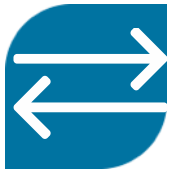




# **Promoting forward markets: A view on the ACER/CEER report**

14 September 2022, MESC, Jerome Le Page

# The benefits of forward markets



More than 80% of electricity transaction volumes happen in the forward timeframe



Forward markets are key smoothing volatility for consumers



Forward markets provide signals for investment in generation, networks, storage and demand response

# ACER/CEER Forward Markets Policy Paper

## The need to refocus

- 1 Forward markets are primarily about energy – improving liquidity and competition in forward has to start there
- 2 Issuance of LTTRs by all TSOs will improve cross-zonal transmission risk hedging
- 3 Complex proposals (zone-to-hub FTRs/CfDs, forward market coupling) have no proven capacity to improve cross-zonal risk hedging and may hamper markets liquidity in energy



## ACER/CEER'S policy options

- alignment of requirements of DA flow-based allocation on the forward market
- introduction of FTR obligations
- reduction of firmness of LTTRs
- allocation of zone-to-hub FTRs or CfDs by TSOs
- forward market coupling through futures

## Our proposals

- Promoting forward energy market liquidity:
  - preserving OTC energy markets
  - voluntary market-making by PXs
  - energy market reform incentivising hedging
- Mandating the issuance of FTR options by all TSOs, at all borders, in all directions
- Developing up to 3 to 5-year-ahead FTRs
- Removing any barriers to and providing incentives for the conclusion of traditional and multi-year contracts such as PPAs