

Dear Sir/Madam,

As per your recent consultation, some answers below (no confidentiality required on any of these):

1. There has been an important degree of recent convergence on the design and functioning of cross-border auctions within regions, but not between regions.
2. More attention should be paid by ERGEG to matters relating to long term auctions/products, and the functioning of secondary markets.
3. There is no "one size fits all" answer and I will not try to quantify any shares here. However, short and long run capacity allocation shares (and related auctions) depend on: individual regions; the number of cross-border points; long-run expected wholesale power prices across pairs of borders; the current and expected level of congestion across individual border pairs; whether there are any non Member States involved in the transaction (the obvious counter-example being Moyle's interconnector between Scotland and Northern Ireland, both part of the UK).
4. One of many suggestions is to make secondary capacity trading compulsory everywhere in the EU, at least with respect to LT auctions. Another possibility to investigate is to keep short term auctions regional, but to centralise LT auctions (not necessarily from a physical perspective, but in terms of rules and electronic platform). LT auctions should be in any case kept free of charge, as should secondary LT markets, and LT auctions should be preferably multi-round. LT auctions and products might be extended to non-baseload power everywhere in Europe (EU/EEA), and both platforms and frequencies should be harmonised (for instance, on a monthly frequency basis).
5. The present difficulties and hindrances stem from non-harmonised designs, rules, platforms, and frequencies across regions, and from relatively under-used secondary markets where these exist. Another potential issue (not to be overstated, though) is the existence of transit countries which are not Member States.

6. The most efficient solution for the internal market would probably be a centralised platform for LT auctions, and a decentralised but coordinated one (at a regional level, as per current arrangements) for short term auctions, including daily and intra-daily. "Medium term" auctions sit in between, and their distinction from the former two categories is simply a definitional matter.

7. No other comments at this stage.

I hope this helps.

Best regards,

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