

**REQUEST FOR AMENDMENT BY THE SEE CCR  
REGULATORY AUTHORITIES AGREED AT THE SEE  
CCR ENERGY REGULATORS' REGIONAL FORUM**

**OF**

**THE SEE CCR TSOs PROPOSAL FOR DESIGN OF  
LONG TERM TRANSMISSION RIGHTS**

**12 December 2017**

## I. Introduction and legal context

This document elaborates an agreement of the SEE CCR Regulatory Authorities, made at the SEE CCR Energy Regulators' Regional forum on 12 December 2017, on the SEE CCR TSOs Proposal for design of Long Term Transmission Rights (LTTR), submitted in accordance with Article 31 of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation (Regulation 2016/1719).

This agreement of the SEE CCR Regulatory Authorities shall provide evidence that a decision on the design for LTTR does not, at this stage, need to be adopted by ACER pursuant to Article 4(10) of the Regulation 2016/1719. It is intended to constitute the basis on which the SEE CCR Regulatory Authorities will each subsequently request an amendment to the proposal for the design for LTTR pursuant to Article 4(11) Regulation 2016/1719 .

The legal provisions providing the design for LTTR, and this SEE CCR Regulatory Authorities agreement on the request for amendment on the design for LTTR, can be found in Articles 3, 4, and 31 of Regulation 2016/1719, as follows.

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:*
  - (a) (...)*
  - (b) (...)*

- (c) *the regional design of long-term transmission rights pursuant to Article 31;*
  - (d) (...)
  - (e) (...)
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 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. (...)
  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. (...)
  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 31 of Regulation 2016/1719:

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 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 (...).*
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. (...)
- 8. (...)
- 9. (...)
- 10. (...)

## **II. The SEE CCR TSOs proposal**

The proposal for the design for LTTR was consulted by the SEE CCR TSOs from 20 February 2017 to 20 March 2017, in line with Articles 31 and 6 of Regulation 2016/1719. The final SEE CCR TSOs proposal for the design for LTTR, dated April 2017, was received by the last Regulatory Authority of the SEE CCR on 15 June 2017. The proposal includes a time schedule for implementation and thus, is effective from 2018 allocation.

Article 4(9) of Regulation 2016/1719 requires SEE Regulatory Authorities to consult and closely cooperate and coordinate with each other in order to reach agreement and make decisions within six months following receipt of submissions of the last Regulatory Authority concerned. A decision is therefore required by each Regulatory Authority by 15 December 2017.

The SEE CCR TSOs proposal for the design for LTTR specifies the features of the LTTR to be issued on the Greece-Bulgaria and Bulgaria-Romania bidding zone borders. In particular for the above mentioned borders:

- (a) LTTR are PTR with UIOSI principle;
- (b) LTTR are allocated on a yearly and monthly timeframes;
- (c) LTTR are offered as base load products that may include reduction periods and are offered on the hourly basis for allocation time frames.

## **III. SEE CCR Regulatory Authority position**

The SEE CCR TSOs proposal for design for LTTR refers to the Harmonised Allocation Rules defined by all TSOs pursuant to Article 51 of Regulation 2016/1719, in their version currently in force, as approved by ACER decision 03/2017 issued on 2 October 2017.

The proposed type of LTTR, as well as the proposed timeframes are in line with current practices, and SEE CCR Regulatory Authorities note that no feedback from market participants was received during the public consultation process on the type of LTTR. SEE CCR Regulatory Authorities also consider that offering base load products well represent market participants needs; besides, since maintenance periods could have a significant impact on the available transmission capacity for the Greece-Bulgaria and Bulgaria-Romania bidding zone borders, SEE CCR Regulatory Authorities consider that the possibility of including reduction periods is justified in order to increase, on average, the capacity offered to the market on the long term timeframe.

However, SEE CCR Regulatory Authorities deem it important the proposal for design for LTTR to be compliant with the provisions of Article 31(2) of Regulation 2016/1719. Thus, any reference to the “Allocation Platform defined by HAR” or in general “Allocation Platform” should be replaced by the “single allocation platform”, through which the long-term cross-zonal capacity shall be offered.

Furthermore, given that not all SEE CCR TSOs have been able to join an auction office for the conduct of the long-term cross-zonal capacity auctions for 2018 and thereafter, therefore they have requested the postponement by one year of the implementation of HAR and of the SEE HAR Regional Annex for all the SEE bidding zone borders, SEE CCR Regulatory Authorities consider that the regional design of LTTR shall be implemented on all bidding zone borders of SEE CCR from 2019 allocation onwards or earlier if this is possible.

## **IV. Conclusions**

In order for the proposal of the design for LTTR in the SEE CCR to be compliant with Regulation 2016/1719 and to reflect the actual implementation timescale, the SEE CCR Regulatory Authorities have assessed, consulted and closely cooperated and coordinated to reach agreement to request an amendment by the SEE CCR TSOs to the proposal of the design for LTTR.

This amendment should contain the following elements:

1. Any reference to the “Allocation Platform” should be replaced by the “single allocation platform”, as defined in Regulation 2016/1719.
2. The regional design of LTTR shall be implemented on all bidding zone borders of SEE CCR from 2019 allocation onwards or earlier if this is possible.

The amended proposal for design for LTTR shall take into account the SEE CCR NRAs position stated above, and shall be submitted by all SEE CCR TSOs no later than 2 months following the requirement from the regulatory authorities, in accordance with Article 4(11) of Regulation 2016/1719.