



## UFE answer to ACER consultation on maximum and minimum clearing prices for single day-ahead and intraday coupling

The Union of the French Electricity sector (UFE), would like to thank ACER for the opportunity to comment on the proposals regarding maximum and minimum clearing prices for single day-ahead and intraday coupling.

First of all, UFE fully shares the view of the Agency that the purpose of the reference to VoLL in the CACM Regulation is *“to ensure that limits imposed on Day-Ahead and Intraday prices do not prevent free price formation and they should be understood only as technical limits needed for the operation of the SADC and the SIDC”*. UFE is indeed of the view that while it is desirable to harmonise technical price limits at European level, it would not make sense to try to harmonise the VoLL estimations as, by definition, they can significantly vary across consumers and across countries.

While UFE deems in theory desirable for  $P_{\max ID}$  and  $P_{\max DA}$  to be equal, in order not to create undesired arbitrage possibilities between the day-ahead and intraday markets due to the difference of price caps or inappropriate financial risks, we are not in a position to comment on the alternative options to the NEMOs' proposal put forward by the Agency in question 2. UFE underlines that the starting point should be defined taking into account the prices which are actually necessary to trigger the activation of production and demand-side response capacities.

UFE would also welcome a clarification on what is the definition of  $P_{\max ID}$  according to the Agency, in particular whether it would apply to the result of an auction and/or to continuous trading.

Furthermore, UFE would like to seize this opportunity to recall that, irrespective of the chosen option, the increase of the maximum clearing prices by itself will not be sufficient to ensure that the capacities effectively needed to ensure security of supply will stay on the grid or that the necessary investments in new production and demand-side response capacities will be carried out. UFE therefore calls for a reflection on the elaboration of a new market design which would ensure that the necessary investments on the short, medium and long-term can be financed.

Finally, regarding question 3, UFE does not have any particular concern to raise regarding the new implementation date proposed by the Agency.