



**Agreement on approval by all Core Regulatory Authorities
agreed at the Core Energy Regulators' Regional Forum**

on

**The Core Capacity Calculation Region TSOs' "Regional
Specific Annex for the CCR Core to the Harmonised
Allocation Rules for long-term transmission rights in
accordance with Article 52 of Commission Regulation (EU)
2016/1719 of 26 September 2016 establishing a Guideline
on Forward Capacity Allocation" dated 18 July 2019**

(2nd Amendment)

2 October 2019

I. Introduction and legal context

The Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (“Regulation 2016/1719”) entered into force on 17 October 2016. Regulation 2016/1719 sets out 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.

This document elaborates an agreement of all Regulatory Authorities of the Core Capacity Calculation Region (“CCR”) on 2 October 2019, on the 2nd Amendment of **Regional Specific Annex for CCR Core to the Harmonised Allocation Rules for long-term transmission rights in accordance with Article 52 of Regulation 2016/1719** (hereafter referred to as respectively “the 2nd Amendment of the CCR Core Annex to HAR”), as submitted by the last TSO on 8 August 2019 pursuant to Article 4(12) and 4(7)(e) respectively of Regulation 2016/1719. This amended CCR Core Annex to HAR constitutes an Annex to the harmonised allocation rules for long-term transmission rights on EU level (HAR) in accordance with Article 51 of Regulation 2016/1719.

This agreement of all Core Regulatory Authorities (ACM, AGEN-RS, ANRE, BNetzA, CRE, CREG, E-Control, ERU, HEA, HERA, ILR, URE, URSO) shall provide evidence that a decision on the 2nd amendment of CCR Core Annex to HAR does not, at this stage, need to be adopted by ACER pursuant to Article 4(10) of Regulation 2016/1719. This agreement is intended to constitute the basis on which all Core Regulatory Authorities will each subsequently adopt a decision on the 2nd Amendment of CCR Core Annex to HAR pursuant Article 4(7)(e) of Regulation 2016/1719.

The legal provisions relevant to the submission and approval of the 2nd Amendment of CCR Core Annex to HAR Proposal can be found in Articles 3, 4, 51-52 and 54 of Regulation 2016/1719. They are set out here for reference.

The term ‘allocation rules’ is defined in Article 2(1) of Regulation 2016/1719 and means the rules for forward capacity allocation applied by the single allocation platform.

Article 3 of Regulation 2016/1719:

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 of Regulation 2016/1719:

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. (...)

3. (...)

4. (...)

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

6. (...)

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

(...)

(e) the regional requirements of the harmonised allocation rules pursuant to Article 52, including the regional compensation rules pursuant to Article 55;

8. (...)

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. (...)

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. (...)

Article 51 of Regulation 2016/1719

- 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 of Regulation 2016/1719

- 1. (...)*
- 2. (...)*
- 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.

Article 54 of Regulation 2016/1719

- 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.*

II. The Regional Specific Annex for CCR Core to the Harmonised Allocation Rules for long-term transmission rights

Article 51 (1) of Regulation 2016/1719 requires that all TSOs shall jointly develop a proposal for harmonised allocation rules for long-term transmission rights pursuant to Article 52(2) within six months after the entry into force of this Regulation. 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).

Article 4 (12) states that 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.

All Core TSOs organized, from 20 May 2019 until 20 June 2019, a public consultation on the draft 2nd Amendment of CCR Core Annex to HAR. The public consultation has been organized by ENTSO-E on behalf of Core TSOs, via the online ENTSO-E Consultation Hub.

By 8 August 2019, all TSOs in the Core CCR submitted the 2nd Amendment of CCR Core Annex to HAR to their respective Regulatory Authority. The proposal includes proposed timescales for its implementation. The description of the expected impact of the objectives of Regulation 2016/1719 was not explicitly repeated since CCR Core Annex to HAR constitutes an Annex to the HAR in accordance with Article 51 of Regulation 2016/1719 where the expected impact on the objectives of the Regulation is provided.

Thus, the draft of the 2nd Amendment of CCR Core Annex to HAR covers:

- the introduction of a cap on compensation that shall be applicable to the BE-DE/LU border with the go-live of a new interconnector at this border foreseen in 2020 in accordance with Article 59(2) of the HAR.
- the removal of border specific stipulations for the Hungarian/Romanian bidding zone border according to Article 21 of the previous HAR Annex 1.

Within six months following the receipt of the 2nd Amendment of CCR Core Annex to HAR by the last Regulatory Authority concerned, i.e. by 8 February 2020, each Core Regulatory Authority shall take a decision concerning the 2nd Amendment of CCR Core Annex to HAR.

III. All Core NRAs' position

- a) On the introduction of a cap on compensation that shall be applicable to the BE-DE/LU border in accordance with Article 59(2) of the HAR

Considering Article 54 of Regulation 2016/1719 on the "*Definition of caps*" all Core Regulatory Authorities find the 2nd amendment of CCR Core Annex to HAR compliant with requirements of Regulation 2016/1719.

- b) On the removal of border specific stipulations for the Hungarian/Romanian bidding zone border according to Article 21 of the previous HAR Annex 1

All Core Regulatory Authorities take note of the removal of border specific stipulations for the Hungarian/Romanian bidding zone border according to Article 21 of the previous HAR Annex 1 and have no further comment or requirement on the proposed changes.

IV. Conclusion

All Core Regulatory Authorities have assessed, consulted and closely cooperated and coordinated to reach the agreement that the 2nd amendment of CCR Core Annex to HAR meets the requirements of Regulation 2016/1719 and as such can be approved by all Core Regulatory Authorities.

All Core Regulatory Authorities must therefore make their decisions, on the basis of this agreement, by 8 February 2020. The 2nd amendment of CCR Core Annex to HAR will be adopted upon the decision of the last Core Regulatory Authority concerned.

Following the national decisions by all Core Regulatory Authorities, all Core TSOs will be required to publish the 2nd amendment of CCR Core Annex to HAR as approved, in line with Article 4(13) of Regulation 2016/1719. All Core TSOs must respect the implementation deadlines provided in Article 22 of the 2nd amendment of CCR Core Annex to HAR.