

CRE consultation on the introduction of 30-minute cross-border transmission capacity access and products at the German and Swiss borders



EFET response – 22 October 2015

The European Federation of Energy Traders (EFET)¹ thanks CRE for the opportunity to provide its views on the introduction of 30-minute cross-border capacity access and products at the German and Swiss borders.

EFET has for many years supported the development and integration of European intraday markets across borders. We perceive the RTE proposal to introduce 30-minute power trading products in the organised market and at the French interconnections as part of the Local Implementation Plan for the CWE region in advance of the roll-out of the Cross-Border Intraday continuous trading platform (XBID project). This solution, based on a Common Management Module (CMM) and a shared order book (SOB), is the right way forward to integrate intraday markets throughout Europe. However, EFET has in the past² expressed its disappointment about the lengthy and burdensome process that has led to repeated delays in the delivery on the XBID platform. Thus, we welcome the initiative of RTE and its counterparts to move things forward and improve cross-border access to intraday markets in CWE.

As an additional note, we would like to stress that EFET is eagerly awaiting progress on the introduction of first-come-first-served cross-border intraday capacity allocation at the French-Belgian border, which was confirmed but without a precise timeline at the Market ESC meeting in Brussels on 29 September. We would also like to remind CRE that progress on cross-border intraday access seems to be on hold at the French-Italian and French-Spanish borders. We would welcome a joint initiative of CRE and its counterparts to invite TSOs to present their plan to improve the situation at these borders.

¹ The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent, sustainable and liquid wholesale markets, unhindered by national borders or other undue obstacles. We currently represent more than 100 energy trading companies, active in over 28 European countries. For more information, visit our website at www.efet.org.

² For additional information, please refer to the EFET submission to the ACER Electricity Stakeholder Advisory Group (AESAG) of 8 April 2015, available at: http://www.efet.org/Cms_Data/Contents/EFET/Folders/Documents/EnergyMarkets/ElectPosPapers/~contents/3JZ26LNH2QGNA663/Five-Principles-for-efficient-XB-ID-trading.zip.

Question 1: are you in favour of RTE's proposal to develop explicit access to capacity in 30-minute intervals at the borders with Germany and Switzerland?

We welcome the proposal of RTE to improve explicit access to cross-border capacity at the German and Swiss borders with the introduction of sub-hourly products and access to capacity. As CRE notes in its consultation document, the fact that only hourly blocks can be traded at the Swiss and German borders reduces market participants' ability to adjust their positions close to real time in the intraday market. This situation is indeed not adapted to the current state of the electricity market, where trading close to real time has increased significantly, in parallel with the growing penetration of intermittent generation.

We perceive the introduction of 30-minute cross-border access to capacity as early as November 2015 as a good first step in the right direction. We take this initiative of RTE as a "quick win", considering the 30-minute balancing period in France. As the first step of the proposal does not comprise the introduction of additional gates, this solution should be easily and rapidly implementable in November 2015 by the TSO.

Nonetheless, we believe that the target for RTE and its counterparts in neighbouring Member States should be the alignment of balancing periods and the development of corresponding cross-border capacity access. We expect the harmonisation of balancing periods and corresponding cross-border access to bring benefits in terms of liquidity. This harmonisation process should of course only intervene if the Cost-Benefit Analysis (CBA) currently being drafted by ENTSO-E does not show decreases in overall social welfare at European/regional level.

Question 2: in your opinion, does hourly allocation with 24 gates and the gate closing times seem justified?

We assume that keeping 24 gates for the introduction of 30-minutes cross-border capacity access will not overly complicate processes on the side of RTE and its counterparts. We accept this interim solution given the short timeline for the introduction of 30-minute cross-border access. We nonetheless expect a swift implementation of 48 gates so that capacity can be allocated as close as possible to real time.

Question 3: do you have any comments on the changes to the IFD and IFS rules?

No comment.

Question 4: are you in favour of the implementation of 30-minute products for the organised market and the implicit France-Germany and France-Switzerland capacity allocation, as from the third quarter of 2016?

We welcome the planned introduction of 30-minute products by EPEX Spot on the organised market in France in the third quarter of 2016. This evolution will allow the implementation of implicit 30-minute cross-border capacity allocation at the German and Swiss borders, which will improve cross-border intraday trading at these borders, in parallel with explicit allocation.

Question 5: ahead of the implementation of implicit allocation of capacity at borders, are you in favour of the development of 30-minute products in the organised French market only?

We expect implicit allocation of 30-minute cross-border capacity allocation to intervene simultaneously with the introduction of 30-minute products on the organised market in France. RTE and its neighbouring counterparts should strive to progress rapidly on this subject and coordinate their planning with EPEX Spot. Should severe delays on the implementation of implicit allocation be nonetheless expected, than progress on the EPEX Spot side for the introduction of 30-minute products on the organised markets should not be deterred, and 30-minute products may be introduced before the implementation of implicit allocation.

Question 6: are you in favour of the shift towards a half-hour allocation with 48 intraday gates?

As mentioned in our answer to Question 2, we believe that the shift towards 48 gates for explicit access to cross-border capacity at the German and Swiss borders is the right way to go. This will allow market participants to trade closer to real time, in a way that matches market needs as a result of the increased intermittency of part of the supply.

Question 7: are you in favour of the early implementation of products of a duration shorter than 30 minutes, ahead of a change in the imbalance settlement period, or, on the contrary, would this change have to take place alongside the change in the imbalance settlement period?

As mentioned in our answer to Question 1, we believe that the target for RTE and its counterparts in neighbouring Member States should be the alignment of balancing periods and the development of corresponding cross-border capacity access. We expect the harmonisation of balancing periods to 15 minutes and corresponding cross-border access to bring benefits in terms of liquidity. This harmonisation process should of course only intervene if the CBA currently being drafted by ENTSO-E does not show decreases in overall social welfare at European/regional level.

Question 8: do you have any other comments or proposals?

No further comment.