

Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing  
a guideline on forward capacity allocation (Text with EEA relevance)

COMMISSION REGULATION (EU) 2016/1719

of 26 September 2016

establishing a guideline on forward capacity allocation

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003<sup>(1)</sup> and in particular Article 18(3)(b) and (5), thereof,

Whereas:

- (1) The urgent completion of a fully functioning and interconnected internal energy market is crucial to the objectives of maintaining security of energy supply, increasing competitiveness and ensuring that all consumers can purchase energy at affordable prices. A well-functioning internal market in electricity should provide producers with appropriate incentives for investing in new power generation, including in electricity from renewable energy sources, paying special attention to the most isolated Member States and regions in the Union's energy market. A well-functioning market should also provide consumers with adequate measures to promote more efficient use of energy, which presupposes a secure supply of energy.
- (2) Security of energy supply is an essential element of public security and is therefore inherently connected to the efficient functioning of the internal market in electricity and the integration of the isolated electricity markets of Member States. Electricity can reach the citizens of the Union only through the network. Functioning electricity markets and, in particular, the networks and other assets associated with electricity supply are essential to public security, to economic competitiveness and to the well-being of the citizens of the Union.
- (3) Regulation (EC) No 714/2009 sets out non-discriminatory rules for access conditions to the network for cross-border exchanges in electricity and, in particular, rules on capacity allocation and congestion management for interconnections and transmission systems affecting cross-border electricity flows. In order to move towards a genuinely integrated electricity market, efficient hedging opportunities should be developed for generators, consumers and retailers to mitigate future price risk in the area where they operate, including harmonisation of the current auction rules on forward capacity allocation.

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- (4) Long-term capacity calculation for the year- and month-ahead market time frames should be coordinated by the transmission system operators (hereinafter ‘TSOs’) at least at regional level to ensure that capacity calculation is reliable and that optimal capacity is made available to the market. For this purpose, TSOs should establish a common grid model gathering all the necessary data for the long-term capacity calculation and taking into account the uncertainties inherent to the long-term time frames. The coordinated net transmission capacity based approach should apply to calculate and allocate long-term cross-border capacities. The flow-based approach might be applied where cross-zonal capacities between bidding zones are highly interdependent and the approach is justified from an economic efficiency point of view.
- (5) Harmonised long-term cross-zonal capacity allocation rules require the establishment and operation of a single allocation platform at European level. This central platform should be developed by all TSOs to facilitate the allocation of long-term transmission rights for market participants and should provide for the transfer of long-term transmission rights from one eligible market participant to another.
- (6) In order to allow a transparent and non-discriminatory allocation of long-term transmission rights, the single allocation platform needs to publish all the relevant information about the auction before its opening. Nomination rules should contain detailed information on the nomination procedure for physical transmission rights including requirements, timings, gate closures and eligibility for exchange between market participants.
- (7) Long-term transmission rights holders should be entitled to return to the TSOs their long-term transmission rights for reallocation in a subsequent forward capacity allocation. For the return of the long-term transmission rights, the holders may receive a payment. In addition, market participants should be entitled to either transfer or purchase already allocated long-term transmission rights. The market participants should inform TSOs about such transfers or purchases and about the counterparties including involved market participants and respective TSOs.
- (8) It is important that the administrative burdens and costs associated with the participation in the single allocation platform are kept within reasonable limits, notably as regards the harmonisation of the contractual framework with market participants.
- (9) Currently there are multiple allocation rules across the Union governing the contractual arrangements for long-term transmission rights. TSOs should develop harmonised allocation rules for physical transmission rights, financial transmission rights — options (hereinafter ‘FTRs — options’) and financial transmission rights — obligations (hereinafter ‘FTRs — obligations’) at Union level.
- (10) Those harmonised allocation rules should at least contain the description of the allocation process/procedure for long-term transmission rights, including the minimum requirements for participation, financial matters, type of products offered in explicit auctions, nomination rules, curtailment and compensation rules, rules for market participants in case they are transferring their long-term transmission rights, the use-it-or-sell-it (hereinafter ‘UIOSI’) principle, rules as regards *force majeure* and liability.

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Those harmonised allocation rules should also outline the contractual obligations to be respected by market participants.

- (11) Commission Regulation (EU) 2015/1222<sup>(2)</sup> establishes a day-ahead firmness deadline and a related compensation regime for long-term transmission rights curtailed after such deadline. Similarly, long-term transmission rights curtailed before the day-ahead firmness deadline should be reimbursed or compensated by TSOs to the long-term transmission rights holders.
- (12) Caps on the compensation to be paid to holders whose long-term transmission rights have been curtailed before the day-ahead firmness deadline may be introduced, taking into the account the liquidity of the relevant markets and the possibility for market participants to adjust their positions.
- (13) In line with Article 8 of Regulation (EC) No 713/2009 of the European Parliament and of the Council<sup>(3)</sup>, the Agency for the Cooperation of Energy Regulators ('the Agency') should take a decision as regards common terms and conditions of access or methodologies, where the competent national regulatory authorities are not able to reach an agreement on those regulatory issues.
- (14) This Regulation has been developed in close cooperation with the Agency, the European Network of Transmission System Operators for Electricity (the 'ENTSO for Electricity') and stakeholders, in order to adopt effective, balanced and proportionate rules in a transparent and participative manner. In accordance with Article 18(3) of Regulation (EC) No 714/2009, the Commission will consult the Agency, ENTSO for Electricity and other relevant stakeholders, before proposing any amendment to this regulation.
- (15) This Regulation supplements Annex I to Regulation (EC) No 714/2009, in accordance with the principles set out in Article 16 of that Regulation.
- (16) The measures provided for in this Regulation are in accordance with the opinion of the Committee referred to in Article 23(1) of Regulation (EC) No 714/2009,

HAS ADOPTED THIS REGULATION:

## TITLE I

### GENERAL PROVISIONS

#### *Article 1*

#### **Subject matter and scope**

1 This Regulation lays down detailed rules on cross-zonal capacity allocation in the forward markets, on the establishment of a common methodology to determine long-term cross-zonal capacity, on the establishment of a single allocation platform at European level offering long-term transmission rights, and on the possibility to return long-term transmission rights for subsequent forward capacity allocation or transfer long-term transmission rights between market participants.

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2 This Regulation shall apply to all transmission systems and interconnections in the Union, except the transmission systems on islands which are not connected with other transmission systems via interconnectors.

3 In Member States where more than one TSO exists, this Regulation shall apply to all TSOs within that Member State. Where a TSO does not have a function relevant to one or more obligations under this Regulation, Member States may provide that the responsibility for complying with those obligations is assigned to one or more different, specific TSOs.

4 The single allocation platform may be opened to market operators and TSOs operating in Switzerland on the condition that its national law implements the main provisions of Union electricity market legislation and that there is an intergovernmental agreement on electricity cooperation between the Union and Switzerland.

5 Subject to the conditions of paragraph 4, the participation of Switzerland in the single allocation platform shall be decided by the Commission based on an opinion given by the Agency. The rights and responsibilities of Swiss TSOs joining the single allocation platform shall be consistent with the rights and responsibilities of TSOs operating in the Union, allowing for a smooth functioning of the allocation of the long-term transmission rights implemented at Union level and a level playing field for all stakeholders.

## Article 2

### Definitions

For the purposes of this Regulation, the definitions in Article 2 of Regulation (EC) No 714/2009, Article 2 of Regulation (EU) 2015/1222, Article 2 of Commission Regulation (EU) No 543/2013<sup>(4)</sup> as well as Article 2 of Directive 2009/72/EC of the European Parliament and of the Council<sup>(5)</sup> shall apply.

In addition, the following definitions shall apply:

- (1) ‘forward capacity allocation’ means the attribution of long-term cross-zonal capacity through an auction before the day-ahead time frame;
- (2) ‘long-term transmission right’ means a physical transmission right or a FTR — option or a FTR — obligation acquired in the forward capacity allocation;
- (3) ‘allocation rules’ means the rules for forward capacity allocation applied by the single allocation platform;
- (4) ‘single allocation platform’ means the European platform established by all TSOs for forward capacity allocation;
- (5) ‘auction’ means the process by which long-term cross-zonal capacity is offered and allocated to market participants who submit bids;
- (6) ‘UIOSI’ means the principle according to which the underlying cross-zonal capacity of physical transmission rights purchased and non-nominated is automatically made available for day-ahead capacity allocation and according to which the holder of these physical transmission rights receives remuneration from the TSOs.
- (7) ‘nomination’ means the notification of the use of long-term cross-zonal capacity by a physical transmission rights holder and its counterparty, or an authorised third party, to the respective TSOs;

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- (8) ‘nomination rules’ means the rules with regard to the notification of use of long-term cross-zonal capacity by a physical transmission rights holder and their counterparty, or an authorised third party, to the respective TSOs;
- (9) ‘market spread’ means the difference between the hourly day-ahead prices of the two concerned bidding zones for the respective market time unit in a specific direction;
- (10) ‘compensation rules’ means the rules according to which each TSO responsible for the bidding zone border, where long-term transmission rights have been allocated, compensates transmission right holders for curtailing the long-term transmission rights.

### *Article 3*

#### **Objectives of forward capacity allocation**

This Regulation aims at:

- (a) promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants;
- (b) optimising the calculation and allocation of long-term cross-zonal capacity;
- (c) providing non-discriminatory access to long-term cross-zonal capacity;
- (d) ensuring fair and non-discriminatory treatment of TSOs, the Agency, regulatory authorities and market participants;
- (e) respecting the need for a fair and orderly forward capacity allocation and orderly price formation;
- (f) ensuring and enhancing the transparency and reliability of information on forward capacity allocation;
- (g) contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union.

### *Article 4*

#### **Adoption of terms and conditions or methodologies**

1 TSOs shall develop the terms and conditions or methodologies required by this Regulation and submit them for approval to the competent regulatory authorities within the respective deadlines set out in this Regulation. Where a proposal for terms and conditions or methodologies pursuant to this Regulation needs to be developed and agreed by more than one TSO, the participating TSOs shall closely cooperate. TSOs, with the assistance of ENTSO for Electricity, shall regularly inform the competent regulatory authorities and the Agency about the progress of the development of these terms and conditions or methodologies.

2 TSOs deciding on proposals for terms and conditions or methodologies in accordance with Article 4(6) shall decide with qualified majority if no consensus could be reached among them. A qualified majority for proposals in accordance with Article 4(6) shall require a majority of:

- a TSOs representing at least 55 % of the Member States; and

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- b TSOs representing Member States comprising at least 65 % of the population of the Union.

A blocking minority for decisions in accordance with Article 4(6) must include TSOs representing at least four Member States, failing of which the qualified majority shall be deemed attained.

For TSO decisions under Article 4(6), one vote shall be attributed per Member State. If there is more than one TSO in the territory of a Member State, the Member State shall allocate the voting powers among the TSOs.

3 TSOs deciding on proposals for terms and conditions or methodologies in accordance with Article 4(7) shall decide with qualified majority if no consensus can be reached amongst them and where the regions concerned are composed of more than five Member States. A qualified majority for proposals in accordance with Article 4(7) shall require a majority of:

- a TSOs representing at least 72 % of the Member States concerned; and
- b TSOs representing Member States comprising at least 65 % of the population of the concerned region.

A blocking minority for decisions in accordance with Article 4(7) must include at least the minimum number of TSOs representing more than 35 % of the population of the participating Member States, plus TSOs representing at least one additional Member State concerned, failing of which the qualified majority shall be deemed attained.

TSOs deciding on proposals for terms and conditions or methodologies in accordance with Article 4(7) in relation to regions composed of five Member States or less shall decide based on consensus.

For TSO decisions under Article 4(7), one vote shall be attributed per Member State. If there is more than one TSO in the territory of a Member State, the Member States shall allocate the voting powers among the TSOs.

4 If TSOs fail to submit a proposal for terms and conditions or methodologies to the national regulatory authorities within the deadlines defined in this Regulation, they shall provide the competent regulatory authorities and the Agency with the relevant drafts of the terms and conditions or methodologies, and explain what has prevented an agreement. The Agency shall inform the Commission and shall, in cooperation with the competent regulatory authorities, at the Commission's request, investigate the reasons for the failure and inform the Commission thereof. The Commission shall take the appropriate steps to make possible the adoption of the required terms and conditions or methodologies within four months from the receipt of the Agency's information.

5 Each regulatory authority shall be responsible for approving the terms and conditions or methodologies referred to in paragraphs 6 and 7.

6 The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities:

- a the generation and load data provision methodology pursuant to Article 17;
- b the common grid model methodology pursuant to Article 18;
- c the requirements for the single allocation platform pursuant to Article 49;
- d the harmonised allocation rules pursuant to Article 51;
- e the congestion income distribution methodology pursuant to Article 57;
- f the methodology for sharing costs of establishing, developing and operating the single allocation platform pursuant to Article 59;

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- g the methodology for sharing costs incurred to ensure firmness and remuneration of long-term transmission rights pursuant to Article 61.

7 The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities of the concerned region:

- a the capacity calculation methodology pursuant to Article 10;
- b the methodology for splitting cross-zonal capacity pursuant to Article 16;
- c the regional design of long-term transmission rights pursuant to Article 31;
- d the establishment of fallback procedures in accordance with Article 42;
- e the regional requirements of the harmonised allocation rules pursuant to Article 52, including the regional compensation rules pursuant to Article 55.

8 The proposal for terms and conditions or methodologies shall include a proposed timescale for their implementation and a description of their expected impact on the objectives of this Regulation. Proposals on terms and conditions or methodologies subject to the approval by several or all regulatory authorities shall be submitted to the Agency at the same time that they are submitted to regulatory authorities. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within three months on the proposals for terms and conditions or methodologies.

9 Where the approval of the terms and conditions or methodologies requires a decision by more than one regulatory authority, the competent regulatory authorities shall consult and closely cooperate and coordinate with each other in order to reach an agreement. Where applicable, the competent regulatory authorities shall take into account the opinion of the Agency. Regulatory authorities shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs 6 and 7, within six months following the receipt of the terms and conditions or methodologies by the regulatory authority or, where applicable, by the last regulatory authority concerned.

10 Where the regulatory authorities have not been able to reach an agreement within the period referred to in paragraph 9, or upon their joint request, the Agency shall adopt a decision concerning the submitted proposals for terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 713/2009.

11 In the event that one or several regulatory authorities request an amendment to approve the terms and conditions or methodologies submitted in accordance with paragraphs 6 and 7, the relevant TSOs shall submit a proposal for amended terms and conditions or methodologies for approval within two months following the requirement from the regulatory authorities. The competent regulatory authorities shall decide on the amended terms and conditions or methodologies within two months following their submission. Where the competent regulatory authorities have not been able to reach an agreement on terms and conditions or methodologies pursuant to paragraphs 6 and 7 within the two-month deadline, or upon their joint request, the Agency shall adopt a decision concerning the amended terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 713/2009. If the relevant TSOs fail to submit a proposal for amended terms and conditions or methodologies, the procedure provided for in paragraph 4 shall apply.

12 TSOs responsible for developing a proposal for terms and conditions or methodologies or regulatory authorities responsible for their adoption in accordance with paragraphs 6 and 7, may request amendments of these terms and conditions or methodologies.

The proposals for amendment to the terms and conditions or methodologies shall be submitted to consultation in accordance with the procedure set out in Article 6 and approved in accordance with the procedure set out in this Article.

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13 TSOs responsible for establishing the terms and conditions or methodologies in accordance with this Regulation shall publish them on the internet after approval by the competent regulatory authorities or, if no such approval is required, after their establishment, except where such information is considered as confidential in accordance with Article 7.

#### *Article 5*

### **Stakeholder involvement**

The Agency, in close cooperation with ENTSO for Electricity, shall organise stakeholder involvement regarding forward capacity allocation and other aspects of the implementation of this Regulation. This shall include regular meetings with stakeholders to identify problems and propose improvements notably related to the operation and development of the forward capacity allocation, including the harmonisation of auction rules. This shall not replace the stakeholder consultations in accordance with Article 6.

#### *Article 6*

### **Consultation**

1 TSOs responsible for submitting proposals for terms and conditions or methodologies or their amendments in accordance with this Regulation shall consult stakeholders, including the relevant authorities of each Member State, on the draft proposals for terms and conditions or methodologies where explicitly set out in this Regulation. The consultation shall last for a period of not less than one month.

2 The proposals for terms and conditions or methodologies submitted by the TSOs at Union level shall be published and submitted to consultation at Union level. Proposals submitted by the TSOs at regional level shall be submitted to consultation at least at regional level. Parties submitting proposals at bilateral or at multilateral level shall consult at least the Member States concerned.

3 The entities responsible for the proposal for terms and conditions or methodologies shall duly consider the views of stakeholders resulting from the consultations undertaken in accordance with paragraph 1, prior to its submission for regulatory approval if required in accordance with Article 4 or prior to publication in all other cases. In all cases, a clear and robust justification for including or not the views resulting from the consultation shall be developed and published in a timely manner before or simultaneously with the publication of the proposal for terms and conditions or methodologies.

#### *Article 7*

### **Confidentiality obligations**

1 Any confidential information received, exchanged or transmitted pursuant to this Regulation shall be subject to the conditions of professional secrecy laid down in paragraphs 2, 3 and 4.

2 The obligation of professional secrecy shall apply to any persons subject to the provisions of this Regulation.



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3 Confidential information received by the persons referred to in paragraph 2 in the course of their duties may not be divulged to any other person or authority, without prejudice to cases covered by national law, the other provisions of this Regulation or other relevant Union legislation.

4 Without prejudice to cases covered by national law or Union law, regulatory authorities, bodies or persons which receive confidential information pursuant to this Regulation may use it only for the purpose of the performance of their functions under this Regulation.

## TITLE II

### REQUIREMENTS FOR TERMS, CONDITIONS AND METHODOLOGIES

#### CHAPTER 1

##### *Forward capacity calculation*

###### *Section 1*

###### **General requirements**

###### *Article 8*

###### **Capacity calculation regions**

For the purposes of this Regulation the capacity calculation regions shall be those established pursuant to Article 15 of Regulation (EU) 2015/1222.

###### *Article 9*

###### **Capacity calculation time frames**

All TSOs in each capacity calculation region shall ensure that long-term cross-zonal capacity is calculated for each forward capacity allocation and at least on annual and monthly time frames.

###### *Section 2*

###### **Capacity calculation methodology**

###### *Article 10*

###### **Capacity calculation methodology**

1 No later than six months after the approval of the common coordinated capacity calculation methodology referred to in Article 9(7) of Regulation (EU) 2015/1222, all TSOs in each capacity calculation region shall submit a proposal for a common capacity calculation

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methodology for long-term time frames within the respective region. The proposal shall be subject to consultation in accordance with Article 6.

2 The approach used in the common capacity calculation methodology shall be either a coordinated net transmission capacity approach or a flow-based approach.

3 The capacity calculation methodology shall be compatible with the capacity calculation methodology established for the day-ahead and intraday time frames pursuant to Article 21(1) of Regulation (EU) 2015/1222.

4 The uncertainty associated with long-term capacity calculation time frames shall be taken into account when applying:

- a a security analysis based on multiple scenarios and using the capacity calculation inputs, the capacity calculation approach referred to in Article 21(1)(b) and the validation of cross-zonal capacity referred to in Article 21(1)(c) of Regulation (EU) 2015/1222; or
- b a statistical approach based on historical cross-zonal capacity for day-ahead or intraday time frames if it can be demonstrated that this approach may:
  - (i) increase the efficiency of the capacity calculation methodology;
  - (ii) better take into account the uncertainties in long-term cross-zonal capacity calculation than the security analysis in accordance with paragraph 4(a);
  - (iii) increase economic efficiency with the same level of system security.

5 All TSOs in each capacity calculation region may jointly apply the flow-based approach for long-term capacity calculation time frames on the following conditions:

- a the flow-based approach leads to an increase of economic efficiency in the capacity calculation region with the same level of system security;
- b the transparency and accuracy of the flow-based results have been confirmed in the capacity calculation region;
- c the TSOs provide market participants with six months to adapt their processes.

6 Where a security analysis based on multiple scenarios is applied for developing the capacity calculation methodology in a capacity calculation region, the requirements for the capacity calculation inputs, the capacity calculation approach and the validation of cross-zonal capacity as provided for in Article 21(1) of Regulation (EU) 2015/1222, except Article 21(1)(a)(iv) where relevant, shall apply.

7 When developing the capacity calculation methodology, the requirements for the fallback procedures and the requirement provided for in Article 21(3) of Regulation (EU) 2015/1222 shall be taken into account.

#### *Article 11*

### **Reliability margin methodology**

The proposal for a common capacity calculation methodology shall include a reliability margin methodology which shall meet the requirements set out in Article 22 of Regulation (EU) 2015/1222.

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## *Article 12*

### **Methodologies for operational security limits and contingencies**

The proposal for a common capacity calculation methodology shall include methodologies for operational security limits and contingencies which shall meet the requirements set out in Article 23(1) and (2) of Regulation (EU) 2015/1222.

## *Article 13*

### **Generation shift keys methodology**

The proposal for a common capacity calculation methodology shall include a methodology to determine generation shift keys which shall meet the requirements set out in Article 24 of Regulation (EU) 2015/1222.

## *Article 14*

### **Methodology for remedial actions**

If remedial actions are taken into account in the long-term capacity calculation, each TSO shall ensure that those remedial actions are technically available in real time operation and meet the requirements set out in Article 25 of Regulation (EU) 2015/1222.

## *Article 15*

### **Cross-zonal capacity validation methodology**

The proposal for a common capacity calculation methodology shall include a cross-zonal validation methodology which shall meet the requirements set out in Article 26 of Regulation (EU) 2015/1222.

## *Article 16*

### **Methodology for splitting long-term cross-zonal capacity**

1 No later than the submission of the capacity calculation methodology referred to in Article 10, the TSOs of each capacity calculation region shall jointly develop a proposal for a methodology for splitting long-term cross-zonal capacity in a coordinated manner between different long-term time frames within the respective region. The proposal shall be subject to consultation in accordance with Article 6.

2 The methodology for splitting long-term cross-zonal capacity shall comply with the following conditions:

- a it shall meet the hedging needs of market participants;
- b it shall be coherent with the capacity calculation methodology;
- c it shall not lead to restrictions in competition, in particular for access to long-term transmission rights.

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### Section 3

#### **Common grid model**

##### Article 17

#### **Generation and load data provision methodology**

1 No later than six months after the approval of the generation and load data provision methodology established for the day-ahead and intraday time frames referred to in Article 9(6) of Regulation (EU) 2015/1222, all TSOs shall jointly develop a proposal for a single generation and load data provision methodology for delivering the generation and load data required to establish the common grid model for long-term time frames. The proposal shall be subject to consultation in accordance with Article 6. The methodology shall take into account and complement the generation and load data provision methodology according to Article 16 of Regulation (EU) 2015/1222.

2 When developing the generation and load data provision methodology, the requirements set in Article 16 of Regulation (EU) 2015/1222 shall apply.

##### Article 18

#### **Common grid model methodology**

1 No later than six months after the approval of the common grid model methodology established for the day-ahead and intraday time frames referred to in Article 9(6) of Commission Regulation (EU) 2015/1222, all TSOs shall jointly develop a proposal for a common grid model methodology for long-term time frames. The methodology shall be subject to consultation in accordance with Article 6.

2 The common grid model methodology shall take into account and complement the common grid model methodology developed pursuant to Article 17 of Regulation (EU) 2015/1222. The methodology shall enable the establishment of the common grid model for long-term capacity calculation time frames in capacity calculation regions where security analysis based on multiple scenarios pursuant to Article 10 is applied.

3 When developing the common grid model methodology, the requirements set in Article 17 of Regulation (EU) 2015/1222 shall apply.

##### Article 19

#### **Scenarios**

1 All TSOs in capacity calculation regions, where security analysis based on multiple scenarios pursuant to Article 10 is applied, shall jointly develop a common set of scenarios to be used in the common grid model for each long-term capacity calculation time frame.

2 When developing the common set of scenarios, the relevant requirements set in Article 18 of Regulation (EU) 2015/1222 shall apply.

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## Article 20

### Individual grid model

When developing the individual grid model for a long-term capacity calculation time frame in capacity calculation regions, where security analysis based on multiple scenarios pursuant to Article 10 is applied, each TSO shall apply the requirements set in Article 19 of Regulation (EU) 2015/1222.

## Section 4

### Capacity calculation process

## Article 21

### General provisions

1 The process of merging the individual grid models established in accordance with Article 27 of Regulation (EU) 2015/1222 shall apply when merging the individual grid models into a common grid model for each long-term time frame. No later than six months after the approval of the generation and load data provision methodology for long-term time frames referred to in Article 17 and the common grid model methodology for long-term time frames referred to in Article 18, all TSOs in each capacity calculation region shall jointly develop operational rules for long-term capacity calculation time frames supplementing the rules defined for the operation to merge the individual grid models pursuant to Article 27 of Regulation (EU) 2015/1222.

2 The coordinated capacity calculators established in Article 27 of Regulation (EU) 2015/1222 shall calculate long-term cross-zonal capacities for their capacity calculation region. For this purpose, no later than six months after the approval of the capacity calculation methodology for long-term time frames referred to in Article 10, all TSOs in each capacity calculation region shall jointly develop operational rules for long-term capacity calculation time frames supplementing the rules defined for the operation of the coordinated capacity calculators pursuant to Article 27 of Regulation (EU) 2015/1222.

3 The relevant requirements set in Article 27 of Regulation (EU) 2015/1222 shall apply for long-term capacity calculation time frames.

## Article 22

### Creation of a common grid model

The process and requirements set in Article 28 of Regulation (EU) 2015/1222 for creating a common grid model shall apply when creating the common grid model for long-term capacity calculation time frames in capacity calculation regions, where security analysis based on multiple scenarios pursuant to Article 10 is applied.

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## Article 23

### Regional calculations of long-term cross-zonal capacities

1 Where TSOs apply the statistical approach pursuant to Article 10, the process for the calculation of long-term cross-zonal capacity shall include at least:

- a a selection of historical day-ahead or intraday cross-zonal capacity data sets from a single period or a set of periods and order the data into a duration curve;
- b a calculation of capacity corresponding to the risk level for the selected data set;
- c a calculation of long-term cross-zonal capacity to be offered to forward capacity allocation taking into account a margin to reflect the difference between historical cross-zonal capacity values and forecasted long-term cross-zonal capacity values;
- d common rules to take into account available information about planned outages, new infrastructure and generation and load pattern for the long-term capacity calculation time frames.

2 Where TSOs apply the security analysis based on multiple scenarios pursuant to Article 10, the requirements set in Article 29 of Regulation (EU) 2015/1222, except Article 29(4) where relevant, shall apply to long-term capacity calculation time frames in capacity calculation regions.

3 Each coordinated capacity calculator shall split the calculated long-term cross-zonal capacity for each forward capacity allocation by applying the methodology for splitting cross-zonal capacity pursuant to Article 16.

4 Each coordinated capacity calculator shall submit the calculated long-term cross-zonal capacity and the splitting of long-term cross-zonal capacity for validation to each TSO within the relevant capacity calculation region pursuant to Article 24.

## Article 24

### Validation and delivery of cross-zonal capacity and split cross-zonal capacity

1 Each TSO shall validate the results of the calculation for long-term cross-zonal capacity on its bidding zone borders or critical network elements for each long-term capacity calculation time frame pursuant to Article 15.

2 Each TSO shall validate the results of the calculation for splitting of long-term cross-zonal capacity on its bidding zone borders or critical network elements pursuant to Article 16.

3 Each TSO shall send its capacity validation and validated splitting of this capacity for each forward capacity allocation to the relevant coordinated capacity calculators and to the other TSOs of the relevant capacity calculation regions.

4 Validated splitting of long-term cross-zonal capacity shall be provided by each coordinated capacity calculator for the execution of forward capacity allocation pursuant to Article 29.

5 TSOs shall, upon request, provide to their regulatory authorities a report detailing how the value of long-term cross-zonal capacity for a specific long-term capacity calculation time frame has been obtained.

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## Article 25

### **Coordinated curtailment of cross-zonal capacity**

1 TSOs shall coordinate curtailments of already allocated long-term cross-zonal capacity, if the curtailments concern a time frame of more than 48 hours ahead of the start of the delivery day. In case of curtailment of long-term transmission rights, including nominations in respect of such rights, within 48 hours ahead of the start of the delivery day, TSOs in each capacity calculation region shall apply the day-ahead and intraday capacity calculation process as referred in Article 29 of Regulation (EU) 2015/1222.

2 If a TSO needs to curtail already allocated long-term cross-zonal capacity, it shall send a request to the responsible coordinated capacity calculator to launch the coordinated calculation of necessary curtailments of long-term cross-zonal capacity for the capacity calculation region. The TSO shall support its request with all relevant information.

3 The coordinated capacity calculator shall provide the updated cross-zonal capacity to the relevant TSOs for validation.

4 Each TSO shall validate the updated cross-zonal capacity on its bidding zone borders or critical network elements pursuant to Article 24.

5 The coordinated capacity calculator shall provide the validated updated cross-zonal capacity to the relevant TSOs and single allocation platform to perform curtailment pursuant to Article 53.

## Section 5

### **Biennial report on capacity calculation**

## Article 26

### **Biennial report on capacity calculation and allocation**

1 No later than two years after the entry into force of this Regulation, ENTSO for Electricity shall draft a report on long-term capacity calculation and allocation, and submit it to the Agency.

2 If the Agency requests it, in every second subsequent year, ENTSO for Electricity shall draft a report on long-term capacity calculation and allocation. If applicable, this report shall be submitted to the Agency together with the biennial report on the capacity calculation and allocation according to Article 31 of Regulation (EU) 2015/1222.

3 For each bidding zone, bidding zone border and capacity calculation region, the report on capacity calculation and allocation shall contain at least:

- a the capacity calculation approach used;
- b statistical indicators on reliability margins;
- c statistical indicators of cross-zonal capacity, where appropriate for each capacity calculation time frame;
- d quality indicators for the information used for the capacity calculation;
- e where appropriate, proposed measures to improve capacity calculation;

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- f recommendations for further development of the forward capacity calculation, including further harmonisation of methodologies, processes and governance arrangements.
- 4 After consulting the Agency, all TSOs shall jointly agree on the statistical and quality indicators for the report. The Agency may require the amendment of those indicators, prior to the agreement by the TSOs or during their application.
- 5 The Agency shall decide whether to publish all or part of the biennial report.

## CHAPTER 2

### **Bidding zones**

#### *Article 27*

#### **General provisions**

- 1 The bidding zones applicable to day-ahead and intraday trading shall apply to forward capacity calculation and allocation.
- 2 Where a bidding zone border no longer exist, holders of long-term transmission rights on this bidding zone border shall be entitled to reimbursement by the concerned TSOs based on the initial price paid for the long-term transmission rights.

## CHAPTER 3

### **Forward capacity allocation**

#### *Section 1*

#### **General provisions**

#### *Article 28*

#### **General principles**

The allocation of forward capacity shall take place in a way which:

- (a) uses the marginal pricing principle to generate results for each bidding zone border, direction of utilisation and market time unit;
- (b) allocates no more than the offered long-term cross-zonal capacity in accordance with Article 39;
- (c) is repeatable.



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## Article 29

### Input and results

- 1 The single allocation platform shall use the following inputs for determining the allocation of forward capacity in accordance with paragraph 2:
  - a validated splitting of long-term cross-zonal capacity submitted by each coordinated capacity calculator and capacities associated with returned long-term transmission rights pursuant to Article 43;
  - b bids submitted by market participants.
- 2 For each forward capacity allocation, the single allocation platform shall simultaneously determine at least the following results for each bidding zone border, direction of utilisation and market time unit:
  - a the volume of allocated long-term transmission rights expressed in MW;
  - b the price of long-term transmission rights pursuant to Article 40;
  - c the execution status of bids.
- 3 The single allocation platform shall ensure that auction results are accurate.
- 4 Each TSO shall ensure that the auction results are consistent with the inputs provided to the single allocation platform in accordance with paragraph 1.

## Section 2

### ***Options for cross-zonal transmission risk hedging***

## Article 30

### **Decision on cross-zonal risk hedging opportunities**

- 1 TSOs on a bidding zone border shall issue long-term transmission rights unless the competent regulatory authorities of the bidding zone border have adopted coordinated decisions not to issue long-term transmission rights on the bidding zone border. When adopting their decisions, the competent regulatory authorities of the bidding zone border shall consult the regulatory authorities of the relevant capacity calculation region and take due account of their opinions.
- 2 Where long-term transmission rights do not exist on a bidding zone border at the entry into force of this Regulation, the competent regulatory authorities of the bidding zone border shall adopt coordinated decisions on the introduction of long-term transmission rights no later than six months after the entry into force of this Regulation.
- 3 The decisions pursuant to paragraphs 1 and 2 shall be based on an assessment, which shall identify whether the electricity forward market provides sufficient hedging opportunities in the concerned bidding zones. The assessment shall be carried out in a coordinated manner by the competent regulatory authorities of the bidding zone border and shall include at least:
  - a a consultation with market participants about their needs for cross-zonal risk hedging opportunities on the concerned bidding zone borders;
  - b an evaluation.

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4 The evaluation referred to in paragraph 3(b) shall investigate the functioning of wholesale electricity markets and shall be based on transparent criteria which include at least:

- a an analysis of whether the products or combination of products offered on forward markets represent a hedge against the volatility of the day-ahead price of the concerned bidding zone. Such product or combination of products shall be considered as an appropriate hedge against the risk of change of the day-ahead price of the concerned bidding zone where there is a sufficient correlation between the day-ahead price of the concerned bidding zone and the underlying price against which the product or combination of products are settled;
- b an analysis of whether the products or combination of products offered on forward markets are efficient. For this purpose, at least the following indicators shall be assessed:
  - (i) trading horizon;
  - (ii) bid-ask spread;
  - (iii) traded volumes in relation to physical consumption;
  - (iv) open interest in relation to physical consumption.

5 In case the assessment referred to in paragraph 3 shows that there are insufficient hedging opportunities in one or more bidding zones, the competent regulatory authorities shall request the relevant TSOs:

- a to issue long-term transmission rights; or
- b to make sure that other long-term cross-zonal hedging products are made available to support the functioning of wholesale electricity markets.

6 In case the competent regulatory authorities choose to issue a request as referred to in paragraph 5(b), the relevant TSOs shall develop the necessary arrangements and submit them to the competent regulatory authorities' approval no later than six months after the request by the competent regulatory authorities. Those necessary arrangements shall be implemented no later than six months after approval by the competent regulatory authorities. The competent regulatory authorities may extend the implementation time upon request from the relevant TSOs by a period of no more than 6 months.

7 Where regulatory authorities decide that long-term transmission rights shall not be issued by the respective TSOs or that other long-term cross-zonal hedging products shall be made available by the respective TSOs, Articles 16, 28, 29, 31 to 57, 59 and 61 shall not apply to the TSOs of the bidding zone borders.

8 Upon a joint request of the TSOs on a bidding zone border or at their own initiative, and at least every 4 years, the competent regulatory authorities of the bidding zone border shall perform, in cooperation with the Agency, an assessment pursuant to paragraphs 3 to 5.

### *Article 31*

#### **Regional design of long-term transmission rights**

1 Long-term cross-zonal capacity shall be allocated to market participants by the allocation platform in the form of physical transmission rights pursuant to the UIOSI principle or in the form of FTRs — options or FTRs — obligations.

2 All TSOs issuing long-term transmission rights shall offer long-term cross-zonal capacity, through the single allocation platform, to market participants for at least annual and

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monthly time frames. All TSOs in each capacity calculation region may jointly propose to offer long-term cross-zonal capacity on additional time frames.

3 No later than six months after the entry into force of this Regulation, TSOs in each capacity calculation region where long-term transmission rights exist shall jointly develop a proposal for the regional design of long-term transmission rights to be issued on each bidding zone border within the capacity calculation region.

No later than six months after the coordinated decisions of the regulatory authorities of the bidding zone border to introduce long-term transmission rights pursuant Article 30(2), TSOs of the concerned capacity calculation region, shall jointly develop a proposal for the regional design of long-term transmission rights to be issued on each bidding zone border within the concerned capacity calculation region.

Regulatory authorities of Member States in which the current regional design of long-term transmission rights is part of a TSO cross-border re-dispatch arrangement for the purpose of ensuring that operation remains within operational security limits may decide to maintain physical long-term transmission rights on its bidding zone borders.

4 The proposals referred to in paragraph 3 shall include a time schedule for implementation and at least the description of the following items specified in the allocation rules:

- a type of long-term transmission rights;
- b forward capacity allocation time frames;
- c form of product (base load, peak load, off-peak load);
- d the bidding zone borders covered.

5 The proposals shall be subject to consultation in accordance with Article 6. For the proposed long-term transmission rights to be issued, each TSO shall duly consider the result of the consultation.

6 The allocation of physical transmission rights and FTRs — options in parallel at the same bidding zone border is not allowed. The allocation of physical transmission rights and FTRs — obligations in parallel at the same bidding zone border is not allowed.

7 A review of long-term transmission rights offered on a bidding zone border may be launched by:

- a all regulatory authorities of the bidding zone border, at their own initiative; or
- b all regulatory authorities of the bidding zone border based upon a recommendation from the Agency or joint request by all TSOs of the concerned bidding zone border.

8 All TSOs in each capacity calculation region shall be responsible for undertaking the review as provided for in paragraph 9.

9 Each TSO involved in the review of long-term transmission rights shall:

- a assess the offered long-term transmission rights taking into account the characteristics in paragraph 4;
- b if considered necessary, propose alternative long-term transmission rights, taking into account the result of the assessment in subparagraph (a);
- c carry out a consultation in accordance with Article 6 regarding:
  - (i) the results of the assessment of the offered long-term transmission rights;
  - (ii) if applicable, the proposal for alternative long-term transmission rights.

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10 Following the consultation referred to in paragraph 9(c) and within three months of the issuance of the decision to launch a review, the TSOs of the capacity calculation region concerned shall jointly submit a proposal to the competent regulatory authorities to maintain or amend the type of long-term transmission rights.

#### *Article 32*

### **Physical transmission rights**

1 Each physical transmission right holder shall be entitled to nominate all or part of its physical transmission rights pursuant to Article 36.

2 Where the physical transmission rights holders do not make a nomination by the deadline specified in the nomination rules, they shall be entitled to obtain remuneration in accordance with Article 35.

#### *Article 33*

### **Financial transmission rights — options**

1 Holders of FTRs — options shall be entitled to obtain remuneration in accordance with Article 35.

2 The implementation of FTRs — options shall be subject to the application of day-ahead price coupling in accordance with Articles 38 to 50 of Regulation (EU) 2015/1222.

#### *Article 34*

### **Financial transmission rights — obligations**

1 Holders of FTRs — obligations shall be entitled to receive or obliged to pay the financial remuneration pursuant to Article 35.

2 The implementation of FTRs — obligations shall be subject to the application of day-ahead price coupling according to Articles 38 to 50 of Regulation (EU) 2015/1222.

#### *Article 35*

### **Principles for long-term transmission rights remuneration**

1 The relevant TSOs performing the allocation of transmission rights on a bidding zone border through the single allocation platform shall remunerate the long-term transmission rights holders in case the price difference is positive in the direction of the long-term transmission rights.

2 The holders of FTRs — obligations shall remunerate the relevant TSOs through the single allocation platform allocating transmission rights on a bidding zone border in case the price difference is negative in the direction of the FTRs — obligations.

3 The remuneration of long-term transmission rights in paragraphs 1 and 2 shall comply with the following principles:

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- a where the cross-zonal capacity is allocated through implicit allocation or another method resulting from a fallback situation in the day-ahead time frame, the remuneration of long-term transmission rights shall be equal to the market spread;
- b where the cross-zonal capacity is allocated through explicit auction in the day-ahead time frame, the remuneration of long-term transmission rights shall be equal to the clearing price of the daily auction.

4 In case allocation constraints on interconnections between bidding zones have been included in the day-ahead capacity allocation process in accordance with Article 23(3) of Regulation (EU) 2015/1222, they may be taken into account for the calculation of the remuneration of long-term transmission rights pursuant to paragraph 3.

### *Section 3*

#### ***Nomination procedures for physical transmission rights***

#### *Article 36*

#### **General provisions for physical transmission rights nomination**

1 Where TSOs issue and apply physical transmission rights on bidding zone borders, they shall enable physical transmission rights holders and/or their counterparties to nominate their electricity exchange schedules. Physical transmission rights holders may authorise eligible third parties to nominate their electricity exchange schedules on their behalf in line with the nomination rules in accordance with paragraph 3.

2 No later than 12 months after the entry into force of this Regulation, all TSOs issuing physical transmission rights on a bidding zone border shall submit to the relevant regulatory authorities' approval a proposal for nomination rules for electricity exchange schedules between bidding zones. The proposal shall be subject to consultation in accordance with Article 6. Nomination rules shall contain at least the following information:

- a the entitlement of a physical transmission rights holder to nominate electricity exchange schedules;
- b minimum technical requirements to nominate;
- c description of the nomination process;
- d nomination timings;
- e format of nomination and communication.

3 All TSOs shall progressively harmonise the nomination rules on all bidding zone borders on which physical transmission rights are applied.

4 Physical transmission rights holders, their counterparties where applicable or an authorised third party acting on their behalf shall nominate all or part of their physical transmission rights between bidding zones in compliance with the nomination rules.

5 In case allocation constraints on interconnections between bidding zones have been included in the day-ahead capacity allocation process in accordance with Article 23(3) of Regulation (EU) 2015/1222, they shall be taken into account in the proposal for nomination rules referred to in paragraph 2.

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## Section 4

### **Processes and operation**

#### Article 37

#### **Terms and conditions for participation in the forward capacity allocation**

1 Market participants shall be registered with the single allocation platform and meet all eligibility requirements under the harmonised allocation rules before being entitled to participate in the auctions or transfer their long-term transmission rights. The eligibility requirements shall comply with the principles of non-discrimination and transparency.

2 Following a market participant's request for registration, the single allocation platform shall notify the market participant whether it fulfils all eligibility requirements and is entitled to participate in the auctions or transfer its long-term transmission rights from a specified date.

3 Market participants shall fully comply with the harmonised allocation rules. They shall keep all information relating to their participation up to date and notify the single allocation platform of any changes to this information without delay.

4 The single allocation platform shall be entitled to suspend or withdraw a market participant's right to participate in the auctions or transfer its long-term transmission rights following a breach of its contractual obligations under the harmonised allocation rules.

5 The suspension or withdrawal of the right of the market participant to participate in the auctions or transfer its long-term transmission right pursuant to the harmonised allocation rules shall not exonerate a market participant or the single allocation platform from their obligations deriving from long-term transmission rights allocated and paid before the suspension or withdrawal.

#### Article 38

#### **Submission of input data to the single allocation platform**

Each TSO shall ensure that validated splitting of long-term cross-zonal capacity is submitted to the single allocation platform prior to the publication of the auction specification in accordance with Article 39.

#### Article 39

#### **Operation of the forward capacity allocation**

1 No later than the time specified in the harmonised allocation rules for each forward capacity allocation, an auction specification containing at least the following information shall be defined and published on the single allocation platform:

- a date and time of gate opening and gate closure of the auction;
- b validated splitting of long-term cross-zonal capacity and type of the long-term transmission rights that will be auctioned;
- c format of bids;
- d date and time of publication of auction results;
- e the period during which auction results can be contested.

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2 The published long-term cross-zonal capacity shall not be modified during a period prior to the gate closure of the auction. The harmonised allocation rules shall specify that period.

3 Each market participant shall submit its bids to the single allocation platform prior to the gate closure time and in accordance with the conditions set out in the auction specification.

4 The single allocation platform shall ensure the confidentiality of submitted bids.

#### *Article 40*

### **Pricing of the long-term transmission rights**

The price of long-term transmission rights for each bidding zone border, direction of utilisation and market time unit shall be determined based on the marginal price principle and expressed in euro per megawatt. In case the demand for the long-term cross-zonal capacity for a bidding zone border, direction of utilisation and market time unit is lower or equal to the offered long-term cross-zonal capacity, the price shall be zero.

#### *Article 41*

### **Financial requirements and settlement**

1 The single allocation platform shall provide invoicing or self-billing procedures for the settlement of debits or credits resulting from the allocation of long-term transmission rights, the return of long-term transmission rights and the remuneration of long-term transmission rights. The harmonised allocation rules shall specify those procedures.

2 In order to participate in the auctions, a market participant shall have sufficient collaterals to secure bids and allocated long-term transmission rights in accordance with the conditions set out in the harmonised allocation rules.

#### *Article 42*

### **Establishment of fallback procedures**

1 In the event that forward capacity allocation is unable to produce results, the default fallback procedure shall be the postponement of the forward capacity allocation.

2 All TSOs in each capacity calculation region shall be entitled to implement alternative coordinated fallback solutions. In such cases, all TSOs in each capacity calculation region shall develop a coordinated proposal for reliable fallback procedures.

#### *Article 43*

### **Return of long-term transmission rights**

1 Long-term transmission rights holders may return their long-term transmission rights to the relevant TSOs through the single allocation platform for subsequent forward capacity allocation.

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2 Long-term transmission rights holders willing to return their long-term transmission rights for subsequent forward capacity allocation shall notify this, directly or indirectly through a third party, to the single allocation platform as set out in the harmonised allocation rules.

3 Long-term transmission rights holders who return their long-term transmission rights shall be remunerated, directly or indirectly through a third party, by the relevant TSOs through the single allocation platform. Such remuneration shall be equal to the price resulting from the auction where the long-term transmission rights are reallocated.

#### *Article 44*

### **Transfer of long-term transmission rights**

1 Long-term transmission rights holders shall be entitled to transfer all or part of their long-term transmission rights to other market participants in accordance with the harmonised allocation rules.

2 The rules on admissibility and a list of market participants registered with the single allocation platform and eligible to transfer long-term transmission rights shall be published on the single allocation platform.

3 Long-term transmission rights holders shall notify the transfer of long-term transmission rights, directly or indirectly through a third party, to the single allocation platform in accordance with the harmonised allocation rules.

4 Market participants acquiring those long-term transmission rights shall confirm, in accordance with the harmonised allocation rules, directly or indirectly through a third party, to the single allocation platform the notification sent by the previous long-term transmission rights holder.

#### *Article 45*

### **Delivery of results**

1 The single allocation platform shall notify the TSOs responsible for the bidding zone border to which the long-term transmission rights are associated, the market participants and the long-term transmission rights holders about the result of the forward capacity allocation within the time frame provided in the auction specification.

2 The single allocation platform shall inform market participants about the execution status and clearing prices of their bids.

#### *Article 46*

### **Initiation of fallback procedures**

1 In the event that the single allocation platform is unable to deliver either the auction specification in accordance with Article 39 or part or all of the results of the forward capacity allocation within the time frame specified in the harmonised allocation rules, the TSOs responsible on the bidding zone border shall implement the fallback procedures established pursuant to Article 42.



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2 As soon as a failure to deliver the items referred to in paragraph 1 is identified, the single allocation platform shall notify the TSOs responsible on the bidding zone border. The single allocation platform shall notify market participants that fallback procedures may be applied.

#### *Article 47*

### **Publication of market information**

1 At least the following information for each bidding zone border and direction of utilisation shall be published on the single allocation platform:

- a auction specification in accordance with Article 39;
- b an indicative auction calendar setting out the type of long-term transmission rights to be offered and the dates when those long-term transmission rights shall be offered to market participants;
- c forward capacity allocation results in accordance with Article 29;
- d number of market participants in each auction;
- e list of eligible market participants for the transfer of long-term transmission rights;
- f the single allocation platform's contact details.

2 The relevant TSOs shall publish, through the single allocation platform, the information required referred to in paragraph 1 in accordance with the timing set out in the auction specification and in Regulation (EU) No 543/2013.

3 The single allocation platform shall ensure that historical data for a period of not less than five years is made publicly available.

## *CHAPTER 4*

### ***Single allocation platform***

#### *Article 48*

### **Establishment**

1 All TSOs shall ensure that the single allocation platform is operational and complies with the functional requirements specified in Article 49 within 12 months after the approval of the proposal for a common set of requirements and for the establishment of the single allocation platform. The competent regulatory authorities may extend this period upon request from the relevant TSOs due to delays relating to public procurement procedures by a period of no more than 6 months.

2 Forward capacity allocations on Direct Current interconnectors shall take place on the single allocation platform no later than 24 months after the approval as referred to in paragraph 1.

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## Article 49

### Functional requirements

1 Within six months after the entry into force of this Regulation, all TSOs shall submit to all regulatory authorities a common proposal for a set of requirements and for the establishment of the single allocation platform. The proposal shall identify different options for the establishment and governance of the single allocation platform, including the development by TSOs or by third parties on their behalf. The proposal by TSOs shall cover the general tasks of the single allocation platform provided for in Article 50 and the requirements for cost recovery in accordance with Article 59.

2 The functional requirements for the single allocation platform shall at least include:

- a the expected bidding zone borders to be covered;
- b the technical availability and reliability of provided services;
- c the operational processes;
- d the products to be offered;
- e the forward capacity allocation time frames;
- f the allocation methods and algorithms;
- g the principles of financial settlement and risk management of allocated products;
- h a harmonised contractual framework with market participants;
- i the data interfaces.

## Article 50

### General tasks

The relevant TSOs shall use the single allocation platform, at least, for the following purposes:

- (a) the registration of market participants;
- (b) providing a single point of contact to market participants;
- (c) the operation of auction procedures;
- (d) the financial settlement of allocated long-term transmission rights with market participants, including management of collaterals;
- (e) the cooperation with a clearing house, if required by the common rules for the implementation of FTRs — obligations pursuant to Article 34;
- (f) the organisation of a fallback procedure pursuant to Article 42 and 46;
- (g) enabling the return of long-term transmission rights pursuant to Article 43;
- (h) facilitating the transfer of long-term transmission rights pursuant to Article 44;
- (i) the publication of market information pursuant to Article 47;
- (j) providing and operating interfaces for data exchange with market participants.

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## CHAPTER 5

### **Harmonised allocation rules**

#### *Article 51*

#### **Introduction of harmonised allocation rules**

1 Within six months after the entry into force of this Regulation, all TSOs shall jointly develop a proposal for harmonised allocation rules for long-term transmission rights pursuant to Article 52(2). The proposal shall be subject to consultation in accordance with Article 6. This proposal shall include regional and bidding zone border specific requirements if developed by the TSOs of each capacity calculation region pursuant to Article 52(3).

2 Once the regional requirements have entered into force, they shall prevail over the general requirements defined in the harmonised allocation rules. In case the general requirements of the harmonised allocation rules are amended and submitted to all regulatory authorities' approval, the regional requirements shall also be submitted to regulatory authorities' approval of the concerned capacity calculation region.

#### *Article 52*

#### **Requirements for the harmonised allocation rules**

1 The requirements for the harmonised allocation rules for long-term transmission rights shall cover physical transmission rights, FTRs — options and FTRs — obligations. TSOs shall consider and duly take into account specificities related to the different types of products.

2 The harmonised allocation rules for long-term transmission rights shall follow the principles of non-discrimination and transparency and at least contain the following general requirements:

- a harmonised definitions and scope of applications;
- b a contractual framework between the single allocation platform and the market participants including provisions on the applicable law, the applicable language, confidentiality, dispute resolution, liability and *force majeure*;
- c harmonised UIOSI provisions in case of physical transmission rights pursuant to Article 32;
- d a description of the types of long-term transmission rights which are offered, including the remuneration principles pursuant to Article 35;
- e principle description of the applicable nomination rules pursuant to Article 36;
- f harmonised provisions on eligibility and entitlement, suspension and renewal and costs of participation pursuant to Article 37;
- g a description of the forward capacity allocation process including at least provisions on auction specification, submission of bids, publication of auction results, contestation period and fallback procedures pursuant to Articles 37, 38, 39, 42, 43 and 44;
- h harmonised provisions on financial requirements and settlement pursuant to Article 41;
- i harmonised provisions for the return of long-term transmission rights pursuant to Article 43;
- j harmonised provisions for notification of transfer of long-term transmission rights pursuant to Article 44;
- k provisions on firmness and compensation rules pursuant to Article 53 and Article 55;

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- 1 harmonised provisions concerning netting policies and financial collaterals for FTRs — obligations, where applicable.
- 3 The harmonised allocation rules may also contain regional or bidding zone border specific requirements in particular for, but without limitation to:
  - a the description of the type of long-term transmission rights which are offered on each bidding zone border within the capacity calculation region pursuant to Article 31;
  - b the type of long-term transmission rights remuneration regime to be applied on each bidding zone border within the capacity calculation region according to the allocation in the day-ahead time frame pursuant to Article 35;
  - c the implementation of alternative coordinated regional fallback solutions pursuant to Article 42;
  - d the regional compensation rules defining regional firmness regimes pursuant to Article 55.

## *CHAPTER 6*

### ***Firmness of allocated cross-zonal capacity***

#### *Article 53*

#### **General firmness provisions**

- 1 All TSOs shall be entitled to curtail long-term transmission rights to ensure operation remains within operational security limits prior to the day-ahead firmness deadline. Where TSOs curtail long-term transmission rights, they shall report this to the respective regulatory authorities and also publish the factual reasons that lead to the curtailment.
- 2 The concerned TSOs on the bidding zone border where long-term transmission rights have been curtailed shall compensate the holders of curtailed long-term transmission rights with the market spread.

#### *Article 54*

#### **Definition of caps**

- 1 The concerned TSOs on a bidding zone border may propose a cap on the total compensation to be paid to all holders of curtailed long-term transmission rights in the relevant calendar year or the relevant calendar month in case of Direct Current interconnectors.
- 2 The cap shall not be lower than the total amount of congestion income collected by the concerned TSOs on the bidding zone border in the relevant calendar year. In case of Direct Current interconnectors, TSOs may propose a cap not lower than the total congestion income collected by the concerned TSOs on the bidding zone border in the relevant calendar month.
- 3 In case of several interconnectors operated by different TSOs on the same bidding zone border and subject to different regulatory regimes overseen by regulatory authorities, the total congestion income used for calculation of capped compensation pursuant to paragraph 2 may be dissociated between each interconnector. Such a division shall be proposed by the concerned TSOs and approved by the competent regulatory authorities.

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## Article 55

### Compensation rules

Where TSOs propose to apply a cap referred to in Article 54, they shall jointly propose a set of compensation rules with regard to the applied cap.

## Article 56

### Firmness in the event of *force majeure*

1 In the event of *force majeure*, TSOs may curtail long-term transmission rights. Such curtailment shall be undertaken in a coordinated manner following liaison with all TSOs directly affected.

2 The TSO which invokes the *force majeure* shall publish a notification describing the nature of the *force majeure* and its probable duration.

3 In the event of curtailment due to *force majeure* the concerned holders of long-term transmission rights shall receive compensation for the period of that *force majeure* by the TSO which invoked the *force majeure*. In this case, the compensation shall be equal to the amount initially paid for the concerned long-term transmission right during the forward allocation process.

4 The TSO which invokes a *force majeure* shall make every possible effort to limit the consequences and duration of the *force majeure*.

5 Where a Member State has so provided, upon request by the TSO concerned, the national regulatory authority shall assess whether an event qualifies as *force majeure*.

## CHAPTER 7

### Congestion income distribution

## Article 57

### Congestion income distribution methodology

1 Within six months after the approval of the methodology for sharing congestion income referred to in Article 9(6) of Regulation (EU) 2015/1222, all TSOs shall jointly develop a proposal for a methodology for sharing congestion income from forward capacity allocation.

2 When developing the methodology referred to in paragraph 1, TSOs shall take into account the methodology for sharing congestion income developed in accordance with Article 73 of Regulation (EU) 2015/1222.

3 When developing the methodology for sharing congestion income from forward capacity allocation, the requirements set in Article 73 of Regulation (EU) 2015/1222 shall apply.

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## CHAPTER 8

### Cost recovery

#### Article 58

##### General provisions on cost recovery

- 1 Costs incurred by TSOs arising from obligations in this Regulation shall be assessed by all regulatory authorities.
- 2 Costs assessed as reasonable, efficient and proportionate shall be recovered in a timely manner through network tariffs or other appropriate mechanisms as determined by the competent regulatory authorities.
- 3 If requested by regulatory authorities, relevant TSOs shall, within three months of the request, provide information necessary to facilitate the assessment of the costs incurred.

#### Article 59

##### Cost of establishing, developing and operating the single allocation platform

All TSOs issuing long-term transmission rights on the single allocation platform shall jointly bear the costs related to the establishment and operation of the single allocation platform. Within six months of entry into force of this regulation, all TSOs shall propose a methodology for sharing these costs, which shall be reasonable, efficient and proportionate, for example on the basis of principles similar to those provided under Article 80 of Regulation (EU) No 2015/1222.

#### Article 60

##### Cost of establishing and operating the coordinated capacity calculation process

- 1 Each TSO shall individually bear the costs related to the provision of inputs to the capacity calculation.
- 2 All TSOs shall jointly bear the costs related to the establishment and operation of merging the individual grid models.
- 3 All TSOs in each capacity calculation region shall bear costs of establishing and operating the coordinated capacity calculators.

#### Article 61

##### Cost of ensuring firmness and remuneration of long-term transmission rights

- 1 The cost of ensuring firmness shall include costs incurred from compensation mechanisms associated with ensuring firmness of cross-zonal capacities as well as the cost of re-dispatching, countertrading and imbalance associated with compensating market participants and be borne by TSOs, to the extent possible in accordance with Article 16(6)(a) of Regulation (EC) No 714/2009.

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2 When fixing or approving transmission tariffs or other appropriate mechanism in accordance with Article 37(1)(a) of Directive 2009/72/EC, and having regard to Article 14(1) of Regulation (EC) No 714/2009, regulatory authorities shall consider compensation payments as eligible costs provided that they are reasonable, efficient and proportionate.

3 Within six months after the approval of the methodology for sharing congestion income referred to in Article 57, all TSOs shall jointly develop a methodology for sharing costs incurred to ensure firmness and remuneration of long-term transmission rights. This methodology shall be consistent with the methodology for sharing congestion income from forward capacity allocation as referred to in Article 57.

### TITLE III

## DELEGATION OF TASKS AND MONITORING

### *Article 62*

#### **Delegation of tasks**

1 A TSO may delegate all or part of any task assigned to it under this Regulation to one or more third parties in the case the third party can carry out the respective function at least as effectively as the delegating TSO. The delegating TSO shall remain responsible for ensuring compliance with the obligations under this Regulation, including ensuring access to information necessary for monitoring by the regulatory authority.

2 Prior to the delegation, the third party concerned shall have clearly demonstrated to the delegating TSO its ability to meet each of the obligations of this Regulation.

3 In the event that all or part of any task specified in this Regulation is delegated to a third party, the delegating TSO shall ensure that suitable confidentiality agreements in accordance with the confidentiality obligations of the delegating TSO have been put in place prior to delegation.

### *Article 63*

#### **Monitoring**

1 ENTSO for Electricity shall monitor the implementation of forward capacity allocation and the establishment of single allocation platform in accordance with Article 8(8) of Regulation (EC) No 714/2009. Monitoring shall cover in particular the following matters:

- a the progress and potential problems with the implementation of forward capacity allocation, including fair and transparent access for market participants to long-term transmission rights;
- b the effectiveness of the methodologies for splitting long-term cross-zonal capacity in accordance with Article 16;
- c the report on capacity calculation and allocation in accordance with Article 26;
- d the effectiveness of the operation of the forward capacity allocation and the single allocation platform.

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2       ENTSO for Electricity shall submit a monitoring plan which includes the reports to be prepared and any updates in accordance with paragraph 1, to the Agency for an opinion by six months after entry into force of this Regulation.

3       The Agency, in cooperation with ENTSO for Electricity, shall draw up within six months after the entry into force of this Regulation a list of the relevant information to be communicated by ENTSO for Electricity to the Agency in accordance with Articles 8(9) and 9(1) of Regulation (EC) No 714/2009. The list of relevant information may be subject to updates. ENTSO for Electricity shall maintain a comprehensive, standardised format, digital data archive of the information required by the Agency. All TSOs shall submit to ENTSO for Electricity the information required to perform the tasks in accordance with paragraphs 1 and 3.

4       Market participants and other relevant organisations regarding forward capacity allocation shall, at the joint request of the Agency and ENTSO for Electricity, submit to ENTSO for Electricity the information required for monitoring in accordance with paragraphs 1 and 3, except for information already obtained by the regulatory authorities, the Agency or ENTSO for Electricity in the context of their respective implementation monitoring tasks.

#### TITLE IV

### FINAL PROVISIONS

#### *Article 64*

#### **Entry into force**

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 26 September 2016.

*For the Commission*

*The President*

Jean-Claude JUNCKER



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- (1) [OJ L 211, 14.8.2009, p. 15.](#)
- (2) Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management ([OJ L 197, 25.7.2015, p. 24.](#))
- (3) Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators ([OJ L 211, 14.8.2009, p. 1.](#))
- (4) Commission Regulation (EU) No 543/2013 of 14 June 2013 on submission and publication of data in electricity markets and amending Annex I to Regulation (EC) No 714/2009 of the European Parliament and of the Council ([OJ L 163, 15.6.2013, p. 1.](#))
- (5) Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC ([OJ L 211, 14.8.2009, p. 55.](#))

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