

Christof LESSENICH
European Commission
DG Energy - Deputy Director-General
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Brussels, 28 October 2022

Dear Mr Lessenich,

I am contacting you on behalf of Eurelectric about the ongoing revision of the Harmonized Methodology Maximum Clearing Price (HMMCP) to express our concerns.

First of all, Eurelectric believes that free price formation is vital but acknowledges that we are currently in an extraordinary situation and that the All NEMOs proposal moves in the right direction by adding inertia to the increase mechanism but also by proposing a decrease mechanism. It seems that the impact of expected spot prices (potentially at the price cap) in the formation of forward prices and consequently the impact on financial requirements from Market Participants towards Power Exchanges has been properly understood.

However, we have concerns with the ongoing blurry situation around the non-compliance with the current HMMCP.

We believe that emergency measures should be distinguished from the regular revision of HMMCP. In particular, emergency measures such as the mechanism freeze should be handled through an emergency process with a legal grounding. In return, it will grant sufficient time to perform the planned in-depth revision. We had the impression that both were targeted at the same time.

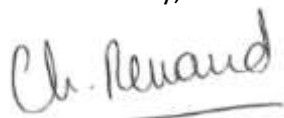
Therefore, first a formal legal statement backing the decision of NEMOs and TSOs to suspend the HMMCP is needed to avoid a precedent for potential further modification of market rules without legal backing. **We call on the European Commission to endorse this responsibility and to ensure the possibility of an emergency process for the future. The upcoming regulation on emergency measures could be an appropriate legislative vehicle.**

It is worth mentioning that an even blurrier situation could arise should the 60% threshold be hit in a BZ during one Market Time Unit.

Second, Eurelectric will maintain the pressure on ACER to properly justify the elements of their decision foreseen in DEC22.

We look forward to your feedback. In the meantime, we remain at your disposal should you have any question.

Yours sincerely,



Charlotte Renaud

cc Mathilde Lallemand mathilde.lallemand-dupuy@ec.europa.eu