ACER
European Union Agency for the Cooperation of Energy Regulators

ACER Decision on SEE long-term splitting rules: Annex I

Methodology for splitting long-term cross-zonal capacity for SEE capacity calculation region

in accordance with Article 16 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation

2 December 2020

Whereas

(1) This document provides a methodology for splitting long-term cross-zonal capacity (hereafter referred to as 'the splitting methodology'), in accordance with Article 16 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation[1] (hereafter referred to as the 'FCA Regulation') for the geographic area covering the South East Europe capacity calculation region (hereafter referred to as 'SEE CCR')[2].

(2) The FCA Regulation lays down 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.

(3) The splitting methodology takes into account the general principles and goals set in the FCA Regulation as well as Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity[3] (hereafter referred to as the 'Electricity Regulation').

(4) The splitting methodology takes into account the results of the long-term capacity calculation methodology, pursuant to Article 10 of the FCA Regulation, as an input for splitting the capacity between different long-term timeframes.

(5) Article 16(1) of the FCA Regulation requires the transmission system operators of the SEE CCR (hereafter referred to as 'SEE TSOs') to develop a proposal for a regional splitting methodology and defines the deadline to submit the proposal for the splitting methodology by no later than the submission of the capacity calculation methodology referred to in Article 10 of the FCA Regulation.

(6) Article 16(2) of the FCA Regulation requires the splitting methodology to comply with the following conditions: (a) it shall meet the hedging needs of market participants; (b) it shall be coherent with the capacity calculation methodology; and (c) it shall not lead to restrictions in competition, in particular for access to long-term transmission rights.

(7) The splitting methodology sets a percentage of long-term offered capacity with respect to the calculated long-term capacity for Greece-Bulgaria and Romania-Bulgaria bidding zone borders. The forward capacity allocation timeframes for Greece-Bulgaria and Romania-Bulgaria bidding zone borders are yearly and monthly. The sharing of calculated long-term capacity between the two different timeframes is established at 50 % of the calculated NTC

[1] OJL 259, 27.9.2016, p. 42–68

[2] See ACER decision No 06/2016 of 17 November 2016 on the Electricity Transmission System Operators' Proposal for the Determination of Capacity Calculation Regions.

[3] OJL 158, 14.6.2019, p. 54–124

for the yearly timeframe and 50 % of the calculated NTC for monthly timeframe. The splitting methodology thereby guarantees an appropriate level of firmness of the yearly product and allows market participants to cover their hedging needs on both yearly and monthly timeframes pursuant to requirements of Article 16(2) of the FCA Regulation.

(8) The splitting methodology generally contributes to and does not hinder in any way the achievement of the objectives set out in Article 3 of the FCA Regulation. In particular, the splitting methodology serves the following objectives:

(a) The splitting methodology serves the objective of promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants by defining an appropriate share of long-term cross-zonal capacity between different timeframes adapted to market needs (Article 3(a) of the FCA Regulation);

(b) By sequentially following the outcomes of the long-term capacity calculation process and accounting for market requirements in determining a share of long-term capacity to be allocated to a given timeframe, the splitting methodology does not hinder the objective of optimizing the calculation and allocation of cross-zonal capacity (Article 3(b) of the FCA Regulation);

(c) The splitting methodology contributes to creating the same level playing field for all market participants willing to access forward markets and does not introduce any barrier for access to long-term capacity; thereby the splitting methodology does not hinder the objective of non-discriminatory access to long-term cross-zonal capacity (Article 3(c) of the FCA Regulation);

(d) The splitting methodology sets coordinated splitting rules and allocation principles throughout the SEE CCR, making available adequate volumes of long-term capacity during auctions for all market participants and providing access to data to ACER, the SEE regulatory authorities and market participants, thereby ensuring fair and non-discriminatory treatment of the TSOs, ACER, regulatory authorities and market participants (Article 3(d) of the FCA Regulation);

(e) The splitting methodology does not hinder and contributes to a fair and orderly forward capacity allocation and price formation by publishing and making available in due time the capacity to be auctioned in each long-term time frame, where appropriate (Article 3(e) of the FCA Regulation);

(f) The splitting methodology looks forward to set an objective and transparent methodology for splitting the allocated capacity, and requires transparent publication of relevant information on the splitting of long-term cross-zonal capacities thereby ensuring and enhancing the transparency and reliability of information on forward capacity allocation to aid forecasting and hedging purposes (Article 3(f) of the FCA Regulation);

(g) By setting valuable long-term cross-zonal capacity products to the market, meeting the conditions of Article 16(2) of the FCA Regulation and providing the flexibility to facilitate the market requirements to be addressed in the long-term time frames without increasing administrative burden, the splitting methodology contributes to the efficient operation and development of the electricity transmission system and electricity sector in the Union (Article 3(g) of the FCA Regulation).

Article 1. Subject matter and scope

1. This splitting methodology is the methodology for splitting long-term cross-zonal capacity in the SEE CCR in accordance with Article 16 of the FCA Regulation.

2. The splitting methodology shall apply to all SEE TSOs, at the Bulgaria-Greece and Bulgaria-Romania borders.

Article 2. Definitions and interpretation

1. For the purposes of the splitting methodology, the terms used shall have the meaning given to them in Article 2 of the Electricity Regulation, Article 2 of Regulation (EC) 2013/543[4], Article 2 of Regulation (EC) 2015/1222[5] and Article 2 of the FCA regulation.

2. In addition, the following definitions, abbreviations and notations shall apply:

   (a) 'yearly capacity' means the capacity calculated for the yearly time-frame according to the methodology based on Article 10 of the FCA Regulation;

   (b) 'monthly capacity' means the capacity calculated for the monthly timeframe according to the methodology based on Article 10 of the FCA Regulation.

3. In this splitting methodology, unless the context requires otherwise:

   (a) the singular indicates the plural and vice versa;

   (b) headings are inserted for convenience only and do not affect the interpretation of this methodology;

   (c) any reference to legislation, regulations, directives, orders, instruments, codes or any other enactment shall include any modification, extension or re-enactment of it when in force.

Article 3. Splitting approach

1. For the yearly timeframe, the offered capacity for allocation of the yearly products shall be 50% of the calculated yearly capacity. The calculated value shall be rounded up to the closest multiple of 10 MW.

2. The capacity to be allocated in the yearly timeframe (Yp) is calculated by applying the following formula:

$$Yp = 50\% * Ycc$$

[4] Commission Regulation (EU) No 543/2013 of 14 June 2013 on submission and publication of data in electricity markets and amending Annex I to Regulation (EC) No 714/2009 of the European Parliament and of the Council, OJL 163, 15.6.2013, p. 1–12

[5] Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management, OJL 197, 25.7.2015, p. 24–72

Equation 1

Where *Ycc* is the calculated yearly capacity.

3. The yearly product is not valid on the days in which the interconnection tie-line/lines on a given bidding zone border is/are in a planned outage.

4. For the monthly timeframe, the offered capacity for the allocation of the monthly products shall be 100% of the monthly capacity, reduced by the already allocated yearly capacity. The calculated value shall be rounded up to the closest multiple of 10 MW.

5. The capacity to be allocated on the monthly timeframe is calculated in accordance with the calculated monthly capacity taking into account the capacity already allocated in the yearly timeframe:

$$Mp = 100\% * Mcc - Yap$$

Equation 2

$$Yap \leq Yp$$

Equation 3

Where *Mp* is the capacity to be allocated on the monthly timeframe, *Yap* the allocated yearly capacity and *Mcc* is the calculated monthly capacity.

6. The calculated monthly capacity can have different values inside of the monthly timeframe.

7. The monthly product is not valid on the days in which the interconnection tie-line/lines on a given bidding zone border is/are in a planned outage.

8. The splitting of long-term capacities shall be executed by the coordinated capacity calculator in accordance with Article 23 (3) of the FCA Regulation.

9. The responsible coordinated capacity calculator and the SEE TSOs shall apply the provisions of Article 24 of the FCA Regulation for the validation of the calculated split long-term capacity.

Article 4. Publication and Implementation

1. The SEE TSOs shall publish the long-term cross-zonal capacity splitting methodology without undue delay after all SEE regulatory authorities have approved the methodology or a decision has been taken by ACER in accordance with Article 4(9), Article 4(10) and 4(11) of the FCA Regulation.

2. The TSOs of SEE CCR shall implement the splitting methodology immediately after the implementation of the SEE CCR capacity calculation methodology developed in accordance with Article 10 of the FCA Regulation.

3. TSOs shall publish the marginal auction price and the demand curves for long-term transmission rights for each timeframe.

Article 5. Monitoring of the impact of the single day-ahead coupling

Immediately after the implementation of the single day-ahead coupling ('SDAC'), SEE TSOs will monitor the levels of cross-zonal capacities made available in all timeframes, associated market spreads, and any other parameter relevant to assess the proper functioning of the SDAC. SEE TSOs will conduct this assessment over a period of a minimum of 6 months. SEE TSOs will conclude this assessment and communicate its results to the SEE regulatory authorities.

Article 6. Language

1. The reference language for this splitting methodology shall be English.

2. For the avoidance of doubt, where TSOs need to translate this splitting methodology into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with Article 4(13) of the FCA Regulation and any version in another language, the relevant TSOs shall be obliged to dispel any inconsistencies by providing a revised translation of this splitting methodology to their relevant national regulatory authorities.