

# Hedging opportunities: An update on FI-SE & DK-SE

NordREG Wholesale and Transmission Developments

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# Forward Capacity Allocation (FCA) – Article 30

- Coordinated decisions on cross-zonal risk hedging opportunities
- Assessment of “sufficient” hedging opportunities
- In case hedging opportunities are “insufficient” in one or more bidding zones, NRAs request TSOs to either:
  - Issue long term transmission rights (LTTRs), OR
  - Make sure that other long-term cross-zonal hedging products are made available to support the functioning of wholesale electricity markets

# FI-SE1 and FI-SE3

- Insufficient hedging opportunities in Finland
- Ei and EV could not agree on the alternatives under FCA Art. 30.5
- Decision was derived to ACER (March 2022)
- ACER took a decision on September 2022
  - “ACER’s decision requests the Finnish and the Swedish TSOs not to issue LTTRs but instead to ensure the availability of other long-term cross-zonal hedging products. Since EPAD coupling appears to be the most effective solution, ACER recommends the TSOs to submit a proposal for EPAD coupling to their NRAs.”
- Fingrid appealed ACER’s decision (November 2022)
  - At the moment, the appeal should not interfere the TSOs preparation of the alternative solution (to be submitted by March 2023)

# DK1-SE3 and DK2-SE4

- Insufficient hedging opportunities in Denmark
- Ei and DUR agreed on supporting an alternative under FCA Art. 30.5b
  - Make sure that other long-term cross-zonal hedging products are made available to support the functioning of wholesale electricity markets
- Public consultation with the proposed decision (November 2022)
  - General support to a solution under FCA Art. 30.5b
  - TSOs need to submit their proposal within 6 months after the decision
- Upcoming decisions in the near term

# ACER policy paper (draft version)

- Regional assessment (Capacity Calculation Region) to identify the need of support by TSOs.
- Default: TSOs issue LTTRs Zone-to-Hub
- Alternative arrangements are possible under agreement of NRAs at the CCR
  - Derivative-based solutions (e.g. EPAD auctioning)
  - Something else
- No TSO intervention is possible, but the assessment should show that effective and efficient hedging opportunities are in place and therefore TSOs do not need to provide hedging products in support to the market.

# Questions?

