

ACER Seminar on REMIT

CRE's experience in wholesale energy markets surveillance

28 November 2011

CRE monitors wholesale energy markets since 2006 ...

- CRE monitors wholesale electricity and gas markets (December 7, 2006 law)
 - *CRE monitors electricity and natural gas transactions between suppliers, traders and producers, transactions carried out on organized markets and cross border trades. CRE makes sure that proposals made by suppliers, traders and producers are compliant with economical and technical constraints.*

... and carbon transactions by electricity and gas market participants since 2010

- Since October 2010, CRE monitors CO2 transactions done by electricity and gas market participants (Banking and Financial Regulation Law, 22nd October 2010)
 - *CRE monitors the transactions of greenhouse gas emission allowances as defined in Article L. 229-15 of the “Code de l’environnement”, and other units mentioned in Chapter IX of Title II of Book II of the Code [EUAs, CERs, ERUs], as well as future contracts for which these units are an underlying instrument, made by suppliers, traders and producers of electricity and natural gas in order to analyze the consistency between these transactions and the economic, technical and compliance constraints of these suppliers, traders and producers of electricity and natural gas*

Focus on CO2

- The Prada commission recommended a European framework for CO2 market supervision
- The French banking law passed on 23rd October 2010, translated the Prada report's recommendations at the national level:
 - gives authority on the carbon spot market to the French financial regulator (AMF) ;
 - extends CRE's mission to include analysis of the consistency between the fundamentals of the energy markets and the transactions made on the CO2 market by energy markets participants;
 - establishes the principle of broad cooperation between AMF and CRE.

The CRE – AMF cooperation



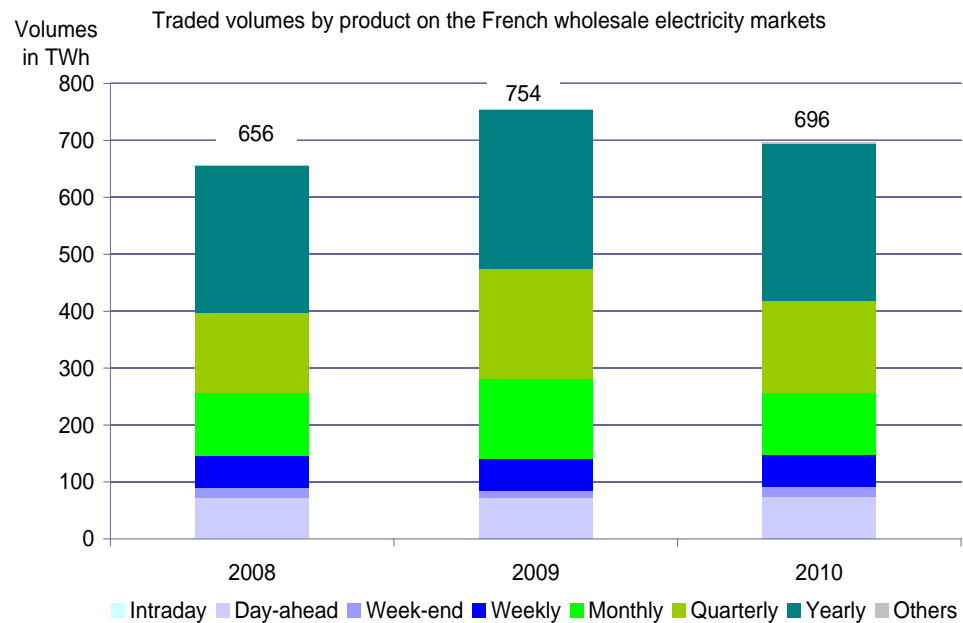
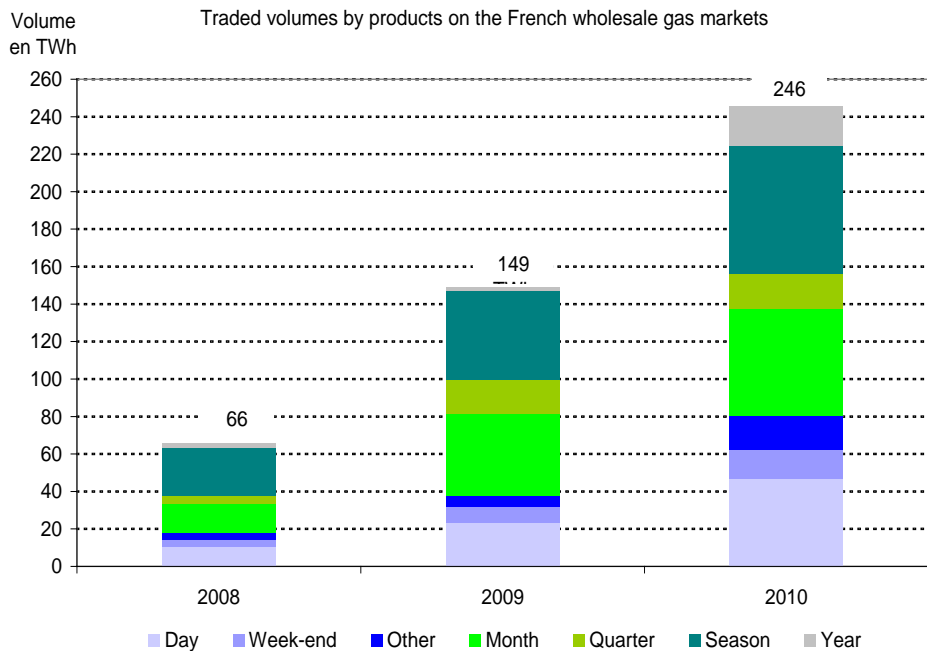
- Memorandum of Understanding signed in December 2010
- Coverage: electricity, gas and CO2
 - derivatives and underlyings
- The Memorandum builds on the complementarities of a sector specific expertise, linked to fundamentals, and a financial approach

Data collection

- CRE collects transaction data, market data and fundamental data

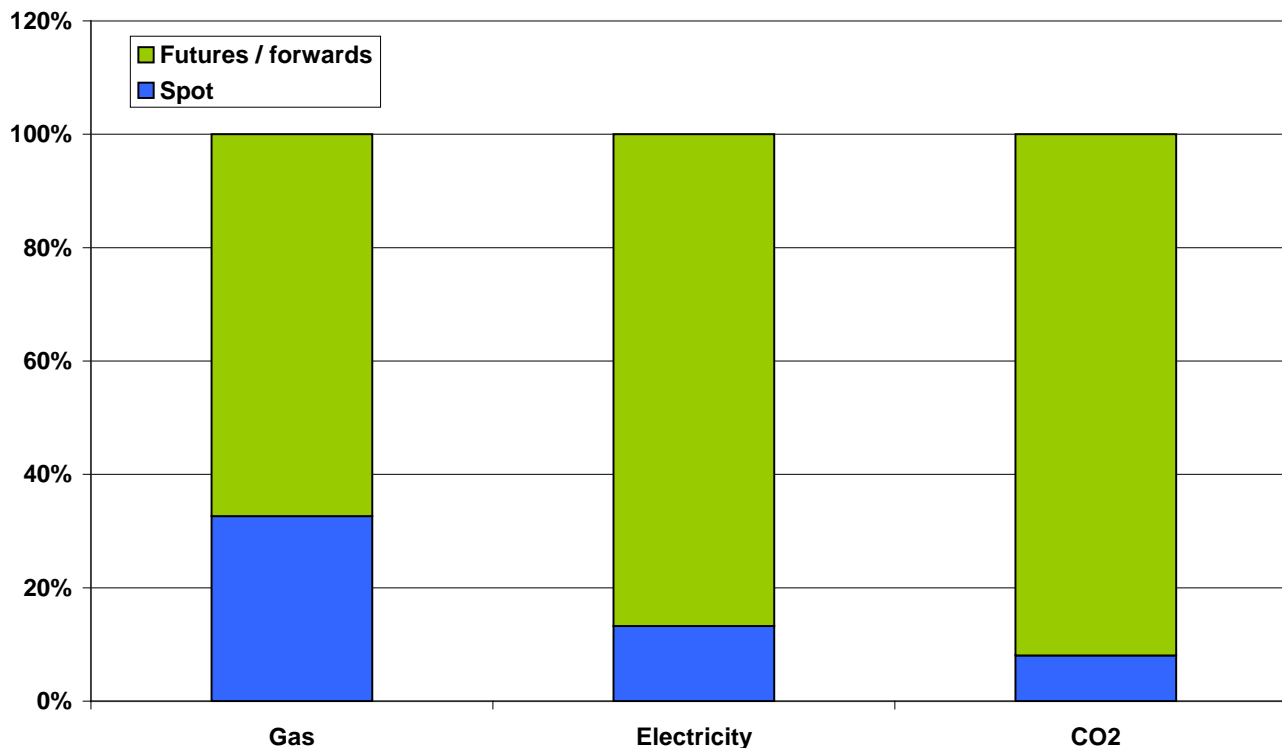
	Transactional data	Market data	Fundamental data
Electricity	Products, prices, volumes, dates, counterparties, etc. for exchanges and OTC trades	Market participants names, prices on other European exchanges, OTC price indices, etc.	Forecast and actual plant availability, generation programmes in D-1, consumption forecasts, plants generation costs, losses purchase, VPP auction, cross-border flows, grids injections and withdrawals, fuel prices, CO2 prices, etc.
Gas			Grid flows, consumption, flows between gas areas, cross-border flows, storage utilisation, other fossil fuel prices, etc.

Publication of aggregated data (1)



Publication of aggregated data (2)

Traded volumes in 2010
Spot vs futures



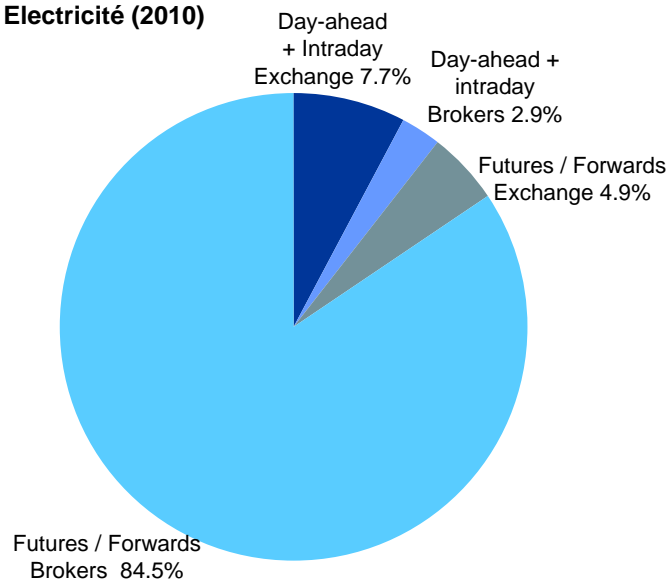
Gas and electricity traded on the French markets (brokers + exchanges)

Carbon traded on Bluenext, ECX and EEX

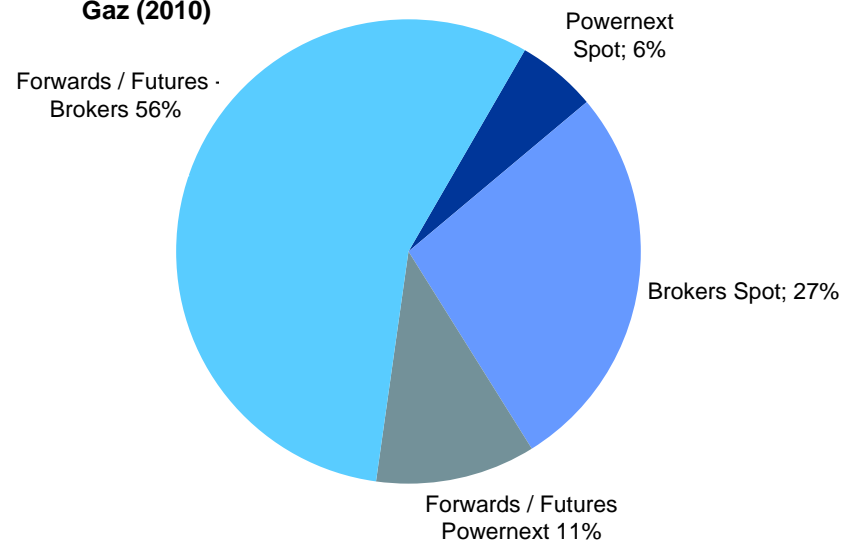
Publication of aggregated data (3)



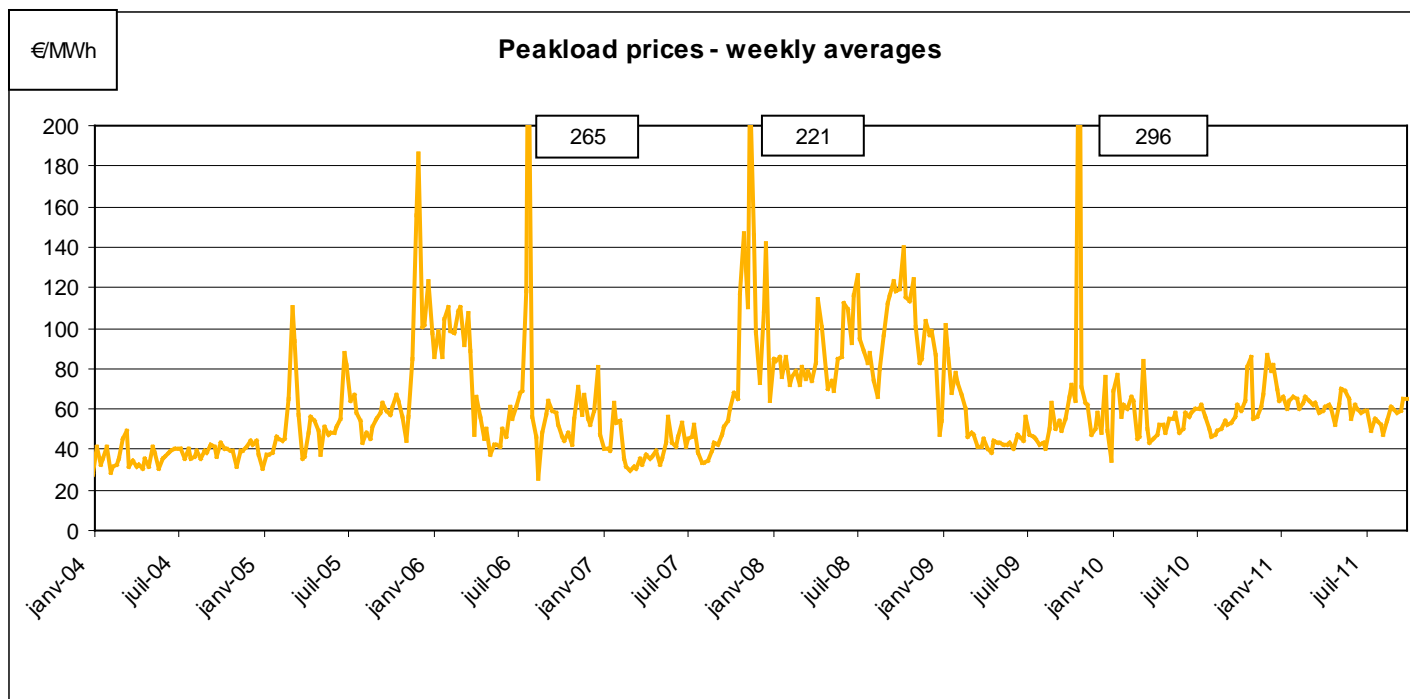
Electricité (2010)



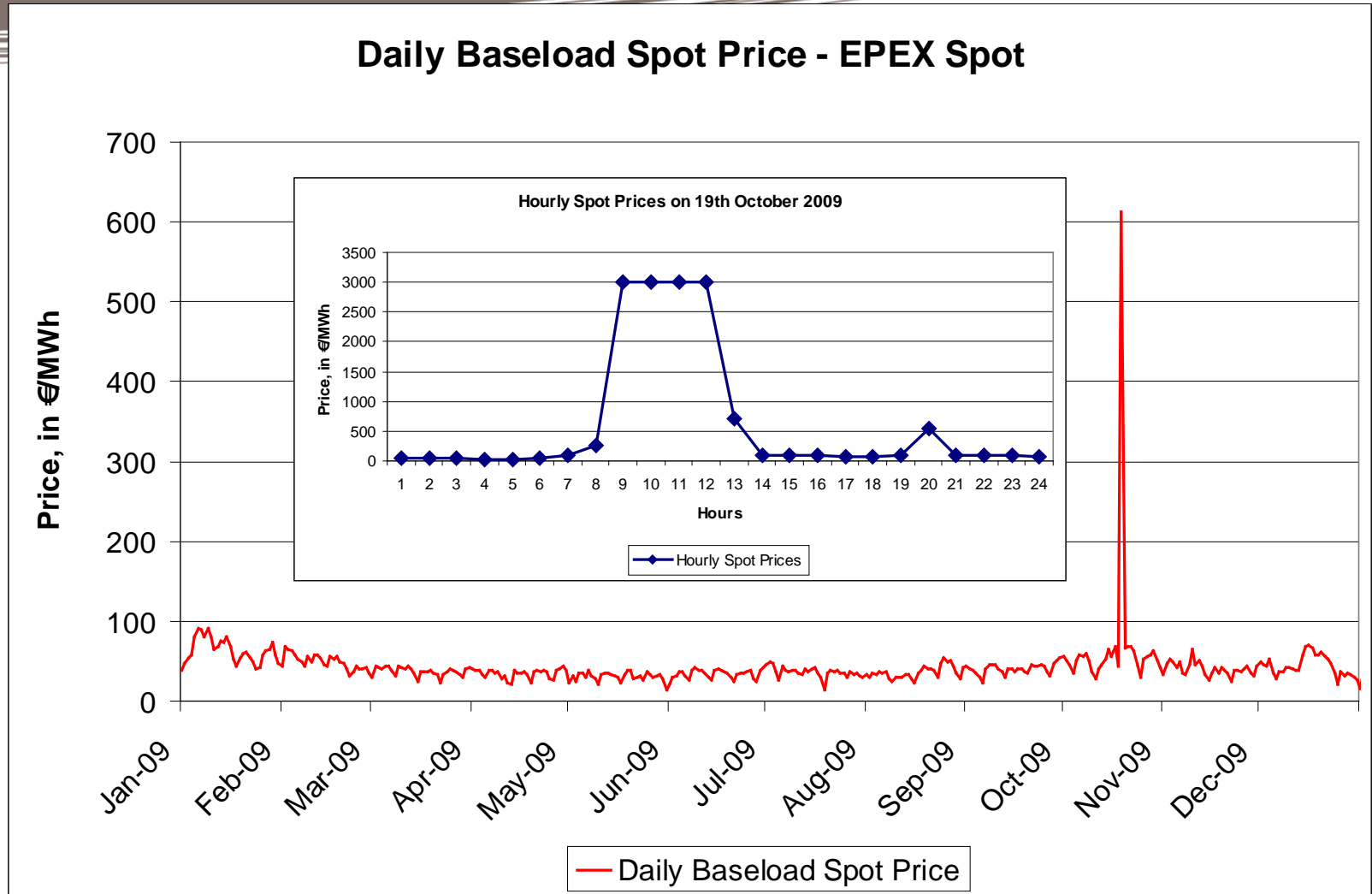
Gaz (2010)



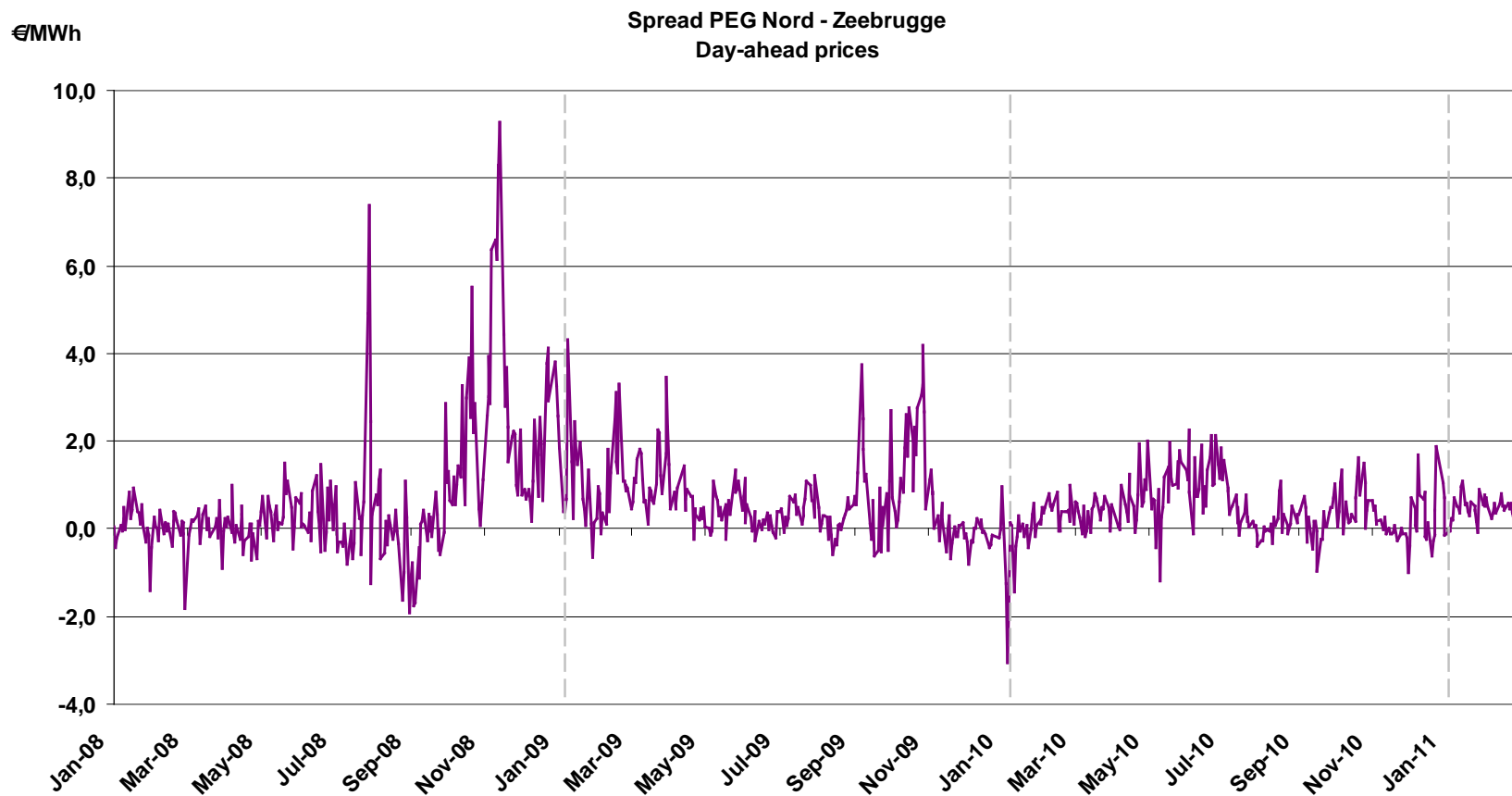
Electricity spot prices



19 October 2009 – Price Spike on Epex Spot



Day-ahead price spreads PEG Nord - Zeebrugge



More specific analysis



- Consistency between power plants utilisation and market prices
- Price / marginal cost mark-up in the case of EDF