

EFET

European Federation
of Energy Traders



Views on JAO's LTFBA bid prioritisation proposal and informal SAP proposal

MESC – 14 September 2022

JAO's LTFBA proposal (credit limit and bid prioritisation)

- Existing JAO standards miss basic explanations about collateral requirements
- We should take a step back and assess what exactly is at stake
- On bid prioritisation, none of the solutions presented by JAO are satisfactory
- Risk of de-optimisation of LTTRs allocation for collateral reasons, because of market design choice to go for pan-EU flow-based auction
- If no option available, a reconsideration of the pan-EU flow-based auction becomes necessary
- Counterproposal: lower collaterals to 1 month out of 12 for yearly auction

Informal SAP proposal

- We welcome the publication of the document that describes how the LTFBA should work, as explained in the May workshop
- We hoped to have a more “open” objective function allowing to consider better the risk premium paid by market participants (instead of only the full intrinsic + risk premium value)
- We recommend monitoring of capacity volumes made available to the market