it, we can put the regulator in contact with hydro operators to exchange on their experience.

Question 5 If you are an operator of hydroelectric power generation assets, how do you estimate the minimum and maximum power (power range) that can be achieved operationally for your facilities? Over what time horizon (sub-monthly) do you update this power range?

NA

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Question 6 For stock assets, how do you estimate the operationally accessible levels? Do these levels change regularly? If so, how do you update them?

NA

Question 7 To what extent do you consider it appropriate to address the virtual transfer of stock assets in a contract (frequency of updates to available stock levels, frequency of changes to stock constraints, notification process for the buyer)?

NA

Question 8 Which risks would you like to see included in risk-sharing products? Why?

- As highlighted in our response to question 2, traders are equipped – individually and collectively – to handle market risks through the market.
- Clarification from CRE would be welcome to understand on what basis the products will be auctioned, i.e. whether the products will be tied to specific assets, or whether they will correspond to aggregated capacity over multiple, possibly undefined, assets.
- This would help identify what information should be provided for the risks identified.
- Transparency over the determinants of risks is key in helping manage these risks. It can be achieved through quantification, description, and clear communication of the risk parameters. These elements should be provided ahead of the auctions and should be verified by the CRE, or if needed, by an independent auditor.
- CRE's implementation choice here should be guided by the principle that risk can be effectively managed when it is known and can be quantified with objective and measurable data. If and when a risk is transferred from one party to the other, so should be the information to assess this risk if it is not generally available. We are happy to engage with CRE and provide more details once the basis for the products (see 2nd bullet point in this question) is clarified.

Question 9 What data or indicators (type, reporting frequency, accuracy) do you consider relevant to receive as a buyer, in order to effectively quantify the risks identified in the previous question and ensure the effective management of your portfolio?

- To better manage risk, clarity and transparency on the exact nature of the risks shared for flexible products is needed. The information shared should be timely and

accurate, as it helps assess the risks effectively. There should be a clear definition with parameters of the risks taken and on what information it will be based.

- For example, building upon transparency practices on unavailability of assets, scheduled maintenance should be disclosed to market participants as far in advance as possible; for unscheduled unavailability, sharing the information as soon as possible is key.
- Useful information, depending on the risks borne to enable a proper assessment of those by the buyer, also includes historical water inflow, level of reservoirs (including environmental/other use requirements that affect the level and amount of water available for hydroelectricity), production constraints, and historical outage episodes, over at least the past 5 years. We encourage that the information provided can be verified by CRE.

Question 10 If you are a hydroelectric power operator, how do you carry out your generation forecasts prior to delivery, and at what intervals?

NA

Question 11 More generally, how do you think the issue of expected output for a given product should be addressed, particularly when auctions take place well in advance of the delivery period and the product does not involve risk-sharing?

NA

Wholesale markets served by hydroelectric products

Question 12 Do you consider that the ‘run-of-river and lock-gate’ products shown in Figure 7 are of interest to your operations (in particular, a 10-year contract and a hydropeak profile)? If so, which one? And if not, what changes to the definition of these products might be envisaged?

- Yes, there is an interest in ‘run-of-river and lock-gate’ products.
- We welcome CRE’s testing of market participants’ interest in a hydropeak product, as indicated by CRE under Category A product type.

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- Energy traders that we represent would see added value seen in longer delivery periods. This could contribute to developing liquidity on the long-term horizon, over time.
- Observation of the French forward market and its liquidity tends to show liquidity up to 2 years ahead. We recommend an offering of long-term products on a rolling basis, in a way that contributes to forward market liquidity development.
- Once again, lessons should be drawn from the implementation and the rules adapted down the line, if necessary.

Question 13 Would you be interested in an auction of products with long maturities (beyond Y+3, Q+3 and M+4)? If so, why?

- We encourage the development of forward markets by considering longer maturities for products. We also recognise that in practice, longer maturities tend to be initially less liquid products. Nonetheless, a gradual approach to introducing longer maturities could be explored, with a gradual modulation of volumes offered to these longer maturities in case the offer on those maturities does not meet the demand.
- Longer product maturities could also allow industrial clients to secure their energy needs by bringing more price stability to the downstream sector.

Question 14 Do you consider that the contract duration, maturity and granularity of products B1, C1, C2 and D1 are such as to facilitate the integration of these products into your portfolio? If not, which parameters would you change?

- There is an interest in having longer maturities for the products B1 (option swing) and A3 (fallback product).
- Type 2 products present interesting levels of granularity with both short-term and monthly nomination options.
- We underline the need for transparent parameters, incl. Pmin/Pmax and stock constraints, so that the hydro assets are well reflected.

Question 15 Can you identify any other flexible forward product formats apart from those listed in this consultation (swing options, injection/withdrawal options and simplified VPP)?

NA

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Question 16 Do you think you would be able to easily incorporate products into your portfolio that allow you to specify power output in 15-minute increments the day before delivery? Do you think these products would offer added value for your business? If so, what form would that take?

- 15-minute MTU in spot markets has successfully gone live in Europe. Adapted granularity products are also available on wholesale markets – for instance, [the EFET Master Agreement](#) governing most (long-term) OTC contracts are fit for 15-minute delivery and pricing.
- We expect the products to be adapted over time to any possible future change of the MTU, should it take place as part of an overall market reform.
- More granular products, taking account of the physical/technical constraints of the underlying assets, help with a faster-moving electricity system, allowing closer to real-time trading.

Question 17 For products where the delivery time can be specified in 15-minute intervals the day before delivery, what do you think the specified time should be? Why?

- We suggest that the nominations be after the closing of the Day-Ahead market, after 13:30 CET. These nominations should respect the physical/technical constraints of assets – based on transparent information on the latter.

Question 18 Do you think you would be able to easily incorporate into your portfolio products that allow for the physical renomination of power on an intraday basis on the day of delivery? Do you think these products would add value to your business? If so, what form would that value take? If not, what changes would need to be considered to facilitate the integration of these products into your portfolio? In particular, would a financial settlement, based on publicly available price indices (ID), be a viable alternative?

- We recognise that 15-minute MTU granularity would help reflect more accurately the state of the system and allow changes closer to real-time.
- Optimisation of hydro assets can be realised closer to real-time. In particular, this includes the possibility for the buyers of auction products to nominate in intraday. This option to nominate close to real-time, together with the 15-minute MTU, should reflect the flexibility of the hydro assets, while respecting their physical/technical constraints based on transparent information on the latter. We are happy to

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exchange further with CRE on the practical characteristics of this feature, as such regulated products are currently not available in the market.

Question 19 In particular, what lead time for nomination prior to delivery do you consider appropriate to enable you to reduce your discrepancies ahead of the operational window, which will be reduced to 30 minutes from 1 January 2029?

- We generally support the reduction of the lead time (including across borders) and allowing market participants to trade as close to real-time as possible.
- Once again, the option to nominate close to real-time should reflect the flexibility of the hydro assets, while respecting their physical/technical constraints – based on transparent information on the latter.

Question 20 Do you consider that including system services in the virtual capacity put up for auction could be beneficial to your business and would have positive effects on competition?

- We suggest excluding balancing services from the scope of the tendered products. There are concerns about the risks linked to auditability, transparency and robustness.
- A key risk is that buyers would have no operational control over ancillary service participation while remaining exposed to its economic consequences if product levels are modified as a result of that.

Question 21 Do you see any competitive advantage in including capacity-based revenues in the products put up for auction? Do you think that including such revenues could be beneficial to your business? If so, why?

- Similar to ancillary services, we encourage excluding capacity market revenues from the scope of tendered products. These present limited commercial value and are difficult to price due to the complexity of the capacity mechanism auctions.

Question 22 With regard to guarantees of origin, do you see any benefit in their financial inclusion in hydroelectric products put up for auction, particularly from a competitive perspective and in relation to your business activities?

- We support the development of Guarantees of Origin (GO), and of their marketplace.

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- The equivalent GOs from hydropower generation tendered in the auction should be put up for sale on the GO market. Energy Traders Europe generally does not favour bundling GOs with capacity or energy products.

Auction procedures

Question 23 For products due to be delivered over several years, would you prefer to have several regular auctions, even if this means smaller quantities being put up for sale on a regular basis? If you are interested in these products, would you be able to take part from the first year of the auctions (2028), or would you need more time?

- On auctioning longer-contracted products, we support a gradual auctioning process, notably of the volumes. There is a question of whether the total volume will be auctioned off in one go for the contract duration, or whether it will be done on a rolling basis. We would prefer a rolling basis and starting with gradual auctions, including of contract length.
- As for readiness by 2028 (with the most ambitious readiness view by the end of 2028), it could be possible as long as the next steps and the decision-making happen in rapid succession and remain clear and transparent. Any new products to be offered require sufficient time to familiarise with the conditions and procedures before their go-live.

Question 24 For products where delivery takes place at shorter intervals (monthly, quarterly or annually), do you agree with the view that regular auctions are likely to encourage participation?

- Yes, we agree with the view that regular auctions can encourage participation, firstly through their predictability.
- We recommend having rolling auctions to gradually introduce into the market the different products (see question above). The number of auctions should nonetheless not come at the expense of sufficient participation in the auction and liquidity of the products auctioned.

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Question 25 With regard to the timetable, what minimum notice period do you consider necessary for the publication of the auction timetable, including the details of each session, and in particular the volume offered by product type?

- The timetable should be published with sufficient time in advance of the auction, with comparable timelines to other regulated auctions.

Question 26 What minimum subscription capacity do you consider appropriate, given the duration of the products, and in what increments should offers be expressed? Does your answer differ depending on whether the products are 'ribbon' products or products offering flexibility? Please specify, where applicable, the volume below which your participation would no longer be economically justified.

NA

Question 27 Do you consider it appropriate to organise 'pay-as-clear' auctions for all products affected by the hydroelectricity reform? If not, please specify which products might be subject to 'pay-as-bid' auctions and why.

- We support having all auctions organised with 'pay-as-clear' to mirror existing auctions (especially on less flexible products).

Question 28 What market metrics and methods would you recommend for setting reserve prices? Should this method differ depending on the products in question (standard and non-standard)?

- We have no specific view on this. Following previous practice, any reserve price should be based on standard products.

Question 29 With regard to the indicators published following the auctions, which ones do you consider necessary?

- We would require the same level of transparency as with other wholesale market auctions, including (as a non-exhaustive list) contracted volumes, cleared volumes, etc.

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Question 30 Do you consider a minimum rating requirement to be appropriate? If so, at what level? If a party falls short of this requirement, should they be permitted to provide a financial guarantee, and under what conditions: a letter from the parent company, a letter of credit, a deposit into an account, or a bank transfer? The CRE invites respondents to quantify, as far as possible, the estimated cost of each of these methods.

- When trading, there is a counterparty risk, which can be addressed via robustness checks. There should be minimum indicators that should be met, for example with a minimum rating requirement, or through another method that is similar, if rating is not possible, to ensure reliability.

Question 31 For standard products, or for those where there is consensus on the valuation method, would you be in favour of requiring all counterparties to post an initial margin, rather than using a selection criterion based on credit ratings?

- There is a trade-off to be found between ensuring robustness and reliability of your counterparty and making sure that entry barriers are not too high for smaller participants.
- We reiterate that the auctioning process and products should be open to all market participants and avoid market entry barriers.

Question 32 Do you consider it necessary to introduce a guarantee to manage counterparty risk? Should certain terms be symmetrical for certain products, or should the guarantee apply only to buyers?

- Once again, there is a trade-off, where setting up a guarantee may restrict access to the products and trades for smaller participants, while ensuring that reliable and robust counterparties participate in the tendering process.

Question 33 If so, which approach do you consider most appropriate for the products being auctioned: guarantees calculated on a standardised basis at the time of purchase, guarantees triggered by a specific event, regular adjustments based on market value, or a combination of these? Your answer may vary depending on the product's delivery time.

NA

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Question 34 Do you consider it necessary to set out the nature of eligible non-monetary guarantees, in particular to prevent the risk that the guarantor might itself be exposed to the electricity market?

NA

Question 35 More generally, do you think that the products tendered by EDF could be part of standard contract agreements (EFET, ISDA, or other)?

- The [EFET Master Agreement](#) is a negotiated contract. The format for the primary auctions of the virtual capacity indicates that it would likely be Terms and Conditions to be elaborated with EDF. On the other hand, it is possible to integrate the products in an EFET Master Agreement only in the secondary market, where an Appendix can be developed for the trading terms by the Energy Traders Europe Legal Committee.

Question 36 Do you consider the invoicing and payment terms of the standard framework agreement to be suitable for the products in question (invoicing 20 days after each month of delivery)? What invoicing frequency and payment terms do you usually apply? Would more frequent invoicing or a shorter payment term be acceptable to you, and on what terms?

- We encourage the adoption of terms that correspond to industry standards.

Question 37 Would a requirement for advance payment be compatible with your participation? Could you quantify this by comparing it with standard guarantee instruments? If advance payment were to be agreed, what safeguards would you require in return for the outstanding deliveries?

- Advance payment can become a high barrier; we reiterate our organisation's core principle of open and non-discriminatory access, while ensuring robustness/accountability. We suggest applying standard market practice regarding contract settlement (for more on this, we invite CRE to look into the contract settlement provisions of the [EFET Master Agreement](#) for OTC electricity trading).

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Question 38 Do the terms and conditions you consider acceptable vary depending on the product's duration? If so, in what way?

NA

Question 39 What maximum time frame between the closing of the bidding process and the notification of the results do you consider compatible with the effective management of your position? Beyond the time frame alone, would an auction format that allows you to anticipate the outcome (a multi-round ascending format) or some other mechanism be likely to encourage your participation?

- We suggest mirroring timings found in other wholesale market auctions.
- As a general principle, there should be sufficient time to compute everything and have the publication of auction results as soon as feasibly possible.

Question 40 Do you consider that, in the absence of a secondary market, the carrying of products poses a significant risk? If so, is this risk likely to act as a barrier to entry for market participants?

- Yes, there is a potential risk linked to carrying products with no secondary market that has an effect on risk management and can form an entry barrier.

Question 41 In the scheme described, do you identify any factors that might hinder the emergence of a secondary market? What product characteristics do you consider necessary for the product to be tradable (in particular, maturities and terms of sale)? Do you see any benefit in reselling your products at auctions organised by EDF? If so, under what conditions?

- We strongly encourage the development of a secondary market, which would allow market participants to reflect changed positions over time and adapt. This secondary market should be open to all and non-discriminatory in participation. There is a strong appetite for market participants to trade and balance positions on the secondary market.