

## **Public consultation on the modalities for the implementation of efficient congestion management mechanisms at borders**

CRE published in June 2008 its second annual report on electricity interconnection management and use. This report is downloadable on

<http://www.cre.fr/en/content/download/5677/122968/080619Rapport2007InterconnexionsUK.pdf>

CRE invites all interested stakeholders to give their opinion on the modalities for the implementation of efficient congestion management mechanisms, on the basis of the questions raised in the report. These questions are listed here below.

Answers are expected until 18 July 2008

- by email to [webmestre@cre.fr](mailto:webmestre@cre.fr)
- by contributing directly on the CRE website ([www.cre.fr](http://www.cre.fr)) in the section "Publications / Public consultations";
- consultations"; by mail to

Commission de régulation de l'énergie  
2, rue du Quatre-Septembre  
75084 PARIS Cedex 02  
France.

### **1. Long-term capacity allocation**

- **Firmness of capacities**

Questions:

- How is the financial risk associated with socialising the cost of capacity firmness evaluated?
- How can the TSOs be incentivised to trade off fairly between the level of capacity and the cost of firmness?
- How can confidence in the price references from the organised markets, on which price differential compensation would be based, be improved for all stakeholders?
- Could the implementation of caps to limit the cost of compensation (cap on the price differential level and/or on the compensation period and/or on the total amount of the compensation) be an acceptable transitional step for the market operators and TSOs? If so, at what level should these caps be fixed?

- **Physical and financial rights**

Questions:

- Would the extra cost to the market operators of converting long-term capacities into financial products (which would have to be done through the organised markets) not be largely compensated for by the savings associated with the simplification of procedures for accessing the interconnections and the increase in liquidity of the organised markets?

- Would converting long-term capacities into financial products not be an effective way of increasing the liquidity of the organised markets, and consequently improving confidence in the price references?

- **Secondary markets**

Questions:

- Leaving aside the buying back of capacities by the TSOs to avoid curtailments, would the added value offered by an anonymous secondary organised market be enough to make it a high priority?
- What additional flexibility would the market operators like?
- Why do some market operators not want the names of holders of capacities on the French interconnections (excluding the France-Italy interconnection) to be published?

- **Scope of the auction platforms**

Question: Should separate projects be rolled out in all regions, or should the progress made with one be used to save resources in the others?

## 2. Allocation of daily capacities

- **Compatibility and order of the coupling projects**

Questions:

- How could the various coupling projects currently in progress be coordinated at interregional or European level? From an operational point of view, how can the interaction between the next two market couplings, such as the coupling of France and Benelux with Germany and of Germany with Denmark, be managed effectively?
- What priority can be given to the different coupling projects? On the basis of what criteria?

- **Status of the electricity exchanges**

Questions:

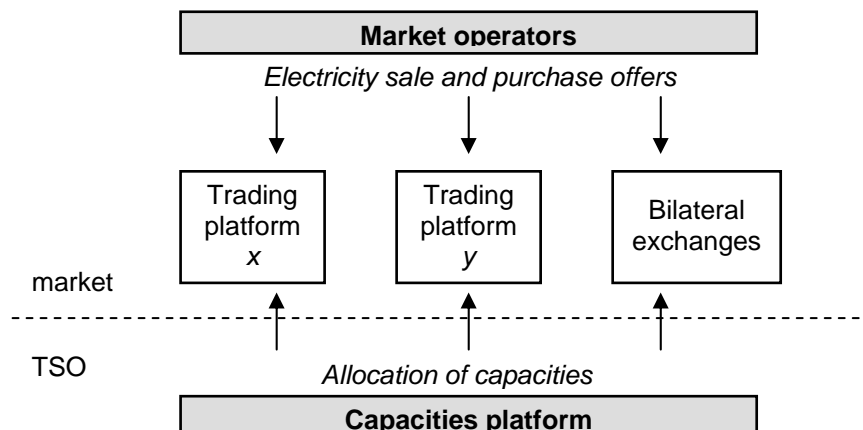
- How can the development of coupling projects, which naturally involves the Power Exchanges, be reconciled with their current unregulated status?
- Would changes to the regulatory framework of the Power Exchanges be desirable? If so, what changes?

## 3. Allocation des capacités infra-journalières

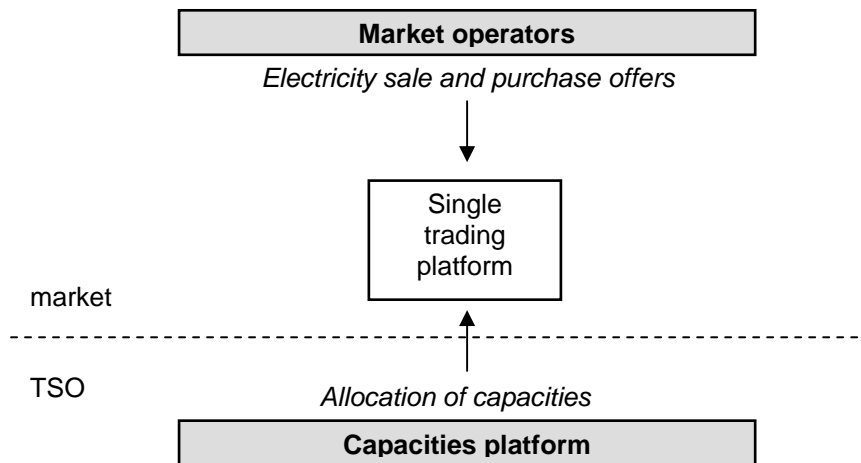
- **La gestion des échanges d'énergie**

Several models are considered for the management of energy trades.

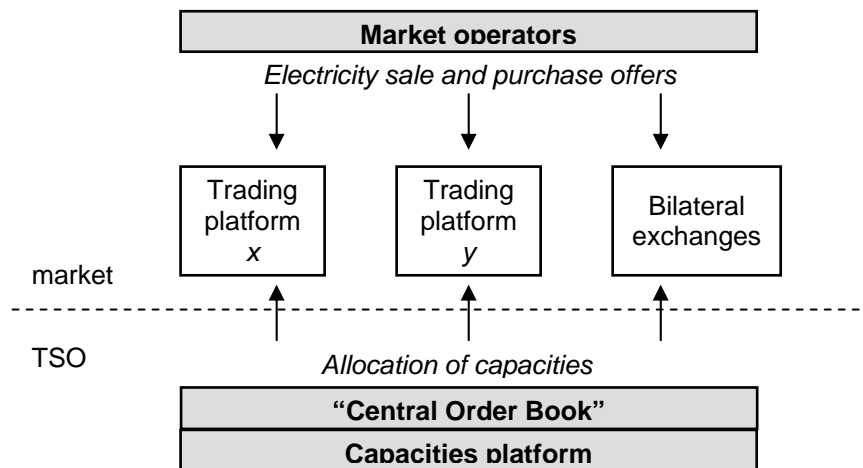
- Model 1: intraday exchanges with several competing trading platforms



- Model 2: intraday exchanges with a single trading platform



- Model 3: intraday exchanges with a capacity platform centralising offers made on different trading platforms



Questions:

- How can sufficient liquidity for intraday trades be guaranteed (model 2 or 3)?
- Is competition between the intraday trading platforms (model 1) viable in the long term, or will it finish up with the emergence of a single platform?
- If a monopoly developed, should it be regulated? If yes, how?

- **Project added value**

Questions:

- What intraday mechanisms should the TSOs introduce in the short term? And in the medium term?
- In the current context, where improvements are being made to the long-term auctions, day-ahead market coupling is being extended and balancing market integration is being envisaged, what priority should be given to setting up more sophisticated intraday mechanisms?

## 4. Balancing trades

- **Access to interconnection capacity**

Question: Should interconnection capacity be reserved beyond the needs resulting from the pooling of primary reserves to allow balancing exchanges?

- **Model for managing the balance between injections and withdrawals**

Question: Under what circumstances should the balance between injections and withdrawals be guaranteed almost exclusively by secondary reserves?

- **Desirable degree of harmonisation**

Question: What degree of harmonisation of the balancing mechanisms is desirable, particularly as regards:

- the formats of balancing offers,
- the remuneration principle of balancing offers,
- the calculation of imbalances and the settlement price of the imbalances ?