



– Consultation response –

Auctioning of statistical transfers: a more efficient tool for Member State cooperation on renewable energy targets for RED III

Brussels, 27 May 2021 | Europex welcomes the opportunity to provide feedback to this draft delegated regulation. While the current proposal for the Union Renewable Development Platform (URDP) is designed to facilitate statistical transfers between Member States and the entry into subsequent bilateral negotiations, pursuant to Article 8 RED II, we believe that arranging auctions for statistical transfers would provide greater benefits in terms of efficiency and price discovery. The URDP could be upgraded to this purpose and amendments could be made as necessary in the upcoming RED III proposal.

The URDP aims to reduce administrative hurdles related to statistical transfer arrangements between Member States by providing information and indicating potential opportunities for such transfers. The current proposal foresees a non-binding matching mechanism of demand for and supply of statistical transfers, whereby Member States can indicate the volume, price and timeframe and any additional conditions related to the transfer.

Auctions, however, would provide several advantages due to their simplicity, transparency and efficiency compared to other allocation methods. At its core, an auction is a selection process designed to allocate specific goods and services in a competitive and efficient manner. There are diverse types of auction designs that can be used depending on the context, but auctions would have a number of advantages over bilateral negotiations, including in the context of statistical transfers:

- **Efficient price discovery:** Unlike bilateral negotiations, the ‘seller’ (in this case the Member State with surplus renewable energy) seeks competing bids from potential buyers. The anonymity of an auction process means that bids will reflect Member States’ true willingness to pay for the relevant statistical transfers, and that the transfer will be valued at a price which more accurately reflect the supply and demand situation.
- **Pooling of liquidity:** Regular auctions, with standardised pre-agreed terms will help to bring together more Member States as potential buyers and sellers of statistical transfers. We believe that the benefits of a standardised auction process that can be run regularly up to 2030 and beyond to help Member States (collectively) achieve the set targets would outweigh any costs related to its initial set-up or other limitations concerning the relatively low number of ‘participants’.
- **Auctions are a well-established and trusted mechanism** that help to achieve a fair, open, and timely procurement process, reducing opportunities for manipulation. Such

a method would be politically neutral and help to avoid any potential disputes or discrimination among the Member States.

- **An expedited transaction timetable** as compared to bilateral negotiations. As the information disclosed by the seller on the transfer is standardised, this can help to avoid protracted negotiations. In addition, it sets a clear timeframe for the statistical transfer.

As energy market infrastructure providers, our members have broad experience in facilitating auctions in both the energy and emission markets. While we understand that the URDP initiative is at its inception phase, we do see value in enhancing the platform to host auctions in view of contributing to the collective achievement of the Union's renewable energy target for 2030 and beyond. **To this end, Europex believes that an upgraded URDP in the Renewable Energy Directive III could benefit from allocating statistical transfers via auctioning, ensuring that transfers are made in the most efficient, fair, objective and transparent manner.**

About

Europex is a not-for-profit association of European energy exchanges with 29 members. It represents the interests of exchange-based wholesale electricity, gas and environmental markets, focuses on developments of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level.

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