



AGREEMENT OF THE CORE REGULATORY AUTHORITIES

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 24 JUNE 2021**

(3rd Amendment)

02.12.2021

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 and was amended by the Commission Implementing Regulation (EU) 2021/280 of 22 February 2021 amending Regulations (EU) 2015/1222, (EU) 2016/1719, (EU) 2017/2195 and (EU) 2017/1485 in order to align them with Regulation (EU) 2019/943. 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 December 2021 on the proposal for the 3rd Amendment of the **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: “3rd Amendment of the CCR Core Annex to HAR proposal”), as submitted by the last TSO on 22 October 2021 pursuant to Articles 4(12) and 4(7)(e) of Regulation 2016/1719. This 3rd Amendment of the CCR Core Annex to HAR proposal constitutes an Annex to the harmonised allocation rules for long-term transmission rights on EU level (HAR) in accordance with Articles 51 and 52 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 3rd Amendment of the CCR Core Annex to HAR proposal 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 3rd Amendment of the CCR Core Annex to HAR proposal pursuant to Article 4(7)(e) of Regulation 2016/1719.

The legal provisions relevant to the submission and approval of the 3rd Amendment of the 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(3) 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. In exceptional circumstances, notably in cases where a deadline cannot be met due to circumstances external to the sphere of TSOs, the deadlines for terms and conditions or methodologies may be prolonged by the Agency in procedures pursuant to paragraph 6, and jointly by all competent regulatory authorities in procedures pursuant to paragraph 7. 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 or where applicable the Agency, as the case may be, shall be responsible for approving the terms and conditions or methodologies referred to in paragraphs 6 and 7. Before approving the terms and conditions or methodologies, the Agency or the competent regulatory authorities shall revise the proposals where necessary, after consulting the respective TSOs, in order to ensure that they are in line with the purpose of this Regulation and contribute to market integration, non-discrimination, effective competition and the proper functioning of the market.*

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 in accordance with paragraph 7 or the amendment in accordance with paragraph 11 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 Agency or, where applicable, by the regulatory authority or, where applicable, by the last regulatory authority concerned. The period shall begin on the day following that on which the proposal was submitted to the Agency in accordance with paragraph 6 or to the last regulatory authority concerned in accordance with paragraph 7.

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, or upon the Agency's request according to the third subparagraph of Article 5(3) of Regulation (EU) 2019/942, the Agency shall adopt a decision concerning the submitted proposals for terms and conditions or methodologies within 6 months, in accordance with Article 5(3) and the second subparagraph of Article 6(10) of Regulation (EU) 2019/942.*

11. (...)

12. *The Agency or the regulatory authorities jointly, where they are responsible for the adoption of terms and conditions or methodologies in accordance with paragraphs 6 and 7, may respectively request proposals for amendments of those terms and conditions or methodologies and determine a deadline for the submission of those proposals. TSOs responsible for developing a proposal for terms and conditions or methodologies may propose amendments to regulatory authorities and the Agency.*

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 3 May 2021 until 3 June 2021, a public consultation on the draft 3rd Amendment of the CCR Core Annex to HAR proposal. The public consultation has been organized by ENTSO-E on behalf of Core TSOs, via the online ENTSO-E Consultation Hub.¹

By 22 October 2021, the last TSO in the Core CCR submitted the 3rd Amendment of the CCR Core Annex to HAR proposal (dated 24 June 2021) to its respective Regulatory Authority. The description of the expected impact on 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 3rd Amendment of the CCR Core Annex to HAR proposal includes only one modification in relation to the current CCR Core Annex to HAR, i.e. a new Article 16 that includes the future Hungary – Slovenia (HU-SI) bidding zone border where a cap on compensation will be applicable after this bidding zone becomes effective.

Within six months following the receipt of the 3rd Amendment of the CCR Core Annex to HAR proposal by the last Regulatory Authority concerned, i.e. by 22 April 2022, each Core Regulatory Authority shall take a decision concerning the 3rd Amendment of the CCR Core Annex to HAR proposal.

III. All Core NRAs' position

On the introduction of a cap on compensation that shall be applicable to the bidding zone border Hungary - Slovenia in accordance with Article 59(2) of the HAR, all Regulatory Authorities of the Core CCR find the 3rd Amendment of the CCR Core Annex to HAR proposal compliant with the requirements of Regulation 2016/1719 considering *inter alia* Article 54 of this Regulation.

IV. Core NRAs amendment

Footnote 1 is no longer needed as the bidding zone border Belgium - Germany/Luxembourg is already in operation at the date of the submission of this 3rd amendment². The removal of the related footnote is then to be considered as a correction which is only factual and doesn't induce any change in the

¹ See <https://consultations.entsoe.eu/markets/harmonised-allocation-rules-review-of-main-body-an/> (last viewed on 23 November 2021).

² The inauguration of ALEGrO at the bidding zone border Belgium - Germany/Luxembourg took place on 9 November 2020. The commercial operation started on 18 November 2020 for day-ahead and on 8 December 2020 for intraday. The allocation of long-term capacity started at the beginning of 2021.

rules established in accordance with article 52 of FCA. For this reason, the Regulatory Authorities of the Core CCR decided to approve the proposal after deleting footnote 1.

V. Conclusion

The Regulatory Authorities of the Core CCR have consulted, closely cooperated and coordinated to jointly agree that they shall approve the 3rd Amendment of the CCR Core Annex to HAR proposal (in accordance with the concrete amendment as presented in the document attached to this position paper) after removing footnote 1.

Following the national decisions by all Regulatory Authorities of the Core CCR to be issued on the basis of this agreement, all Core TSOs will be required to publish the CCR Core Annex to HAR as approved, in line with Article 4(13) of Regulation 2016/1719. All Core TSOs must implement the amended CCR Core Annex to HAR after its entering into force in line with Article 23 of the CCR Core Annex to HAR.