



Mr Christian Zinglensen  
Director  
ACER

Cc: Dr Oliver Koch  
Head of Unit (acting)  
Internal Energy Market DG ENER  
European Commission

Cc: Mr Gheorghe Visan  
Chairman  
Core TSOs Steering Group

**By email only**

29 April 2021

**Subject: Referral of the Core LT CCM Proposal**

Dear Mr Zinglensen,

I am writing to you on behalf of National Regulatory Authorities of the Core Region (Core NRAs) with regard to the Core common coordinated long-term capacity calculation methodology (Core LT CCM) proposal developed and submitted by Transmission System Operators of the Core Region (Core TSOs) in accordance with Article 10 of the *Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation as modified by Commission Implementing Regulation (EU) 2021/280 of 22 February 2021 (the FCA Regulation)*.

Long-term capacity calculation serves the objective of promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants by taking into account the hedging needs of market participants by calculating reliable capacities at an early stage and making them available to market participants, which makes long-term planning possible.

The Core LT CCM proposal is composed of a flow-based approach in accordance with Article 10(5) of the FCA Regulation, which leads to an increase of economic efficiency in the capacity calculation region as well as ensuring the same level of system security.

By the letter of 29 August 2019, Core TSOs informed Core NRAs and the Agency for the Cooperation of Energy Regulators (ACER) on the unfeasibility for the Core TSOs to meet the deadline set in Article 10(1) of the FCA Regulation regarding the development of a proposal for a common capacity calculation methodology for long-term timeframes. Formally, this step started a process according to Article 4(4) of the FCA Regulation which requires ACER to, *in cooperation with the competent regulatory authorities, at the Commission's request, investigate the reasons for the failure and inform the Commission thereof*. Moreover, *the Commission shall take the appropriate steps to make possible the adoption of the required terms and conditions or methodologies within four months from the receipt of the ACER's information*.

During a teleconference on 5 December 2019 between representatives of the European Commission, ACER, Core NRAs and Core TSOs, it was agreed that Core TSOs would provide a report with a more detailed

assessment of the preliminary results and send an updated timeline for developing a proposal for the methodology.

In addition, during a conference call between the European Commission, ACER, Core NRAs and Core TSOs on 11 February 2020, it was concluded to stop further experimentations on the current approach and to explore three alternative approaches (statistical with coordinated net transmission capacity (cNTC) allocation, scenario-based with flow-based allocation and statistical with flow-based allocation).

Moreover, during the Core IG meeting of 15 April 2020 Core TSOs informed that there was no 100% convergence for one approach. During this meeting ACER proposed a way forward, namely a methodology based on a flow-based approach and with cNTC as a transitional solution.

On 16 September 2020 Core TSOs launched a public consultation of the proposal based on a direct implementation of scenario-based flow-based approach. Core NRAs sent a shadow opinion to Core TSOs on 21 October 2020.

On 26 November 2020, Core TSOs started the formal submission process to Core NRAs. The last submission of the Core LT CCM proposal was received by the respective Core NRAs on 23 December 2020.

Core NRAs concluded that the Core LT CCM proposal insufficiently takes into account the content of the shadow opinion and includes a too long implementation deadline. After several exchanges, Core NRAs concluded on 8 March 2021 that they could not approve the Core LT CCM proposal as submitted. Core NRAs agreed not to request an amendment to Core TSOs and expressed doubts that they would be able to find a consensus over several elements of the Core LT CCM proposal, which could prevent them from revising and subsequently approving the LT CCM proposal and thereby cause additional delay for the implementation of the Core LT CCM. A more detailed description of the individual and joint positions of Core NRAs that lie at the basis of this referral, shall be presented in a separate “non-paper” that will be sent to you in the coming weeks.

After having consulted, closely cooperated and coordinated with each other, Core NRAs agreed to request ACER to adopt a decision on the Core LT CCM proposal pursuant to Article 4(10) of the FCA Regulation.

All Core NRAs are ready to assist ACER to develop and adopt its decision.

Core NRAs anticipate that ACER will, when adopting its decision, give consideration on Core NRAs' assessment of the proposal and are happy to engage in the process to achieve that. Do not hesitate to come back with any further questions.

Yours sincerely,

Sven Kaiser  
Chair of the Core Energy Regional Regulatory Forum