



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

on

the “Core CCR TSOs’ proposal for amendment of the current regional design of long-term transmission rights based on Article 4(12) of Commission Regulation (EU) 2016/1719”

6 June 2018

I. Introduction and legal context

The Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (hereafter referred to as “the FCA Regulation”) entered into force on 17 October 2016. The FCA Regulation 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 (hereafter referred to as “Core CCR”) on 6 June 2018, on the **Core CCR TSOs’ proposal for amendment of the current regional design of long-term transmission rights based on Article 4(12) of Commission Regulation (EU) 2016/1719** (hereafter referred to as “the LT TR Amendment Proposal”), received by the last Core Regulatory Authority on 23 January 2018.

This agreement of all Core Regulatory Authorities shall provide evidence that a decision on the LT TR Amendment 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 LT TR Amendment Proposal pursuant Article 4(7)(c) of Regulation 2016/1719.

The legal provisions relevant to the submission and approval of the LT TR Proposal can be found in Articles 3, 4 and 31 of Regulation 2016/1719.

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:*

(...)

(c) the regional design of long-term transmission rights pursuant to Article 31;

(...)
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 procedures set out in Article 6 and approved in accordance with the procedure set out in this article.

13. (...)

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.*

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.***
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.*

II. The Core LT TR Amendment Proposal

Article 31(3) of the FCA Regulation requires that all TSOs in each CCR shall jointly develop a proposal for the regional design of long-term transmission rights (hereafter referred to as: “the original LT TR Proposal”) to be issued on each bidding zone border within the CCR, by six months after entry into force of the FCA Regulation. By 20 April 2017, all TSOs in the Core CCR submitted the original LT TR Proposal to their respective Regulatory Authority. Within six months following the receipt of the original LT TR Proposal by the last Regulatory Authority concerned, on 20 October 2017, each Core Regulatory Authority approved the original LT TR Proposal. These national decisions followed from, and were based on, the unanimous approval by all Core Regulatory Authorities or the original LT TR proposal through the Core Energy Regulators’ Regional Forum on 3 October 2017.

Within 6 months following the coordinated decisions to issue long-term transmission rights on a bidding zone border, all TSOs in a region are required to develop and submit a proposal for amendments to the regional design of long-term transmission rights. On 17 May and 26 May 2017 respectively, ERU and URSO decided that long-term transmission rights shall be offered on the CZ-SK bidding zone border. On 15 May 2017, E-Control and BNetzA decided that long-term transmission rights shall be offered on the AT-DE/LU bidding zone border.

All Core TSOs organized, from 20 October 2017 to 21 November 2017, a public consultation on the draft LT TR Amendment Proposal, in accordance with the requirements in Article 31, Article 4(12) and Article 6 of the FCA Regulation. This public consultation has been organized by ENTSO-E on behalf of all Core TSOs, via the online ENTSO-E Consultation Hub. During the public consultation, Core TSOs received responses from stakeholders as well as an informal shadow opinion agreed by all Core Regulatory Authorities. Core TSOs attached to the LT TR Amendment Proposal, for the information of all Core Regulatory Authorities, an explanatory note including an assessment of the remarks made by stakeholders and Regulatory Authorities during the public consultation.

The Core TSOs' LT TR Amendment Proposal includes, as required by Article 4(8) of the FCA Regulation, a proposed timescale for the implementation and a description of the expected impact of the objectives of the FCA Regulation.

III. All Core NRAs' position

a) On the proposed long-term transmission rights

All Core Regulatory Authorities consider, following the provisions in Article 31 of the FCA Regulation, that the regional design of long-term transmission rights in its totality should contain – and does contain – a description of the following characteristics of the long-term transmission rights: the type of long-term transmission rights, the applicable timeframes, the product form and the bidding zone borders on which these long-term transmission rights shall be issued.

The LT TR Amendment Proposal identifies two changes to the original LT TR Proposal: the introduction of FTR-options on the AT-DE/LU bidding zone border and PTRs pursuant to UIOSI principle on the CZ-SK bidding zone border (Article 1).

All Core Regulatory Authorities consider that the original LT TR Proposal and the LT TR Amendment Proposal, taken together, fulfil all the minimum requirements described in Article 31 of FCA Regulation.

b) On the implementation timeline

Article 2 prescribes that the concerned TSOs shall offer the proposed long-term transmission rights on the CZ-SK and AT-DE/LU bidding zone borders no later than for the first auction for the time frame 2019 according to the competent Regulatory Authorities' decisions.

c) On the expected impact on the objectives of the Regulation

All Core Regulatory Authorities take note of the description of the expected impact on the objectives of the FCA Regulation, as laid out by Core TSOs in points (5) and (6) of the Preamble to the original LT TR Proposal. Based on their own assessment, Core Regulatory Authorities do not consider the changes introduced through the LT TR Amendment Proposal to hinder the fulfilment of the Regulation's objectives listed in Article 3 of the FCA Regulations.

IV. Conclusion

All Core Regulatory Authorities have assessed, consulted and closely cooperated and coordinated to reach the agreement that the LT TR Amendment Proposal meets the requirements of the FCA Regulation 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 23 July 2018. The approval of the LT TR Amendment Proposal will be effective 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 LT TR Amendment Proposal as approved, in line with Article 4(13) of the FCA Regulation. All Core TSOs must respect the implementation deadlines provided in Article 8 of the original LT TR Proposal and Article 2 of the LT TR Amendment Proposal.