

# Forward Markets Network Code

**1<sup>st</sup> ENTSO-E Stakeholder Advisory Group**

01/10/2012

## Main requirements of the CACM FG on forward markets (1/3)

- Enables MPs to hedge against congestion costs and day-ahead congestion pricing
- Allows for:
  - PTR options with UIOSI
  - FTR options
  - FTR obligations
  - Unless liquid financial markets on both sides of an interconnector
  - No hybrid solutions mixing PTR and FTR on the same border

## Main requirements of the CACM FG on forward markets (2/3)

- Harmonised rules for PTR / harmonised rules for FTR
- Single platform for allocating TRs and for secondary trading at European level
  - Transition: regional platforms allowed as long as it does not hamper improvement and harmonisation of allocation rules
- Greater harmonisation of nomination rules
- Volumes of LTR in accordance with technical capabilities
  - NRAs shall review and approve the volume of the yearly capacity rights + principles for sharing capacity between timeframes

## Main requirements of the CACM FG on forward markets (3/3)

- No discrimination between types of exchanges / timeframes / internal vs. cross-border
- Capacities shall be firm:
  - Curtailments only in emergency situations
  - Congestion rents used to guarantee firmness
  - Use of coordinated redispatching / countertrade
  - After nomination: physical firmness preferred, financial in case of explicit auctions
  - Before nomination (derogation approved by NRAs): caps
  - Period after which capacity announced cannot be changed
  - Transitional arrangements before market coupling
  - Force majeure: reimbursement at initial price

## Launch of the public consultation on Forward Risk Hedging Products & Harmonization of Long Term Capacity Allocation Rules

- Launch on 29/08/2012
  - Deadline for contributions on 28/10/2012
- Topics / questions:
  - Preferred type of LT products?
  - Wish-list for harmonisation of rules => what should be in the NC?
  - Allocation hub to hub vs. border by border?
  - Timeframes and splitting between timeframes?
  - Secondary market: buy back?
  - Nominations?
  - Platforms? => deadline in the NC?

## Main steps of ACER roadmap on LT

- CASC + HAR in CWE-CSE-CH in Q4 2011 (OK)
- Nordic NRAs' decision on type of products (OK / Baltic)
- Comparison of auction rules + elaboration of a wish-list
  - Public consultation ongoing
  - Workplan to be finalised after public consultation
  - Drafting of EU HAR by Q2 2013
  - Approval and 1<sup>st</sup> auctions based on EU HAR in Q4 2013
- Allocation platforms
  - Decision by mid-2013
- Nomination
  - Public consultation ongoing
- Possible implementation of FTR
  - Analysis (OK) + public consultation ongoing

## Recent developments

- NordREG's response to ACER 29/06/2012
  - The Nordic market is considered as well functioning
  - No need for additional LT hedging tools
- NWE NRAs & NMa's decision 29/06/2012
  - NorNed: no introduction of TRs but further research in 2012
  - **Denmark-Germany: introduction of FTRs**
  - SwePol link: no introduction of TRs
  - Baltic cable: no introduction of TRs
- Extension of CASC to France-Spain + harmonisation of rules with CWE-CSE-CH
  - Letter of comfort asked to NRAs and ministries where relevant
  - Possible implementation date: May 2013

# **Thank you for your attention!**



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