



European Union Agency for the Cooperation  
of Energy Regulators

# **Policy paper**

## **on further development of the**

# **EU electricity forward**

# **market**

**Public workshop – 6 July 2022**

Martin Povh

Thomas Kawam

# Opening

9:00 – 9:10

**Christophe Gence-Creux, Head of Electricity Department, ACER**

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## **Forward electricity markets ...**

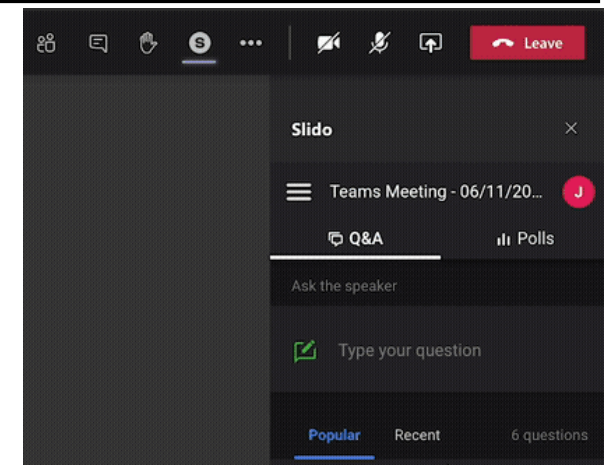
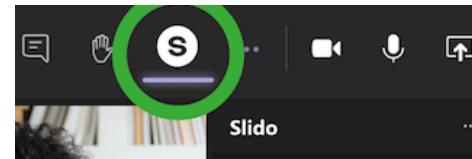
- Carbon neutrality and structural shocks increased the uncertainty of the future electricity prices
- Growing importance of forward electricity markets - crucial to provide some stability to stakeholders

## **... Assessed in an ACER policy paper**

- The objectives of this draft policy paper are to:
  - identify the main problems experienced in the EU's electricity forward market
  - identify possible solutions that policy makers could introduce to address these problems
- If the evaluation and analysis following the consultation confirm the assumed improvements, [ACER may recommend amendments of the applicable legal framework in a way to accommodate one or several policy options.](#)

# For posing questions, use Slido

- Please be kindly reminded that your **mic is muted** throughout the webinar.
- **To ask questions:**
  - ✓ Use **Slido** during the presentation (**Do not** use the chat to pose questions)
  - ✓ “Like” other questions
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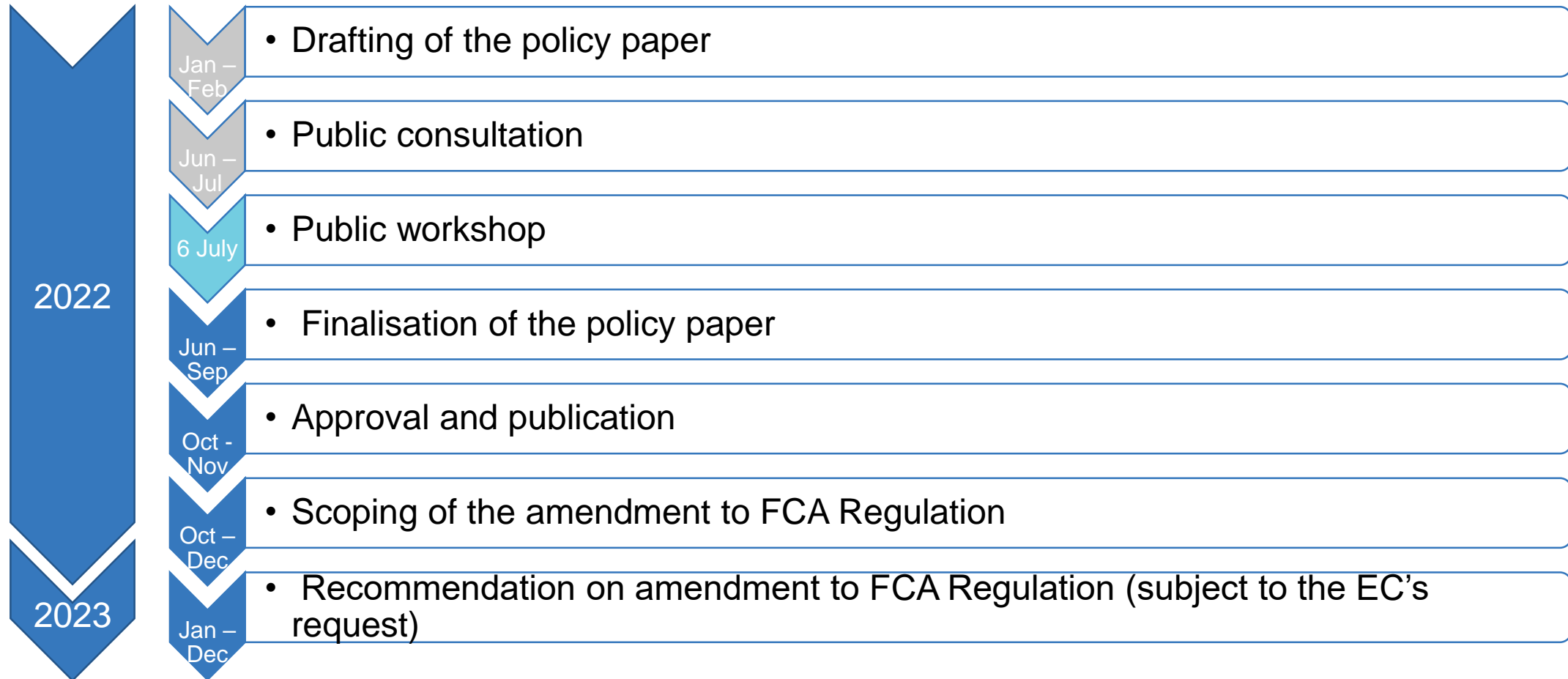


- **Slido :**
  - ✓ In MS Teams
  - ✓ Through [www.slido.com](https://www.slido.com) with **#ACER-CEER**
  - ✓ Or scan the QR code with your mobile phone
  - ✓ Or use direct link <https://app.sli.do/event/kB1vJpCb2tkbocVmUnNJMj>
  - ✓ At the end of the main sections we will address some questions, as time allows.
- The slide pack will be shared with you after the webinar via email and on the ACER website (including a recording of this webinar).



Indicative time	Agenda	Speakers
8:50-9:00	<i>Dial-in time</i>	
9:00-9:10	Opening	Christophe Gence-Creux, ACER
9:10-9:50	<b>Session 1:</b> <ul style="list-style-type: none"> <li>Objectives and problems statement</li> <li>Policy options: No regrets and regulatory intervention</li> </ul>	Martin Povh, ACER Thomas Kawam, ACER
9:50-10:00	<i>Q&amp;A Session 1</i>	
10:00-10:25	<b>Session 2:</b> <ul style="list-style-type: none"> <li>Policy options: TSO intervention (1/2)</li> </ul>	Thomas Kawam, ACER
10:25-10:40	<i>Coffee Break</i>	
10:40-11:10	<ul style="list-style-type: none"> <li>Policy options: TSO intervention (2/2)</li> </ul>	Martin Povh, ACER
11:10-11:20	<i>Q&amp;A Session 2</i>	
11:20-11:45	<b>Session 3:</b> <ul style="list-style-type: none"> <li>Policy options: TSOs' transmission products</li> <li>Evaluation and recommendations</li> </ul>	Thomas Kawam, ACER Martin Povh, ACER
11:45-11:55	<i>Q&amp;A Session 3</i>	
11:55-12:00	Closing session	Mathieu Fransen, ACER

## Process



# Objectives and problems description

9:10 – 9:35

**Martin Povh – Senior Expert,  
Electricity Department, ACER**

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1. Facilitate sufficient forward hedging opportunities
2. Each market participant should be able to hedge its exposure:
  - (a) **effectively (objective 1)**, in the sense that the available hedging products:
    - i. can provide effective hedge against the risk;
    - ii. for each bidding zone (regardless of its size); and
    - iii. in all timeframes ahead of delivery; and
  - (b) **efficiently (objective 2)**, in the sense that hedging products are available:
    - i. at competitive prices (low bid-ask spread, low risk premium); and
    - ii. in a way that is efficient for market participants to contract them.



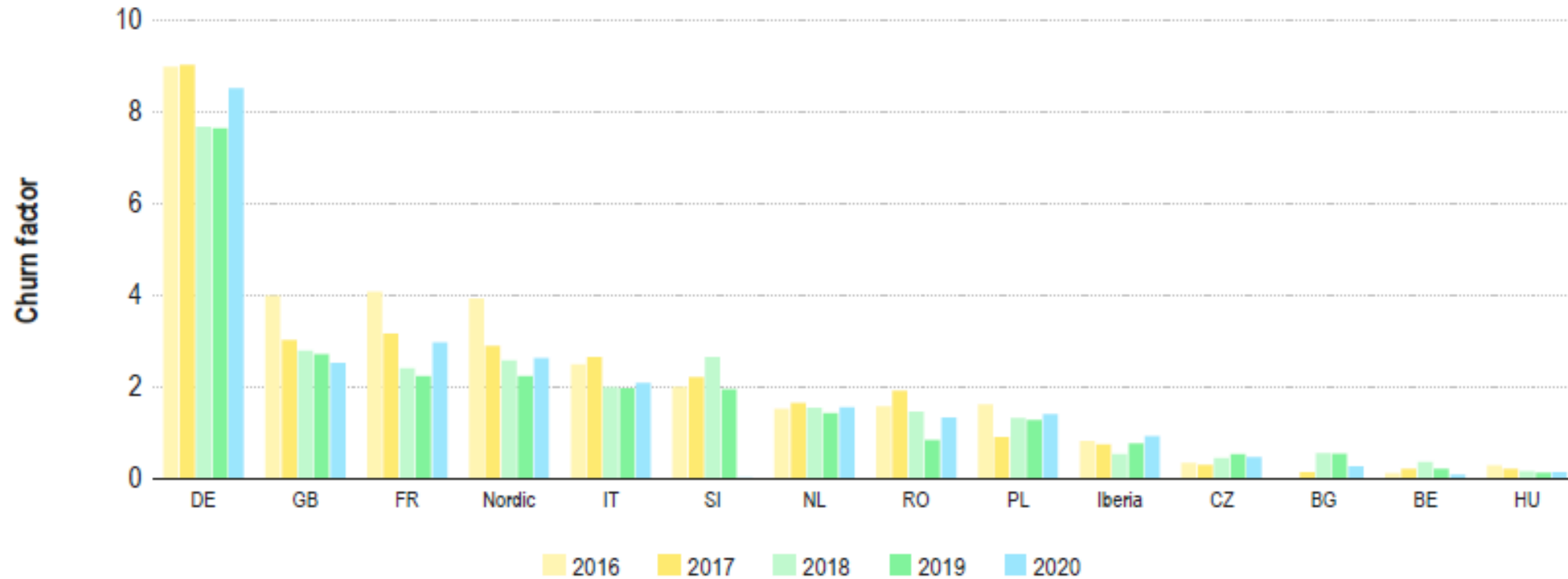
- 1. PTR – Physical Transmission Right:** the right to physically transfer electricity from one zone to another zone or to a common hub.
- 2. FTR – Financial Transmission Right:** the right to receive the day-ahead market spread between one zone and another zone or a common hub.
  - *FTRs are issued by allocation of cross-zonal capacity and TSOs act as a counterparty*
  - ***FTRs** can be **options** (holder receives only positive market spread from TSOs) or **obligations** (holder receives positive market spread and pays negative market spread to TSOs)*

- 
3. **CfD – Contract for Difference:** the right (the obligation) to receive (to pay) the day-ahead market spread between one zone and another zone or a common hub.
    - *CfDs are not issued by TSOs, the counterparty is another market participant or power exchange*
    - *CfDs are obligations (holder receives positive market spread and pays negative market spread)*
  
  4. **EPAD – Electricity Price Area Differential:** takes the same meaning as a CfD
  
  5. **EPAD Combo or CfD/FTR Combo:** means a combination of two CfDs from two different bidding zones linked to a common hub price.
    - *Such combos would be issued by TSOs with allocation of cross-zonal capacity*

## Problem 1: Low liquidity in small bidding zones – unequal market access



Figure 34: Churn factors in major European forward markets – 2016–2020



Source: ACER MMR, Electricity wholesale volume 2020

## **Problem 2: LTTRs are competing with zonal energy forwards/futures – split/shift of liquidity**

- *LTTRs provide alternative way to satisfy demand for hedging*
- *LTTRs increase liquidity in liquid markets and decrease in less liquid market*



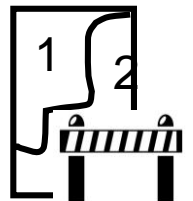
## **Problem 3: There is no secondary market for LTTRs**

- *LTTRs cannot be acquired on a continuous basis*
- *LTTRs are not able to satisfy demand for hedging when the exposure arises*



## **Problem 4: Forward market is a significant barrier for bidding zone reconfiguration**

- *Any discussion on bidding zone reconfiguration always stumbles upon forward market liquidity*
- *Good market design should not destroy liquidity when bidding zones are changed*



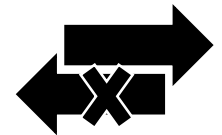
## Problem 5: LTTRs are issued only for one year ahead

- *Existing LTTRs are able to support forward market only up to 1 year ahead*
- *There is significant hedging need at least up to 3 years ahead*



## Problem 6: PTRs/FTRs options offer only one sided hedge

- *Options are not well compatible with the main products in forward market, i.e. Futures*
- *Options don't support secondary market,*
- *Options are not well suited for bridging/arbitraging between two forward markets (i.e. buy Futures\_A + FTR\_AB = sell Futures\_B)*



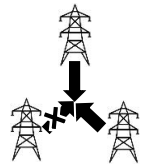
## Problem 7: LTTRs are continuously undersold

- *If LTTRs are predominantly used for hedging, risk premia should be zero or positive*
- *LTTR auction prices generally below expected market spread – negative ex-post risk premia*
- *Existence of caps do not explain significant negative risk premia*



## Problem 8: Non-coordinated exemptions for TSOs to offer LTTRs

- *Legal framework allows NRAs to exempt TSOs from offering LTTRs*
- *Application of this legal framework is not transparent and non-harmonised*



# Policy options – No regrets

9:35 – 9:40

**Thomas Kawam – Seconded National Expert,  
Electricity Department, ACER**

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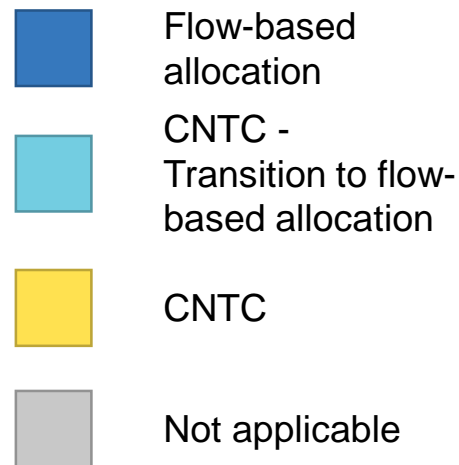
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## 1. Equalize CNTC and FB requirements in all timeframes

- Flow-based should become a default in all timeframes
- CNTC can be used in cases where there is no interdependence between borders

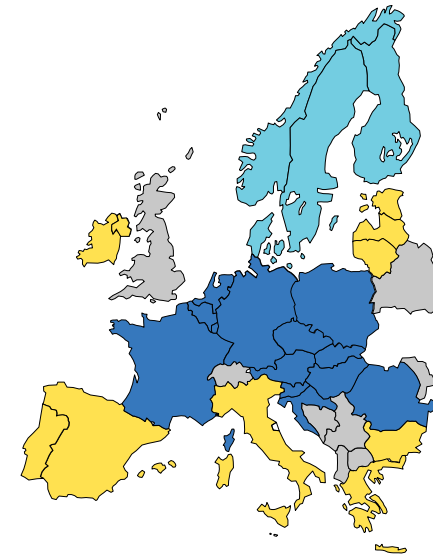
### Current situation



### Forward timeframe



### Day-Ahead timeframe





## 2. Introduce monthly products at 1YA auction

- Yearly PTR/FTR auction currently allocated only yearly baseload
- To add 12 monthly baseload products at yearly auction

	Current auction planning	Proposed auction planning
<b>Yearly products</b>	One auction in November of Y-1	One auction in November of Y-1
<b>Monthly products</b>	One auction in M-1	One auction in November of Y-1 <b>and</b> in M-1

# Policy options – Category 1: Regulatory intervention

9:40 – 9:50

**Thomas Kawam – Seconded National Expert,  
Electricity Department, ACER**

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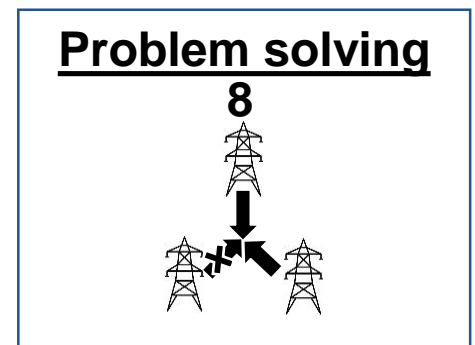


## Legal background to determine regulatory intervention:

**Regulation 943/2019, Article 9(1)\*** : *In accordance with Regulation (EU) 2016/1719, transmission system operators shall issue long-term transmission rights or have equivalent measures in place to allow for market participants, including owners of power-generating facilities using renewable energy sources, to hedge price risks across bidding zone borders, unless an assessment of the forward market on the bidding zone borders performed by the competent regulatory authorities shows that there are sufficient hedging opportunities in the concerned bidding zones.*

### Option 1.0: Status quo: Regionally different approaches

- Not solving Problem 8: Non-coordinated assessment and decisions of NRAs
- Legally feasible, but not preferred



\*Underlined section were added by ACER in the context of this presentation

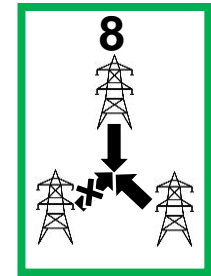
## Option 1.1: Coordinated assessment and decisions on hedging opportunities

- NRAs in regions **jointly assess and decide** on possible exemptions for TSOs to issue LTTRs
- ACER to provide an **EU wide recommendation** on the assessment and decisions on exemptions
- Largely solving Problem 8: Non-coordinated assessment and decisions of NRAs
- [Legally feasible and preferred policy option](#)

**Option 1.2: Mandatory TSOs' involvement:** Not compliant with Article 9(1) of Regulation 943/2019

**Option 1.3: No regulatory intervention:** Not compliant with Article 9(1) of Regulation 943/2019

### Problem solving



# Q&A for Session 1

9:50 – 10:00



**Moderator: Mathieu Fransen, Team Leader,  
Electricity Department, ACER**

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# Policy options – Category 2: TSO's intervention (1/2)

10:00 – 10:25

Thomas Kawam – Seconded National Expert,  
Electricity Department, ACER

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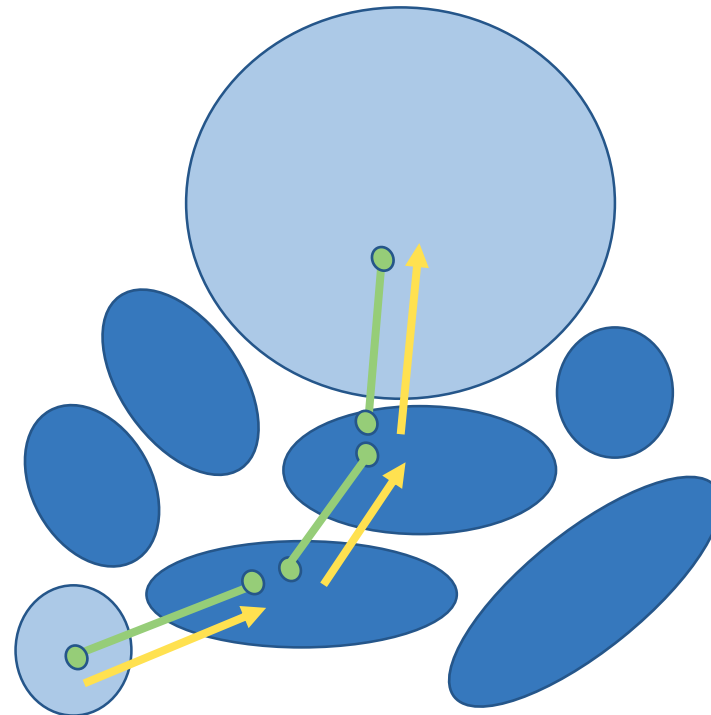
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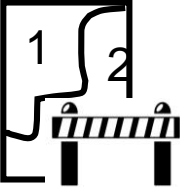


### Option 2.0: Status quo: Bidding zone border LTTRs

- LTTRs possible only on bidding zone borders



 Contract path  
 Scheduled flow path

**Problem solving**

1 	2 
3 	4 
5 	7 

### Stakeholders



MP1



Single Allocation  
Platform (SAP)

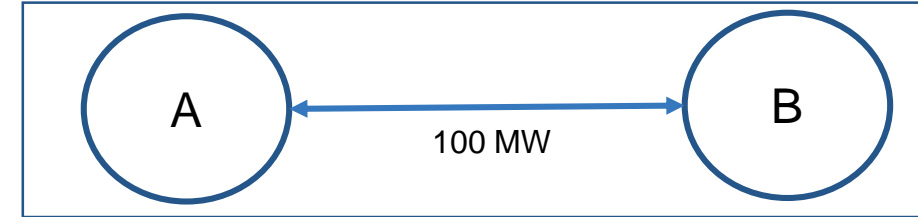


MP2



TSO

### Market set-up



Product type : Option

### 1. Bidding

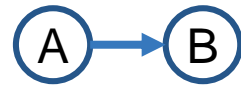


MP1 places  $LTTR_{Zone A \Rightarrow Zone B}$  **buy** bid at 5€/MW for 100 MW through SAP

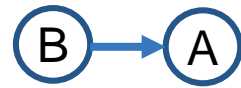


MP2 places  $LTTR_{Zone B \Rightarrow Zone A}$  **buy** bid at 3€/MW for 100 MW through SAP

### 2. Auction results



$LTTR_{Zone A \Rightarrow Zone B}$   
Price = 5€/MW  
Quantity = 100MW for MP1



$LTTR_{Zone B \Rightarrow Zone A}$   
Price = 3€/MW  
Quantity = 100MW for MP2

### 3. Settlement

#### Post auction

MP1 gives 500€ to TSO through SAP

MP2 gives 300€ to TSO through SAP

#### At delivery



Spot Zonal Price : 40€/MWh



Spot Zonal Price : 60€/MWh

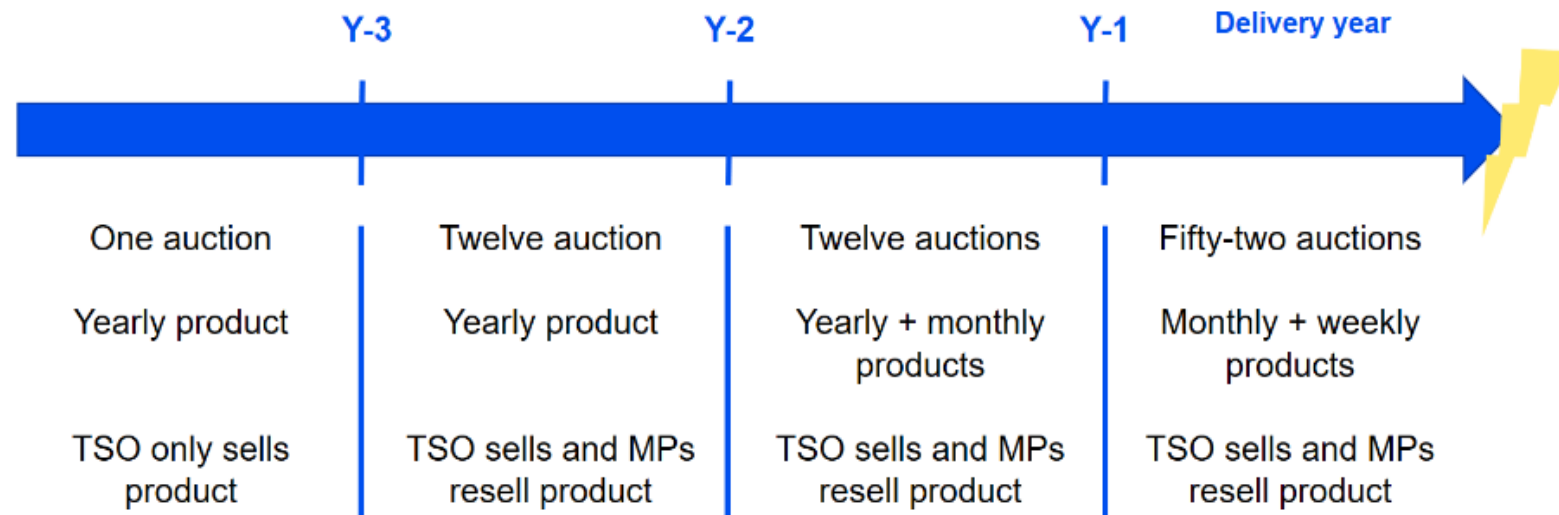
TSO gives 2000€ to MP1 through SAP

Option : MP2 does not exercise its LTTR

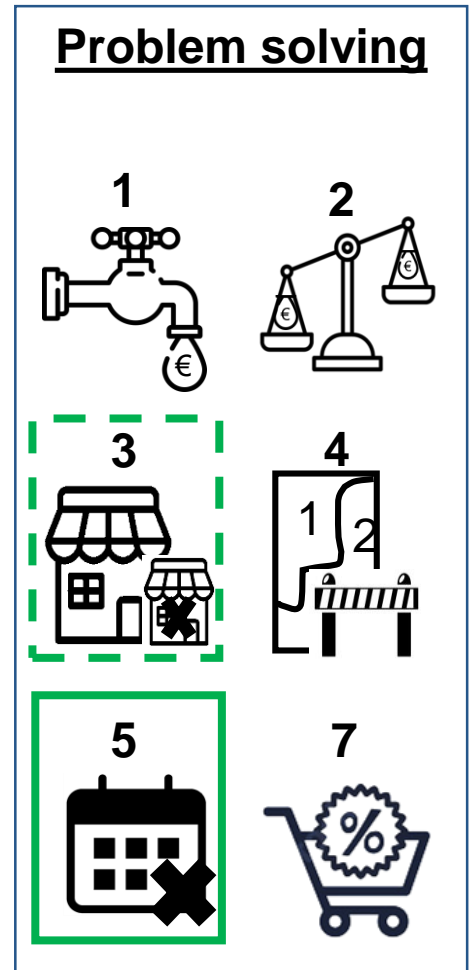


### Option 2.1: Improved allocation and product timeframes

- Introduce 3YA, 2YA, 1YA allocation timeframes and products
- Introduce more frequent auctions: e.g. M auctions with Y products, W auctions with M products
- Introduce continuous/secondary market



**Problem solving**



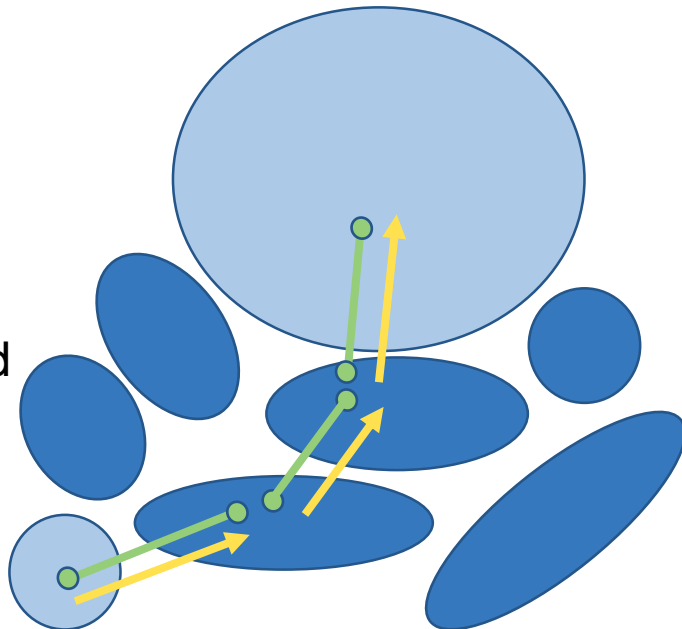
The 'Problem solving' section contains seven numbered icons:

1. A faucet with a drop of water containing a Euro symbol (€).
2. A balance scale with a Euro symbol (€) on the right pan.
3. A storefront with a striped awning and a shopping cart icon.
4. A vertical bar chart with two bars labeled 1 and 2, and a lightning bolt icon below.
5. A calendar icon with a large 'X' over it.
6. A shopping cart with a percentage sign (%) inside.
7. A shopping cart with a percentage sign (%) inside.

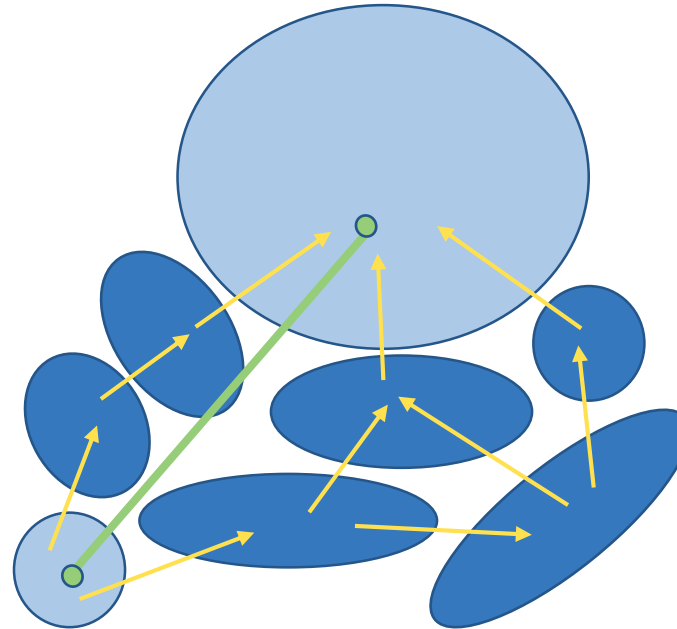
### Option 2.2: Zone-to-zone LTTRs



- LTTRs possible between any two bidding zones

**Option 2.0:**  
Bidding-zone border LTTRs



**Option 2.2:**  
Zone-to-zone LTTRs



 Contract path  
 Scheduled flow path

While the Z2Z feature is supported, this option in overall is not preferred

**Problem solving**

### Stakeholders



MP1 MP2 MP3



Single Allocation  
Platform (SAP)

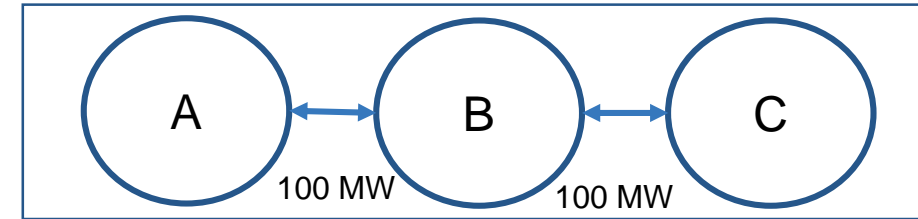


MP4 MP 5



TSO

### Market set-up



### 1. Bidding

MP1 places  $LTTR_{Zone A \Rightarrow Zone C}$  **buy**  
bid at 8€/MW for 100 MW



MP2 places  $LTTR_{Zone A \Rightarrow Zone B}$  **buy**  
bid at 2€/MW for 100 MW

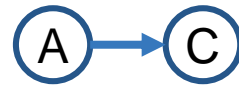
MP3 places  $LTTR_{Zone B \Rightarrow Zone C}$  **buy**  
bid at 5€/MW for 100 MW



MP4 places  $LTTR_{Zone B \Rightarrow Zone A}$  **buy**  
bid at 5€/MW for 100 MW

MP5 places  $LTTR_{Zone C \Rightarrow Zone B}$  **buy**  
bid at 3€/MW for 100 MW

### 2. Auction results



MP1's bid is more competitive than MP2 and MP3's

$LTTR_{Zone A \Rightarrow Zone C}$   
Price = 8€/MW  
Quantity = 100MW for MP1



$LTTR_{Zone B \Rightarrow Zone A}$   
Price = 5€/MW  
Quantity = 100MW for MP4



$LTTR_{Zone C \Rightarrow Zone B}$   
Price = 3€/MW  
Quantity = 100MW for MP5

### 3. Settlement Post auction

MP1 gives 800€ to TSO  
MP4 gives 300€ to TSO  
MP5 gives 500€ to TSO

Product type : Option

### At delivery



Spot Zonal Price : 40€/MWh



Spot Zonal Price : 50€/MWh



Spot Zonal Price : 60€/MWh

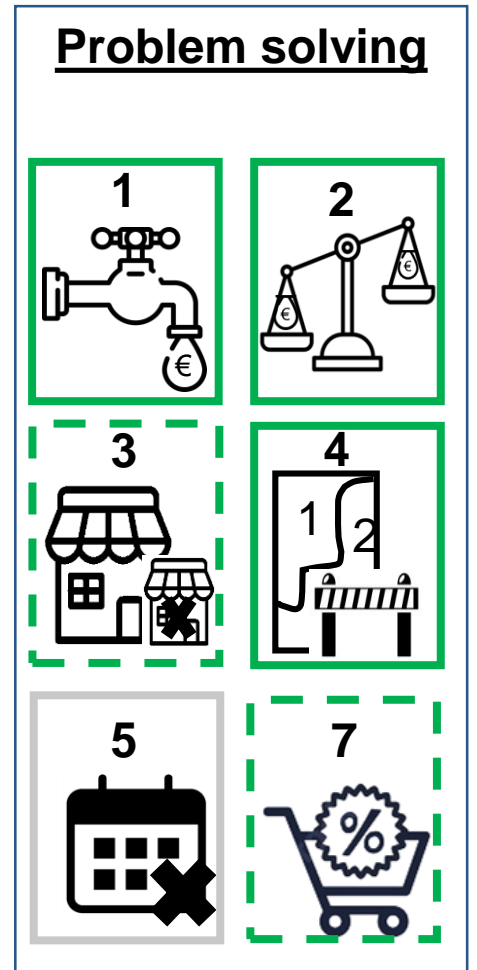
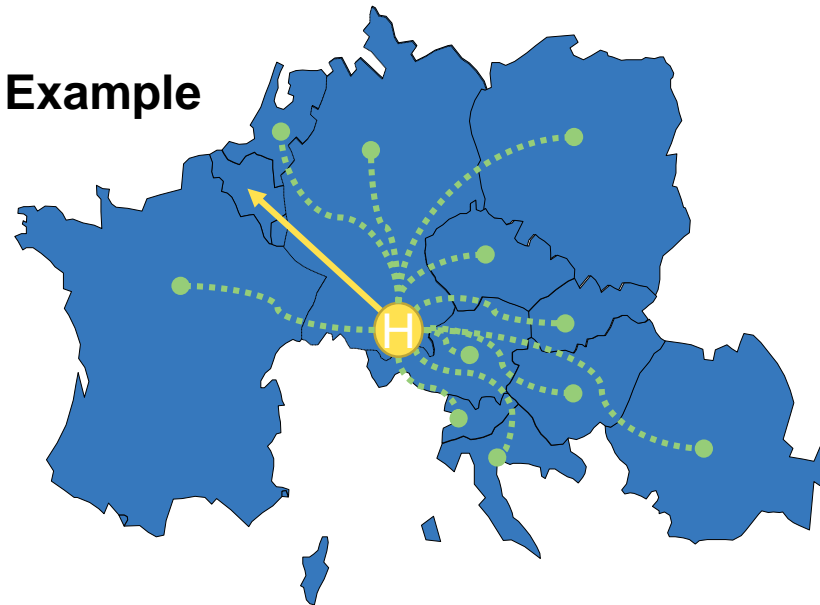
TSO gives 2000€ to MP1

Option : MP4, MP5 do not exercise their LTTRs

### Option 2.3: Zone-to-hub LTTRs

- All LTTRs are issued from a common hub to a zone
- Bidding can be Z2Z or Z2H, in case of Z2Z the holder gets **LTTR combo**
- Hub price defined as aggregation of several bidding zones (e.g. weighted average)

**Example**



### Stakeholders



MP1 MP3 MP4



Single Allocation  
Platform (SAP)

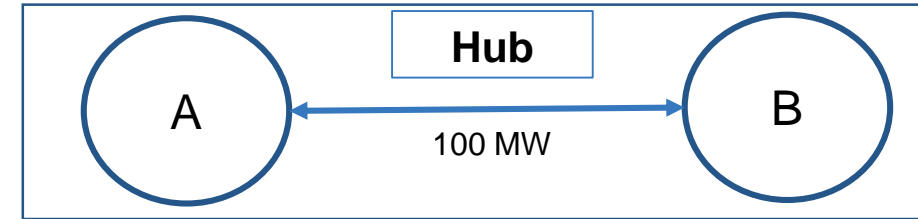


MP2



TSO

### Market set-up



## 1. Bidding

### Auction 1

MP1 places  $LTTR_{Zone A \Rightarrow Zone B}$  **buy** bid at 5€/MW for 100 MW



MP3 places  $LTTR_{Hub \Rightarrow Zone A}$  **buy** bid at -2€/MW for 100 MW

MP4 places  $LTTR_{Hub \Rightarrow Zone B}$  **buy** bid at 2€/MW for 100 MW

### Auction 2



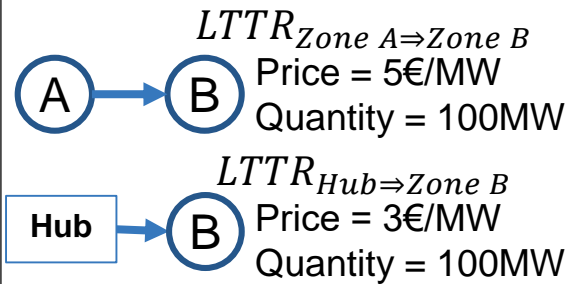
MP2 places  $LTTR_{Hub \Rightarrow Zone B}$  **buy** bid at 3€/MW for 100 MW



MP1 places  $LTTR_{Hub \Rightarrow Zone B}$  **resell** bid for 100 MW

## 2. Clearing

MP1's bid is more competitive than MP3 and MP4's



## 3. Settlement

### Post clearing Auction 1

MP1 pays 500€ to TSO

Product type : Obligation

### Post clearing Auction 2

MP2 pays 300€ to MP1

### At delivery

**A** Spot Zonal Price : 40€/MWh

**B** Spot Zonal Price : 60€/MWh

**Hub** Spot Hub Price : 50€/MWh

TSO pays 1000€ to MP1

TSO pays 1000€ to MP2

# Coffee Break

10:25-10:40

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# Policy options – Category 2: TSO's intervention (2/2)

10:40 – 11:10

**Martin Povh – Senior Expert,  
Electricity Department, ACER**

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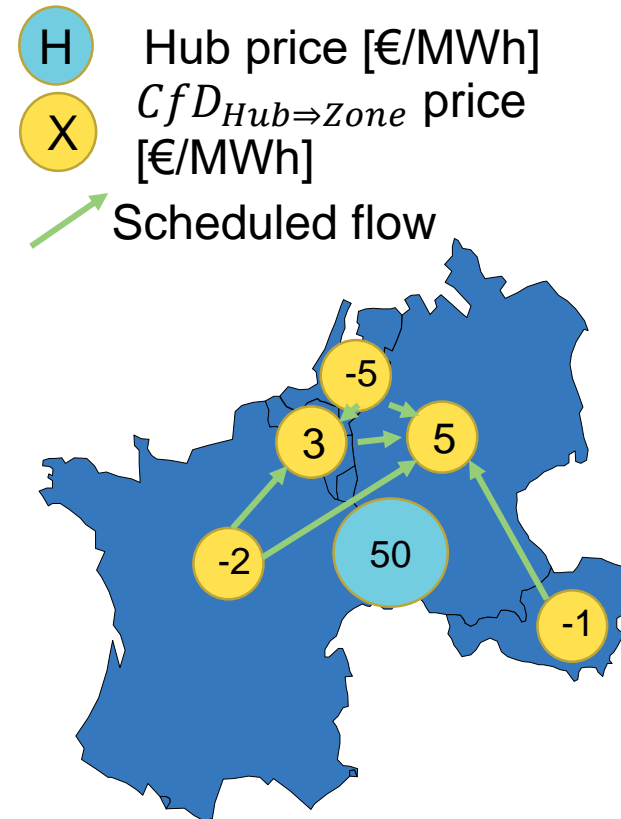
<https://app.sli.do/event/kB1vJpCb2tkbocVmUnNJMj>



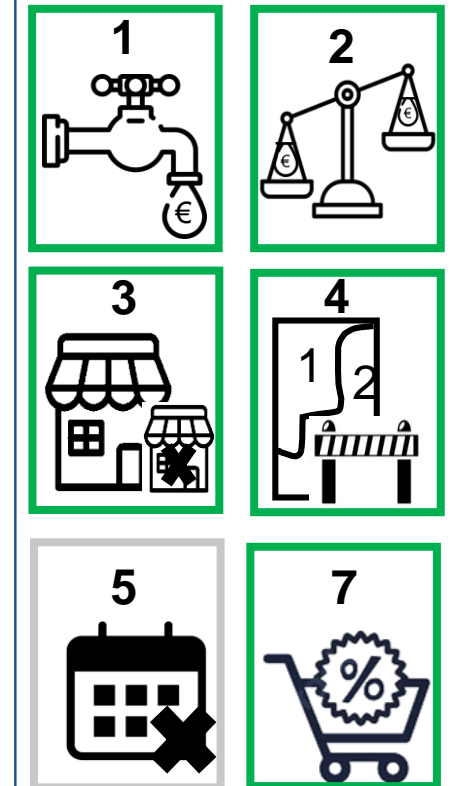
### Option 2.4: Forward market coupling with CfDs

- Products are standardised CfDs offered by PXs/NEMOs in each bidding zone: Y, Q, M
- TSOs provide long term cross-zonal capacities
- Market coupling operator organise market coupling by simultaneously matching CfDs and cross-zonal capacities at auctions + continuous trading
- Implicit allocation of long term cross-zonal capacities
- Relies on liquid forward market at the hub

### Example



### Problem solving





### Stakeholders



MP1 MP2



Power Exchange (PX)



MP3 MP4



/

### Market set-up



Product type : Obligation

### 1. Bidding



MP1 places  $CfD_{Hub \Rightarrow A}$  **buy** order at -5€/MWh for 100 MWh  
MP2 places  $CfD_{Hub \Rightarrow B}$  **buy** order at 3€/MWh for 200 MWh



MP3 places  $CfD_{Hub \Rightarrow A}$  **sell** order at -5€/MWh for 200 MWh  
MP4 places  $CfD_{Hub \Rightarrow B}$  **sell** order at 3€/MWh for 100 MWh

### 2. Auction results

$CfD_{Hub \Rightarrow A}$   
Hub → **A** Price = -5€/MWh  
Quantity = 100MWh between MP1 and MP3

$CfD_{Hub \Rightarrow B}$   
Hub → **B** Price = 3€/MWh  
Quantity = 100MWh between MP2 and MP4

### 3. Settlement

#### Post auction

No financial exchange

#### At delivery



Spot Zonal price = 40€/MWh



Spot Zonal price = 60€/MWh



Spot Hub Price : 50€/MWh

MP1 pays 500€ to PX  
MP2 receives 700€ from PX  
MP3 receives 500€ from PX  
MP4 pays 700€ to PX

### Stakeholders



MP1 MP2



Power Exchange (PX)

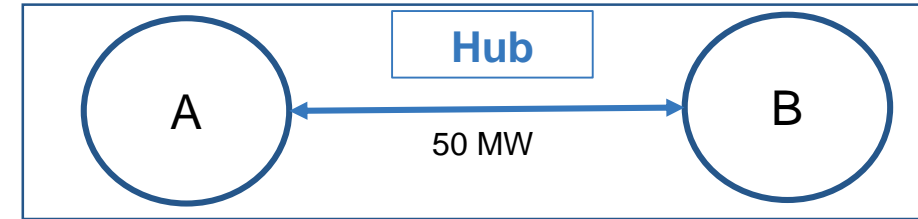


MP3 MP4



TSO

### Market set-up



Product type : Obligation

### 1. Bidding



MP1 places  $CfD_{Hub \Rightarrow A}$  **buy** order at -5€/MWh for 100 MWh  
MP2 places  $CfD_{Hub \Rightarrow B}$  **buy** order at 3€/MWh for 200 MWh



MP3 places  $CfD_{Hub \Rightarrow A}$  **sell** order at -5€/MWh for 200 MWh  
MP4 places  $CfD_{Hub \Rightarrow B}$  **sell** order at 3€/MWh for 100 MWh



TSO provides 50 MW of capacity between A and B

### 2. Auction results

$CfD_{Hub \Rightarrow A}$   
Hub → **A** Price = -5€/MWh  
Quantity = 100MWh between MP1 and MP3  
+ 50 MWh between MP2 (A) and MP3 (B)

$CfD_{Hub \Rightarrow B}$   
Hub → **B** Price = 3€/MWh  
Quantity = 100MWh between MP2 and MP4  
+ 50 MWh between MP2 (A) and MP3 (B)

### 3. Settlement

#### Post auction

No financial exchange

#### At delivery

**A** Spot Zonal price = 40€/MWh

**B** Spot Zonal price = 60€/MWh

Hub Spot Hub Price : 50€/MWh

MP1 pays 500€ to PX

MP2 receives 700€+350€ from PX

MP3 receives 500€+250€ from PX

MP4 pays 700€ to PX

TSO pays 600€ to PX\*

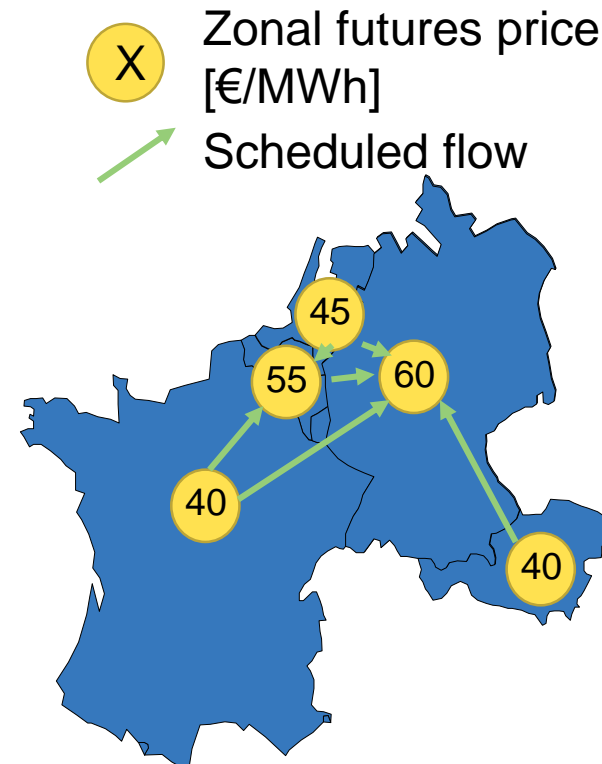
\*-600€ = 400€ of Long-Term CI – 1000€ paid to MP for Spot market spread. Spot CI (+1000€) is excluded in this calculation.

### Option 2.5: Forward market coupling with Futures

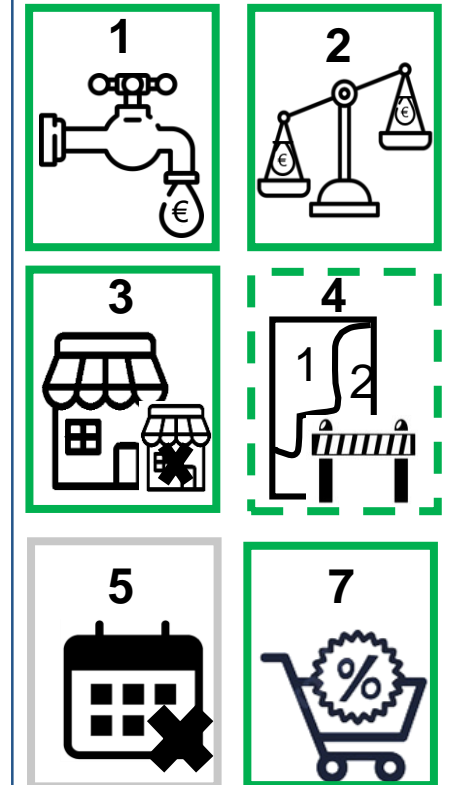
Products are standardised Futures offered by PXs/NEMOs in each bidding zone: Y, Q, M

- TSOs provide long-term cross-zonal capacities
- Market coupling operator organise market coupling by simultaneously matching Futures and cross-zonal capacities at auctions + continuous trading
- Implicit allocation of long term cross-zonal capacities
- Does not require on any new products or hubs

#### Example



#### Problem solving



### Stakeholders



MP1 MP2



Power Exchange (PX)

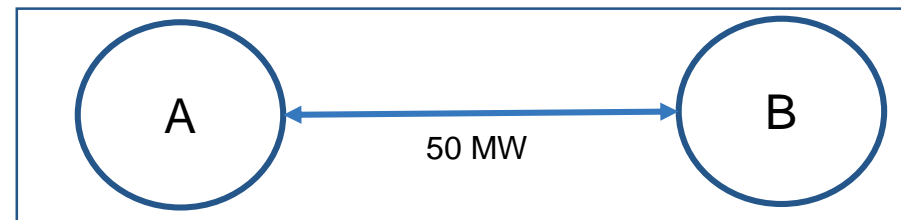


MP3 MP4



TSO

### Market set-up



Product type : Obligation

### 1. Bidding



MP1 places *Futures<sub>A</sub>* **buy** order at 40€/MWh for 100 MWh

MP2 places *Futures<sub>B</sub>* **buy** order at 60€/MWh for 200 MWh



MP3 places *Futures<sub>A</sub>* **sell** order at 40€/MWh for 200 MWh

MP4 places *Futures<sub>B</sub>* **sell** order at 60€/MWh for 100 MWh



TSO provides 50 MW of capacity between A and B

### 2. Clearing

#### *A – Futures*

**A** Price = 40€/MWh  
Quantity = 100MWh  
between MP1 and MP3 + 50 MWh between MP2 (A) and MP3 (B)

#### *B – Futures*

**B** Price = 60€/MWh  
Quantity = 100MWh  
between MP2 and MP4 + 50 MWh between MP2 (A) and MP3 (B)

### 3. Settlement

#### Post clearing

No financial exchange

#### At delivery

**A** Spot Zonal price = 45€/MWh

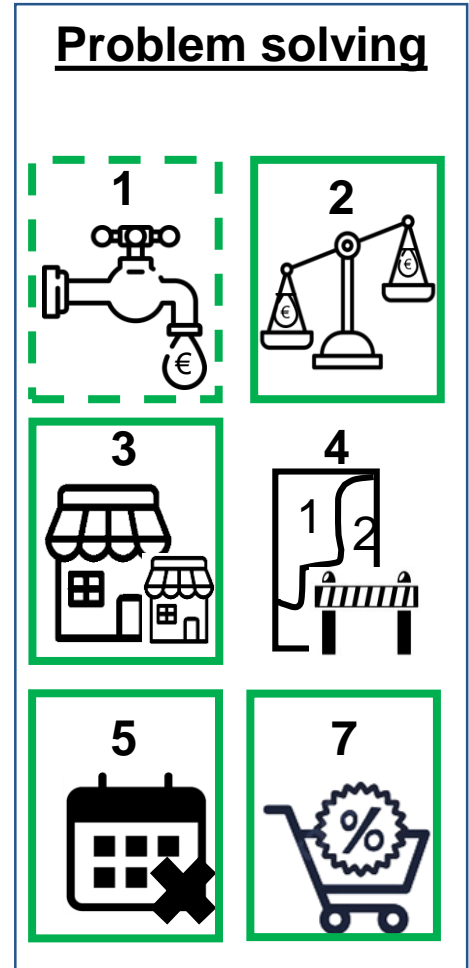
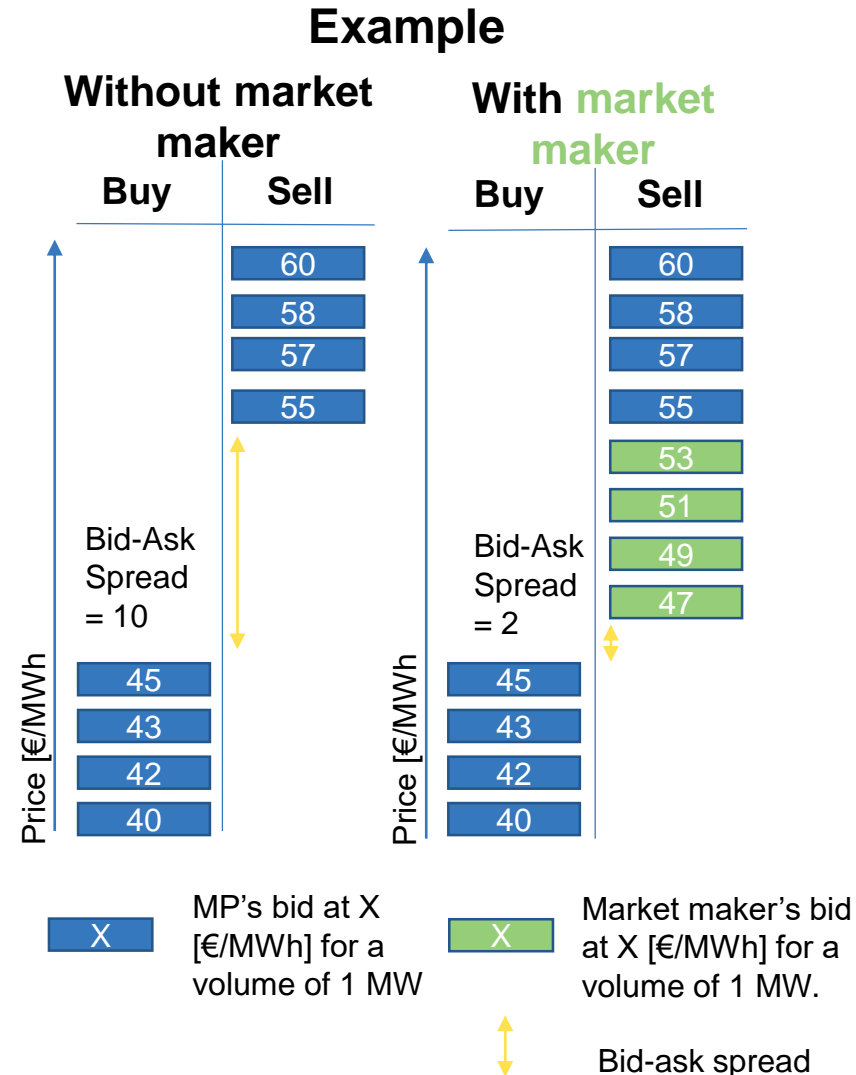
**B** Spot Zonal price = 55€/MWh

MP1 receives 500€ from PX  
MP2 pays 500€+250€ to PX  
MP3 pays 500€+250€ to PX  
MP4 receives 500€ from PX  
TSO receives 500€ from PX\*

\*+500€ = 1000€ of Long-Term CI – 500€ paid to MP for spot market spread. Spot CI (+500€) is excluded in this calculation.

### Option 2.6: Market making

- TSOs organise a tender for market making function
- Selected market makers are obliged to facilitate order books for forward products at PXs (Futures, CfDs) with an objective of reducing the bid-ask spread
- They will charge a fee for this service which is covered from network tariffs
- The financial risk for TSOs is partially limited by the tendering outcome






# Policy options, Category 2: TSOs' support

## Preliminary analysis

### Summary of the options on the type of TSO intervention

Preferred policy options

	Option 0 BZB LTTR	Option 1 Products and timeframe	Option 2 Z2Z LTTR	Option 3 Z2H LTTR	Option 4 CfD Coupling	Option 5 Futures Coupling	Option 6 Market Making
<b>Problem 1</b> 	0	0	+	++	++	++	+
<b>Problem 2</b> 	0	0	0	++	++	++	++
<b>Problem 3</b> 	0	+	-	+	++	++	++
<b>Problem 4</b> 	0	0	0	++	++	+	0
<b>Problem 5</b> 	/	++	/	/	/	/	++
<b>Problem 7</b> 	0	0	+	+	++	++	++

Problems 6 and 8 are not included in the table as they are addressed respectively by the type of products offered by the TSO and the need for intervention.

# Q&A for Session 2

11:10 – 11:20



**Moderator: Mathieu Fransen, Team Leader,  
Electricity Department, ACER**

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Ask question via Slido in MS Teams, by scanning the QR code or using the direct link:

<https://app.sli.do/event/kB1vJpCb2tkbocVmUnNJMj>



# Policy options – Category 3: Type of TSOs' transmission products

11:20 – 11:30

Thomas Kawam – Seconded National Expert,  
Electricity Department, ACER

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Ask question via Slido in MS Teams, by scanning the QR code or using the direct link:

<https://app.sli.do/event/kB1vJpCb2tkbocVmUnNJMj>





### Option 3.0: Status quo (PTRs and FTRs options)

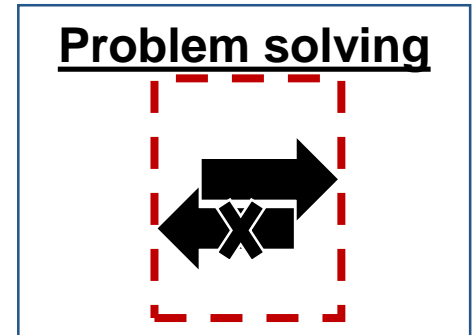
- PTRs with Use-It-Or-Sell-It, FTR Options
- Firmness regime same as today: full firmness with possible caps
- Options provide more flexibility to some market participants
- Options are not well compatible with the main products in forward market, i.e. Futures
- Options don't support secondary market
- Options are not well suited for bridging/arbitraging between two forward markets (i.e. buy  $Futures_A + FTR_{A \Rightarrow B} = \text{sell } Futures_B$ )

#### Problem solving



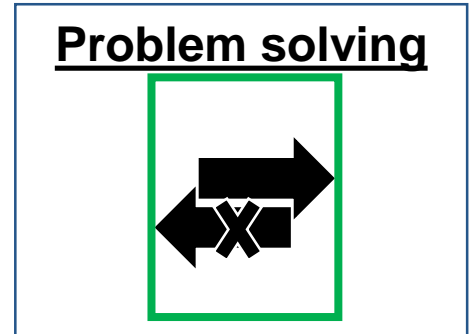
### Option 3.1: PTRs and FTR options with reduced firmness

- TSOs want to reduce compensation in case of decoupling
- In such cases the remuneration would be based on the price of fallback/shadow auction
- This would significantly reduce LTTRs' firmness
- If NRAs conclude that hedging opportunities in the market are inadequate...
- .. it would be counterproductive to offer hedging tools that are not providing proper hedge



### Option 3.2: FTR obligations

- Two sided hedge and remuneration
- Only one product per border – single direction
- More compatible with Futures
- Supporting secondary market
- In case of Z2H model, FTR obligations are the only way to go



# Evaluation and Recommendations

**11:30 – 11:45**

**Martin Povh – Senior Expert,  
Electricity Department, ACER**

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Ask question via Slido in MS Teams, by scanning the QR code or using the direct link:

<https://app.sli.do/event/kB1vJpCb2tkbocVmUnNJMj>



## Preliminary summary analysis

- Existing forward markets do not function as a **single integrated electricity forward market**
- (Excess) supply in one zone is not meeting (excess) demand in another zone...
  - *...because of cross-zonal price risk*
- We want to bridge national forward markets into one single integrated EU market
  - *...to match (excess) supply and demand for hedging*
- Existing long term capacity allocation is not successfully integrating the forward markets...
  - *...like we see in the SDAC or SIDC*
- Electricity forward markets can only be improved if we pool the demand and supply from areas larger than one single bidding zone

## Preliminary recommendations

1. **Harmonise the assessments and decisions** of regulators when exempting TSOs from supporting forward markets (with capacity allocation)
  - *Coordinated regional decisions, soft EU-wide harmonisation*
2. **Improve the allocation of long-term cross-zonal capacities** in a way that integrates national forward markets into a more integrated EU forward market:
  - i. Longer allocation horizons, more frequent auctioning, strengthening of continuous/secondary market*
  - ii. Three promising design options: zone-to-hub FTRs, market coupling with CfDs and market coupling with Futures*
3. If TSOs continue to allocate LTTRs, these should be allocated in a form of **FTR obligations**

# Q&A for Session 3

11:45 – 11:55



**Moderator: Mathieu Fransen, Team Leader,  
Electricity Department, ACER**

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Ask question via Slido in MS Teams, by scanning the QR code or using the direct link:

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# Policy paper and the public consultation

For the policy paper draft for consultation: we would very much welcome your comments and concrete proposals of improvements.

All the responses will be published after the end of the public consultation, and the ACER reply to the responses will follow.



- 
1. Do you agree with the identified problems of existing electricity forward markets in EU?
  2. Do you agree that the proposed policy options are able to address the identified problems of existing electricity forward markets in EU?
  3. What is the main element that the policy paper fails to address?  
(open text – two words maximum)

# Thank you



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of Energy Regulators

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