



European Federation of Energy Traders

Fundamental requirements on
Forward Network Code

Brussels, 18/06/2013



Compared to what should be the minimum objectives of FCA NC:

- ➡ insufficient consideration on importance of issuing Forward rights:
 - Part of TSOs' essential role in providing non discriminatory access to infrastructures in all timeframes, allowing competition to develop across bidding zones (avoid isolation of BZ)
 - **Allocation of Forward rights is a profitable activity for TSOs** (ENTSOE to confirm & provide official figures), providing a **congestion income for TSOs** (not costs, nor additional risks)
- ➡ NC should not be weaker than existing regulation 714/2009 EC

Compared to what should be the minimum objectives of FCA NC:

- ➡ not enough ambition-> NC should **aim at issuing Forward rights**
- ➡ not enough **compliance** (with FG), especially on **Firmness**
- ➡ **too many non tested ideas, methods or products:**
 - ☞ Harmonisation of optional Forward PTRs or FTRs as fundamental primary need
 - ☞ ATC based coordinated capacity calculation only (not flow based)
- ➡ total absence of **obligations on TSOs to calculate & publish** Forward Capacity volumes, which is fundamental market data
(needed even in the absence of any allocation...!)
- ➡ ... many fundamental areas of the code still need to be fixed

On the consultation process:

- ➡ Consultation should not be made on a « non-compliant » version
- ➡ ENTSOE should not oppose users and “non users”
- ➡ “non users” should not prevent access to TSOs services, especially only based on fears and inaccurate assumptions (costs)
- ➡ let the market decide whether to use TSO services,
 - ☞ TSOs to allocate Forward TR in addition to financial markets
 - ☞ ENTSOE to ensure harmonisation of products / allocation
 - ☞ Any exemption to be seriously justified + unanimous support

- ➡ Only TSOs can manage firmness, not market participants
- ➡ Transmission rights to be Financially Firm as soon as allocated,
no system security issues on FF + incentive on TSOs to use most efficient tools
- ➡ Regular reporting on Firmness, with publication
- ➡ TSOs to Buy back in order to ensure market based reductions,
- ➡ Compensation at market spread at the time of reduction,
- ➡ Congestion income as the only reference for caps (no fin. risk)
on all products, on a monthly or weekly basis, as a trade-off to cap TSOs risks
- ➡ Physical firmness after nomination and for Market coupling

Thanks for your attention



European Federation of Energy Traders

**Amstelveenseweg 998
1081 JS Amsterdam**

**Tel: +31 (0)20 5207970
Email: secretariat@efet.org
www.efet.org**