

**ACER decision approving amendments to the harmonised allocation rules
for long-term transmission rights – Annex II**

Evaluation report

Public consultation on the amendment of harmonised allocation rules for long-term transmission rights

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1. Introduction

On 27 March 2025, all transmission system operators ('TSOs') submitted a proposal for an amendment of the harmonised allocation rules ('HAR') in accordance with Article 51 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation to ACER.

In order to take an informed decision and in accordance with Article 14(1) of Regulation (EU) 2019/942, ACER launched a public consultation on 24 April 2025 inviting all market participants to provide comments on the Proposal. The closing date for comments was 22 May 2025. This document provides ACER's summary and evaluation of these responses.

2. Evaluation of responses

By the end of ACER's consultation period four responses were submitted. This section summarises all the respondents' comments and how these were considered by ACER. The tables below are organised according to the consultation questions and provide the respective views from the respondents, as well as a response from ACER clarifying how their comments were considered in the present Decision.

ACER would like to point out that for the sake of brevity and clarity of this document some arguments brought forward in the responses were summarised. For transparency reasons, the original and non-confidential responses to the public consultations are published [here](#).

2.1 Public consultation for ACER's decision on HAR amendments

Respondents' replies	ACER views
1. For the proposed limitations towards hourly granularity in the HAR, do you see a need to align the granularity with the day-ahead market time unit?	
Two respondents answered with YES and two respondents selected that they don't have an opinion as an answer to this question.	
Three respondents provided further comments to this question	
Three respondents (EDF; Energy Traders Europe; Eurelectric) stress the need to nominate physical transmission rights on the granularity of the day-ahead market time unit (i.e. 15 minutes)	While ACER generally questions the need of physical transmission rights compared to the available alternative of financial transmission, ACER understands that any need the nomination of physical transmission rights may relate to the granularity of the market time unit in SDAC. Following ACER's revisions to the TSOs' proposal, the HAR does refer to the relevant nomination rules in accordance with Article 36(2)

	of the FCA Regulation for the time granularity for the nomination of physical transmission rights. If such rules require a nomination per day-ahead market time unit (i.e. 15 minutes) the single allocation platform has to accommodate for nominations at such granularity. Considering this and the upcoming shift to 15 minutes market time units in SDAC, ACER recommends all TSOs and regulatory authorities to review existing nomination rules.
Three respondents (EDF; Energy Traders Europe; Eurelectric) shared the need to improve the clarity concerning the provision for the remuneration of LTTRs with a 15 minutes market time unit in SDAC.	ACER agrees to the need to improve the clarity of the TSOs' proposal in this regard and improved the proposal accordingly.

2. Do you consider the proposed amendments for clarifying the use of prices in case of decoupling situation sufficiently clear for the HAR?

Four respondents answered with **NO** to this question and complemented their answers with further comments.

One respondent (Danish District Heating Association) states that the proposed provisions are legitimizing the used approach for paying out LTTRs in the decoupling event of 25 June 2024 and explain the related negative impact for hedging with LTTRs to Germany and a German future product. More specifically, the respondent mentions the losses occurred by market participants because the LTTRs and the futures issued by EEX did not use the same underlying day ahead price for their settlement (i.e. SDAC price for LTTRs; decoupled EPEX price for EEX). The respondent further points out that the participation in shadow auctions, which could be used to mitigate the risk related to different settlement prices, is not possible for many LTTR holders, since this would require nomination possibilities in both sides of the bidding zone border. Considering these problems, the respondent proposes three possible solutions:	ACER shares the respondent's understanding that the proposed provisions are clarifying that in case of a partial decoupling the SDAC price is used to remunerate LTTRs and that this approach was also followed for the settlement of LTTRs following the decoupling event of 25 June 2025. ACER understands that some market participants faced significant losses during the partial decoupling event from 25 June 2024. In this event the decoupled NEMO EPEX had a different day-ahead price than SDAC which provided a day-ahead price based on the order books of remaining coupled NEMOs and the allocation of cross-zonal capacities. Subsequently these different day-ahead prices also had an impact on the hedging position of many market participants since EEX futures are settled with the EPEX price and not necessarily the SDAC price. Following this event, ACER, NEMOs, TSOs, the European Commission and market participants are working together aiming to improve the rules for decoupling to ensure a single day-ahead reference price and improved fallback solution in
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• LTTRs are remunerated based on the highest price difference between the two bidding zones based on the coupled and decoupled market prices. Or • LTTRs are remunerated based on which day-ahead market was most liquid (the coupled or the decoupled). Or • Make all standard exchange traded forwards/futures remunerate the same way as LTTRs. I.e. not based on EPEX' prices, if EPEX decouple. (This is probably out of scope for HAR).	case of decoupling as well as minimising the likelihood of decoupling. ACER expects the required improvements of rules for decoupling to avoid another case with more than a single day-ahead reference price. The use of a single local reference price in case of decoupling is foreseen in accordance with Article 48(2)(b) of Annex I to this Decision.
Three respondents (EDF; Energy Traders Europe; Eurelectric) explicitly request further clarifications concerning the use or calculation of the local reference price. Two of these respondents (EDF; Energy Traders Europe) share their interpretation the proposal that the local reference price is the shadow (auction) price.	ACER agrees to the need of further clarifying these provisions. ACER revised the relevant provision by referring to the price of the single NEMO or the price defined in multiple NEMO arrangement pursuant to Article 45 of the CACM Regulation. While ACER considers that these revisions provide sufficient clarity in the HAR, ACER recommends all TSOs and NRAs, where a multiple NEMO arrangement is in place, to review these and ensure that they include rules for a single reference price per bidding zone. This solution is considered temporary and following the entry into force of CACM 2.0 we expect that a more harmonised solution will be developed in CACM Regulation and in the subsequent methodologies.
Two respondents (EDF; Eurelectric) acknowledge that the market coupling fallback processes are under current re-consideration and propose to amend the HAR only after these are clarified.	While the work to improve the current fallback processes are on-going, it is expected that most of the measures can only take effect after entry into force of CACM 2.0. Thereby, ACER agrees to TSOs' initiative to update the HAR expediently which aims for sufficient clarity on how to handle LTTRs in decoupling situations under the existing legal framework. Some measures following the latest decoupling incidents (e.g. revising multiple NEMO arrangements) should be adopted without undue delay and are already considered or compatible with the provisions of Annex I. Other discussed possibly more fundamental changes, such as a change to more efficient fallback procedures, will take more time to be concluded on and subsequently implemented. ACER does not agree to wait for the conclusions on all

	discussions concerning market coupling fallback processes, since this would not allow for sufficient clarity in the HAR for current application.
One respondent (Eurelectric) points out that the potential existence of different national legislation determining local reference prices in case of full decoupling is a source of uncertainty.	ACER revised the relevant provision by referring to the price of the single NEMO or the price defined in multiple NEMO arrangement pursuant to Article 45 of the CACM Regulation. ACER has invited TSOs and NRAs to coordinate and harmonise these multi-NEMO arrangements. While this approach does not guarantee full harmonisation, ACER considers that full harmonisation can only be achieved under the new legal framework of CACM 2.0.
3. Do you see a need for publishing a complete list of registered participants on top of the published lists of market participants who acquired LTTRs?	
One respondent selected to have no opinion as an answer to this question and three respondents answered YES and provided the following comments.	
One respondent (Eurelectric) shares general support for transparency but sees no added value in publishing a complete list of registered participants. The respondent does not oppose the publication of this list on top of the publication of MPs acquiring LTTRs.	ACER shares the respondents view on importance of transparency in wholesale electricity markets and acknowledges the perceived lack of value of having the additional publication. Therefore, ACER does not see a sufficient reason to revise the TSOs proposal in this regard, which may cause costs for the SAP and TSOs.
One respondent (Energy Traders Europe) advocates for transparency in the energy markets and states that this step will provide additional transparency without adding any unnecessary costs. The respondent points out that a list of market participants who acquired an LTTR is needed and asks for publishing two lists.	ACER generally agrees to the importance of transparency in the energy markets. However, while the SAP and TSOs claim that there will be costs for providing such list, ACER did not receive feedback to its public consultation which entails a concrete need for a published list of all registered market participants. ACER agrees to the need of having a published list of all market participants who acquired an LTTR in an auction, which still remains a requirement in the HAR, while the list of all registered market participants will remain available via the SAP's auction tool.
One respondent (EDF) states that that a published list of all registered market participants could be useful if it is published additionally to the list of market participant who acquired an LTTR in an auction.	ACER notes that the respondent did not describe a concrete need for the publication of a list with all registered market participants. Therefore, ACER does not see a sufficient reason to revise the TSOs proposal in this regard, which may

cause costs for the SAP and TSOs. A list of all registered market participants will remain available via the SAP's auction tool.

4. Do you have comments on other amendments proposed by the TSOs?

Three respondents provided an answer to this question.

Two respondents (Energy Traders Europe; Eurelectric) share concerns about long-term flow-based allocation. More specifically they share the following views:

One of these respondents (Energy Traders Europe) states that while benefits in day-ahead and intraday markets have been proven, in the forward markets, where TSOs do not manage actual flows, flow-based methodology could increase costs of hedging, limit cross-border capacity in certain borders (with already strained liquidity) and decrease transparency.

The respondent acknowledges that long-term flow-based is out of scope of the proposed changes to the HAR but would like to use the opportunity to share concerns and call for a continuous dialogue with market participants.

The respondent shares three recommendations for an optimal transition to the flow-based methodology:

1. As a single pan-regional European auction for LTTRs will require higher collateral from market participants willing to bid, we call for regulators to find solutions to decrease the collateral requirement costs, thereby preserving hedging options.
2. As flow-based allocation will prioritise borders with higher spreads, capacity at smaller borders will be significantly reduced, severely decreasing hedging options for market participants in these regions and decreasing already limited liquidity, further fragmenting the market and increasing the hedging costs. Steps to preserve capacity at these specific borders should be taken by the regulators.
3. The interim LTCCM period with ATC extraction could have been an important

ACER acknowledges the respondents' concerns about the changes the flow-based allocation could bring. The long-term flow-based allocation is expected to increase the economic surplus of LTTR auctions, as it allows for the competition among bidding zone borders for the scarce long-term cross-zonal capacity which is subject to interdependencies among bidding zone borders in a CCR.

While the TSOs' proposal does indeed not consider any revisions to provisions concerning long-term flow-based allocation, for its decision ACER discussed next steps for further improving collateral requirements in long-term flow-based auctions as required in accordance with Article 68(6) of the HAR (see section 6.3.2 of the Decision). Following these discussions, ACER intends to send a request for amendment to TSOs to ensure effective progress towards an improved collateral solution.

ACER acknowledges that some bidding zone borders may be allocated lower cross-zonal capacity in flow-based allocation (i.e. on borders where market participants value FTRs at low or zero price). A low price of FTR bids indicates that neither expected value nor the risk premium is significant on a given bidding zone border.

ACER understands that the need to address the basis risk (e.g. with an LTTR) after a first hedge with a proxy product (e.g. German future product) depends on the correlation between the electricity price related to the proxy hedge product (e.g. German bidding zone) and price

testing period. Since this option has been removed, we stress the need for ACER and TSOs to continue a transparent and continuous dialogue with market participants to smooth the transition to a full Flow-based system.	from the local bidding zone. Since bidding zone borders with a low spread value tend to also have high correlation among the relevant bidding zones, ACER believes that long-term flow-based allocation will generally allocate more LTTRs to the bidding zone borders with higher hedging needs. While the idea of an interim LTCCM period with ATC extraction is not further pursued, ACER understands that the change for market participants is significant and sufficient testing of the new methodology must be ensured. ACER is committed to work with market participants, TSOs and regulatory authorities to ensure that the flow-based allocation does not lead to disruptive changes. For this to happen, TSOs must in the first place ensure that they offer similar level of cross-zonal capacities as today (with possible exception of DE-AT border). The analysis of initial results, which were indeed not encouraging, showed that insufficient offered capacity by TSOs is the main reason for very low or zero capacities on many borders. When TSOs offer similar level of cross-zonal capacity as today, ACER is confident that the flow based allocation should provide result which should mitigate the majority of the concerns of market participants regarding the allocation to different borders.
One of these respondents (Eurelectric) highlights remaining concerns regarding the collateral requirements in case of long-term flow-based auctions. The respondent supports relieving the collateral burden through the introduction of a cap and recommends that such cap should be based on the average observed forward spread during a certain period instead of historical spot prices, as this would reflect forward market fundamentals upon which market participants base their bidding strategies. The respondent states that concerns in relation to collateral requirements remain despite the implementation of a price cap and urges to ENTSO-E and competent authorities to explore more efficient options to decrease the collateral burden, namely bid filtering performed ex post on the basis of market results.	ACER shares the respondents concerns regarding increased collateral requirements with long-term flow-based auctions. ACER reminds the respondent that the use of forward prices for the cap calculation is already foreseen in the HAR and will be applied for the delayed go-live in November 2026. While this solution should partly mitigate effect of increasing collateral requirements with flow-based auctions, ACER agrees to strive for an improved solution with bid filtering performed ex post on the basis of market results. Considering this and the requirement pursuant to Article 68(6) of the HAR, ACER discussed next steps for further improving collateral requirements in long-term flow-based auctions (see section 6.3.2 of the Decision). Following these discussions, ACER intends to send a request for amendment to TSOs to ensure

Furthermore, the respondent shares that flow-based LTTR allocation bears the risk of low or zero capacity volumes allocated on certain borders, since allocation on borders with the highest price spread will be prioritised, meaning better interconnected borders will lose out. The respondents considers it is crucial to prioritise finding the most appropriate approach for establishing Flow Based Allocation of LTTR, rather than focusing solely on meeting this deadline.	effective progress towards an improved collateral solution. Regarding the concerns about the allocation to different borders, please see the response above.
One respondent (EDF) considers the documents provided with ACER's public consultation very useful to have a comprehensive understanding of the proposal. The respondent considers the need for the proposal in track changes absolutely critical.	ACER agrees to the need of sharing track changes for amendment proposals in public consultations to provide sufficient transparency. Considering this, ACER invites TSOs to include such documents from the beginning of their public consultations.

2.2 List of respondents

No.	Organisation	Country
1.	Energy Traders Europe	Netherlands
2.	EDF Trading	United Kingdom
3.	Eurelectric	Belgium
4.	Danish District Heating Association	Denmark