

Status of decisions for border without Long-Term Transmission Rights

Border	Public consultation	Decision
FI-EE	20.02.2017-10.03.2017 (FI) 13.01.2017-13.02.2017 (EE)	Sufficient hedging opportunities. No LTTRs required
FI-SE1, FI-SE3	20.02.2017-10.03.2017 (FI) 02.03.2017-16.03.2017 (SE)	
PL-SE4	16.01.2017-05.02.2017 (PL) 02.03.2017-16.03.2017 (SE)	
LV-EE	13.01.2017-13.02.2017 (joint)	
IT internal	06.03.2017-03.04.2017	
DK1-SE3, DK2-SE4	02.03.2017-16.03.2017 (SE) Up to 25.04.2017 (joint)	Insufficient hedging opportunities. TSOs are invited to submit a proposal for other LT cross-zonal hedging products within 6 months (no LTTRs for the moment)
LT-PL	16.01.2017-05.02.2017 (PL) 23.03.2017-06.04.2017 (LT)	
LT-LV	23.03.2017-06.04.2017 (LT) 13.01.2017-13.02.2017 (LV)	
CZ-SK	23.02.2017-23.03.2017 (joint)	Insufficient hedging opportunities. LTTRs will be issued as from 01.01.2019

Thank you for your attention!



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- **Assessment:** “Calculations for the evaluation of the functioning of the wholesale electricity markets on the Finnish bidding zone borders as required in the FCA GL”, **12.02.2017**
 - » EPADs’ trading activity, measured by traded volumes, has been steadily increasing since 2012.
 - » Open interest of EPADs has remained stable throughout the studied period and indicates that EPADs are primarily used for hedging rather than trading/speculation.
 - » The steady increase in trading volumes implies greater trading activity and growing interest from market participants.
 - » No significant risk premia were found in yearly EPADs which are the main trading and hedging vehicle.
 - » The average best-bid ask spreads in EPADs have been systematically decreasing from 2012 to 2016
- **Public consultation** regarding the hedging needs of the participants: **20.02.2017-10.03.2017**
- Intentions of the relevant Regulatory authorities on **05.04.2017**:
 - » “**Intention** by the Swedish Energy Markets Inspectorate and the Energy Authority of Finland Regarding the Hedging opportunities on the Finnish – Swedish Bidding Zone Borders Pursuant to the Commission Regulation (EU) no 2016/1719”
 - » “**Agreement** between the Estonian Competition Authority and the Energy Authority of Finland Regarding the Hedging opportunities on the Finnish – Estonian Bidding Zone Border Pursuant to the Commission Regulation (EU) no 2016/1719”
- **Decision** on **06.04.2017**:
 - » Transmission rights will not be granted at the border between the bidding areas of Finland and Sweden or Finland and Estonia.
 - » The Transmission System Operator Fingrid Oyj is not asked to make available other cross-zonal long-term hedging products to support the operation of the wholesale electricity market.
 - » According to the Commission Regulation (EU) 2016/1719 on establishing a guideline on forward capacity allocation, articles 16, 28, 29, 31-57, 59 and 61 are not applicable to the Finnish TSO Fingrid Oyj.

- [Consultation](#) on NordREG-report on measures to support the functioning of the Nordic financial electricity market, **01.02.2016-31.03.2016**
- NordReg [workshop](#) on FCA GL on **10.05.2016**
- NordREG's [workshop](#) "Methodologies for evaluation of the Nordic forward market for electricity" **07.12.2016**
- The common NordREG [methodology](#) for assessment of the Nordic forward market, **23.02.2017**
- [Evaluation](#) of hedging possibilities in the Swedish electricity market – for consultation according to FCA GL
- Public [consultation](#) on participants hedging needs **02.03.2017-16.03.2017**
- [Decisions](#)
 - » [DK1-SE3](#), **12.04.2017**: risk hedging opportunities are insufficient and further arrangements are asked from the TSOs
 - » [DK2-SE4](#), **12.04.2017**: risk hedging opportunities are insufficient and further arrangements are asked from the TSOs
 - » [FI-SE1](#), **17.04.2017**: risk hedging opportunities are sufficient and no further arrangements are asked from the TSOs
 - » [FI-SE3](#), **17.04.2017**: risk hedging opportunities are sufficient and no further arrangements are asked from the TSOs
 - » [PL-SE4](#), **18.04.2017**: risk hedging opportunities are sufficient and no further arrangements are asked from the TSOs

- [Consultation](#) on NordREG-report on measures to support the functioning of the Nordic financial electricity market, **01.02.2016-31.03.2016**
- NordReg [workshop](#) on FCA GL on **10.05.2016**
- NordREG's [workshop](#) "Methodologies for evaluation of the Nordic forward market for electricity" **07.12.2016**
- The common NordREG [methodology](#) for assessment of the Nordic forward market, **23.02.2017**
- Public [consultation](#) **XX.XX.2017-09.03.2017**
- Public [consultation](#) **XX.XX.2017-25.04.2017** on the relevant [evaluation](#):
 - » the assessment on the functioning of the wholesale electricity markets in the concerned bidding zones indicates that there are insufficient hedging opportunities in the two Danish bidding zones (DK1 and DK2) but sufficient hedging opportunities in the two Swedish bidding zones (SE3 and SE4)
 - » the Danish and the Swedish NRAs intend to request the respective TSOs, Energinet.dk and Affärsverket svenska kraftnät not to issue LTTRs but to make sure that other LT XZ hedging products are made available to support the functioning of the wholesale electricity markets on the above mentioned BZ borders.
- [Decisions](#) on **17.05.2017**
 - » [DK1-SE3](#)
 - » [DK2-SE4](#)

- Public [consultation](#) **06.03.2017-03.04.2017**, on a [draft](#) decision:
 - » Necessary to maintain current hedging instruments (local products)
 - » No issuance of LTTRs among the internal bidding zones
 - » No need for other arrangements, since the hedging requirements are already covered by the existing products
- [Decision](#) on **12.05.2017**:
 - » In accordance with Article 30 (1) of the FCA Regulation, Autorita requests TERNA not to issued LTTRs between bidding zones inside the Italian market other than the ones already introduced by Autorita.
 - » [Announcement](#): in the domestic market the need for coverage is not so much related to the variability of the differential between bidding zone prices, but rather the difference between each zone and the PUN price. This requirement made appropriate and necessary, well before the entry into force of the FCA Rules, the introduction of tools to hedge against the risk, the so-called CCC (responsibility of Terna since 2004).

- Public [consultation](#) **23.02.2017-23.03.2017**:
 - » proposal to introduce long-term capacities for cross-border transmission of electricity at the Czechoslovak border
- [Decision](#) on **04.05.2017**:
 - » there are no sufficient hedging opportunities against the risk of price changes
 - » in certain cases there is demand for transmission capacity exceeding the offer of transmission capacity (with D-2 nominations), which leads the TSOs to curtail the offered capacity
 - » introduction of auctions for long-term transmission rights on the Czech-Slovak border
 - » the products offered will be physical transmission rights with a time horizon of a year and a month; the allocation of long-term transmission rights on this border will be launched from 1 January 2019

- Public [consultation](#), **23.03.2017-06.04.2017**, on [evaluation](#):
 - » Market participants of the LT BZ are able to hedge their portfolios against the volatility of the DA price of the concerned BZ using the commodity derivatives exchange Nasdaq Commodities.
 - » LT BZ doesn't have related EPAD, but LT and LV bidding zones are strongly interrelated and have the alike spot prices, so market participants of the LT BZ can use Riga EPAD to hedge against the volatility of the DA price of the LT BZ.
 - » Riga EPAD is way less liquid than the rest (little turnover, wide bid-ask spread and small number of participants), so it seems that Riga EPAD is an insufficient product for hedging.
- [Responses](#) in public consultation:
 - » Mixed answers, highly differentiated per border
- [Decision](#) on **11.05.2017** and [announcement](#) on **12.05.2017** for decision:
 - » LT BZ does not have a hedging product in Nasdaq derivatives (the closest one being the LV).
 - » LT cross-zonal risk management measures are not effective enough in comparison with the Scandinavian countries.
 - » In order to promote efficient wholesale electricity markets, the Lithuanian electricity transmission system operator LITGRID AB within 6 months is obliged to ensure access to the wholesale electricity market participants to long-term cross-zonal risk hedging products, other than LTTRs.
 - » Will inform the Latvian, Swedish and Polish regulatory authorities.

- Public [consultation](#), **16.01.2017-05.02.2017**:
 - » Are there needs for cross-zonal risk hedging between Poland and Sweden and between Poland and Lithuania?
 - » Does the electricity forward market provide sufficient hedging opportunities in the Polish bidding zone? Please justify your answer.
 - » Are there products or combination of products offered on forward markets that represent a hedge against the volatility of the day-ahead price of the Polish bidding zone?

If the answer to question 3 is “yes”:

 - » Are those products or combination of products an appropriate hedge against the risk of change of the day-ahead price of the Polish bidding zone? Please justify your answer.
 - » Are those products or combination of products efficient with respect to (i) trading horizon; (ii) bid-ask spread; (iii) traded volumes in relation to physical consumption; (iv) open interest in relation to physical consumption. Please justify your answer.
- Decisions on **17.05.2017**:
 - » [PL-SE4](#): not to grant LTTRs for the PL-SE4 border
 - » [PL-LT](#): not to issue LTTRs for the PL-LT border (LitPol Link); make other products available.

- Public [consultation](#), **13.01.2017-13.02.2017**:
 - » Do you have enough hedging opportunities in the EE and LV electricity markets?
 - If you have enough hedging opportunities, please explain;
 - If you do not have enough hedging opportunities, please explain, what hedging products do you expect to be useful for your company;
 - Do you have a need for cross-zonal risk hedging opportunities on the LV-LT, EE-FI (both directions) and LV-EE (one direction, towards EE) bidding zone borders?
 - » Which products does your electricity hedging portfolio consist of?
 - Share of the products used in past 3 years, including time horizon;
 - Planned share of the hedging products for next two years (2017, 2018).
- [Responses](#) in public consultation and [sum up](#) (consultation on these **23.03.2017-06.04.2017**)
- [Assessment](#) of the electricity futures market of sufficient risk hedging opportunities
- Decisions on **11.05.2017**:
 - » [LV-LT](#): (a) no need LTTRs on LV-LT, and (b) provide that the JSC "High Voltage Network" in cooperation with the LT TSOs must ensure that there are other LT inter-zone risk hedging products on LT-LT border in order to ensure the functioning of wholesale electricity.
 - » [LV-EE](#): the EE-LV border in the direction of EE does not need to issue LTTRs.

- Public [consultation](#), **13.01.2017-13.02.2017** ([analysis](#)):
 - » Do you have enough hedging opportunities in the EE and LV electricity markets?
 - If you have enough hedging opportunities, please explain;
 - If you do not have enough hedging opportunities, please explain, what hedging products do you expect to be useful for your company;
 - Do you have a need for cross-zonal risk hedging opportunities on the LV-LT, EE-FI (both directions) and LV-EE (one direction, towards EE) bidding zone borders?
 - » Which products does your electricity hedging portfolio consist of?
 - Share of the products used in past 3 years, including time horizon;
 - Planned share of the hedging products for next two years (2017, 2018).
- Common [agreement](#) EE-FI
- [Decision](#) on **17.05.2017** for the Estonian borders
 - » Elering does not need to issue LTTRs or make available other LT cross-zonal risk hedging tools in the Estonian-Finnish border.
 - » Elering does not need, in addition to L-PTR hedging instrument to Estonian-Latvian border, to issue additional LTTRs or make available other LT cross-zonal risk hedging tools in the Estonian-Latvian border.