

CRE consultation on the reference price for long-term tenders in the French capacity mechanism

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EFET response – 27 November 2019

We thank CRE for the opportunity to comment on its proposals for the establishment of the reference price for the long-term tenders in the French capacity remuneration mechanism (CRM).

***Q1:** Do you support CRE's proposal to define, as of delivery year 2021, the reference price for the compensation of asset owners referred to in Article R. 335-83 of the Energy Code as the price resulting from the last auction preceding the start of the delivery year?*

Yes, we agree with the CRE proposal. As CRE mentions in the consultation document, it is important that the reference price for the long-term tenders is transparent and replicable. We consider that the CRE proposal meets these two conditions. It will also mirror the solution chosen for the capacity certificates imbalance reference price (PREC) in the CRM.

***Q2:** Do you support CRE's proposal to define, for delivery year 2020, the reference price for the compensation of asset owners referred to in Article R. 335-83 of the Energy Code as the price resulting from the first 2020 capacity certificates auction organised in 2020? If not, for which reason, and could you provide an alternative solution?*

Yes, we agree with the CRE proposal. As a target, we agree with the proposal to determine the reference price at the last auction of the year before the delivery year (see our response to Q1). However, we understand that the selection of capacities in the framework of the 2019 long-term tenders will only happen in Q1 2020. Hence, for the delivery year 2020, it would be impossible for the selected capacities to participate in an auction before the end of 2019. Therefore we agree with the transitional exception proposed by CRE.

