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**Powernext's response to the *Consultation publique relative au fonctionnement de la zone de marché unique du gaz en France (TRF)***

13.11.2019  
Paris

Powernext welcomes CRE's initiative to seek stakeholders' feedback on the implementation of the Trading Region France and wishes to answer questions 1, 3, 9 and 10 of the consultation.

***Question 1: Partagez-vous le bilan positif de la CRE sur la mise en place de la Trading Region France?***

Powernext shares CRE's assessment on the benefits of the Trading Region France. The implementation of a unique entry/exit zone in France is a success as it increases security of supply and it consolidates the liquidity and therefore attractiveness of the French gas market by providing a single price.

In general, Powernext has always been advocating for market-based mechanisms – such as balancing auction platform, balancing and coupling algorithms, auction platform for fuel gas, and locational products – to contribute to the well-functioning of the gas market in France since its creation. In the context of the French zone merger, Powernext therefore applauds the choice to make use of both structural investments and contractual mechanism (such as the locational spread, etc.) as the latter prove to be a cheaper option compared to exclusively extending the grid.

In particular, the locational spread mechanism has worked efficiently since the creation of the TRF:

- Over 1.8 TWh were called by TSOs and twice that volume was traded on PEGAS
- Out of 44 locational spread launched, 42 proved successful in covering 100% of TSOs needs
- The number of trading members using the locational spread has almost doubled since the creation of the TRF, with 40 members admitted overall
- The average spread price has been decreasing by almost 60%, from €4.29 in April 2019 to €1.82 in August 2019 (if exception is made of the particular physical conditions met on the 25-26 May week-end)

Powernext keeps working hand in hand with French TSOs to ensure locational spread continue providing TSOs with state of the art services. That is even a greater challenge as the affect budget by CRE to French TSOs for congestion management was outreached this year. French TSOs trading robots are in fact constantly being further refined in their behaviours to avoid market manipulations and guarantee the best possible prices and necessary volumes are both attained.

Notwithstanding the above, Powernext has been consistently maintaining that gas zone mergers are not always an ideal solution to increase liquidity, as physical grid realities must also be taken into account. Reaching a unique price signal for EU gas should not be targeted at any cost, especially not if this reduces transit capacities (in volume or firmness). Particularly, this is this physical grid realities that justifies the different prices signals observed from one gas market to another, which is a market model that Exchanges are able to cope with (variety of products and spread offerings).

**Question 3: Avez-vous des remarques à formuler sur les conséquences des mesures d'urgence prises par la CRE dans sa délibération du 29 mai 2019?**

Powernext welcomes CRE's measures towards guaranteeing the well-functioning of the grid. In turn, those measures also support the efficiency of the locations spread mechanism. Since the introduction of the interruption of exit capacities on PITS, locational spreads have been increasingly successful with an average observed price of 1.82 €/MWh.

**Question 10: Êtes-vous favorable aux propositions des GRT d'évolution du calcul de la garantie financière et des modalités de suspension de contrat d'acheminement ?**

Powernext does not have any particular take on the matter but is keen on underlining that any decision should consider the impact on markets. Particularly, decision in any sense should be communicated promptly to the Exchange to avoid problematic situations. For instance, if a TSO suspends a shipper, the TSO should inform the Exchange of such decision in advance, early enough, so to avoid the shipper continuing to trade on the Exchange and maintain trade and delivery firmness.

Powernext SAS est un marché régulé agissant sous le contrôle de l'AMF. Powernext gère les activités de gaz naturel du groupe EEX à travers l'Europe sous la marque PEGAS et gère le Registre National des Garanties d'Origine de l'électricité ainsi des Certificats d'Economie d'Energie (CEE) en France.

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