

EFET views on the FCA forward code Consultation version 28.3.2013

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- Forward transmission rights are a fundamental component of Third Party Access. Not simply a “nice to have” hedging product.
 - Experience in other jurisdictions (e.g. North America) show that firm forward rights are a necessary condition for real cross-zonal competition.
 - Basis risk cannot easily be managed without either a forward transmission product or a physical position in the target market
 - Rights have to be firm, or they are of limited value.

- TSO must be responsible for making forward products available to allocation platform
 - Current draft specifies this (Art. 46(2)). TSOs must allocate via platform.
 - Exemption possibility (Art. 45). Some clarification needed.

- Calculation of amount of rights to be allocated forward (maximisation)
 - Not really much detail and dilution of “maximisation” requirement in existing CM guidelines (Art.20)
 - FB approach does not make much sense for forward rights. What is the product? (Art.22)

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- General

What is proposed (Art. 73-78) is the opposite of firmness. Not a serious attempt to comply with FG
 - Use of other remedial measures

FG requires very clearly that curtailment *only* in emergency situation (ES) and other measures to be considered before curtailment (Section 6.4 para 1).

Why not a reverse auction. This is already made possible under return of rights (Art. 60)
 - Physical v. financial

FG prefers physical firmness after nomination deadline. No mention of this at all!
 - Transitional arrangements

Transitional measures in advance of market coupling: Article 89 just says non-firm in that case. Is that really “fair” and “non-discriminatory” as required by FG?

- Different treatment before/after nomination/ long-term firmness deadline (LTFD)

FG does allow for a deadline. But in the sense that caps are possible before but not after. **And with NRA approval!**

By contrast, current draft implies non-firm before LTFD (Art. 73(2)(a)) and capped afterwards (Art. 73(2)(b). Indeed draft only requires only that compensation is “higher” after LTFD than before (Article. 74(3)).

- Ongoing confusion of Force Majeure (FM) and Emergency Situation (ES)

More detail required on different situations FM and ES and what is permitted before and after nomination. FG very clearly requires a different treatment. Not the same as for CACM

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- FTR Obligations

Although in FG, we remain to be convinced that market participants will demand or use such a product (Art. 50)
 - Single platform for secondary trading

Although in FG, it should not be obligatory to trade on the platform. Do we need more monopolies? (Art. 65(2) etc.)
 - Definitions

Force Majeure is not consistent with the FG.

ES. Not a definition in the current draft. It is from the *Articles* in the Regulation. Please use the OS NC definition as we cannot have discrimination between national and cross border contracts. See section 6.4 of the FG
 - Recitals

These should mention the relevant parts of the existing legislation and the FG. Let's not reinvent the wheel (only square this time!)
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European Federation of Energy Traders

**Thank you
for your
attention**

