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## Core CCR TSOs' proposal for the regional design of long-term transmission rights in accordance with Article 31 of Commission Regulation (EU) 2016/1719

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13 April 2017

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TSOs of the Core CCR, taking into account the following,

### **Whereas**

- (1) The European Commission has established Regulation (EU) 2016/1719 laying down detailed rules on cross-zonal capacity allocation in the forward markets (hereinafter referred to as the "FCA Regulation"), which entered into force on 17 October 2016.
- (2) Article 31 of the FCA Regulation requires TSOs of a capacity calculation region (CCR), where long-term transmission rights exist, to jointly develop a proposal for the regional design of long-term transmission rights to be issued on each bidding zone border within the CCR (hereafter referred to as "Core CCR TSOs' LTR proposal).
- (3) No later than six months after entry force of the FCA Regulation or no later than six months after respective decision by the NRAs of the CCR to introduce long-term transmission rights in accordance with Article 30 (2) of the FCA Regulation, the TSO proposal shall be submitted to the regulatory authorities of the capacity region in accordance with Article 4 of the FCA Regulation.
- (4) This is a joint proposal by the TSOs of the Core CCR, as defined in the decision No 06/2016 of the Agency on 17 November 2016 pursuant to Article 15(1) of the Commission Regulation (EU) 2015/1222.
- (5) Article 4(8) of the FCA Regulation requires that the expected impact of this proposal on the objectives of the FCA Regulation is described. The Core CCR TSOs' LTR proposal contributes to and does not in any way hinder the achievement of the objectives of Article 3 of FCA Regulation. The impact is presented below in point 6 of this Whereas section.
- (6) This Product Proposal identifies a clearly defined range of long-term transmission rights that can be offered across Core CCR bidding zone borders. A clearly defined list of long-term transmission rights provides a consistent product across a range of bidding zone borders and supports flexible range of options for cross-zonal hedging opportunities (objective 3a and 3f) on a non-discriminatory basis subject to them meeting market requirements for participation (objective 3c).

Submit the following proposal to the national regulatory authorities of the Core CCR:

## **Article 1**

### **Subject matter and scope**

1. This document is the Core CCR TSOs' LTR proposal required by Article 31 of the FCA regulation.
2. This Core CCR TSOs' LTR proposal is subject to approval in accordance with Article 4.7.(c) of the FCA Regulation.
3. The amount of cross-zonal capacity to be offered on each bidding zone border shall be determined in accordance with the methodology for calculating long-term capacity required by Article 10 of the FCA Regulation and the methodology for splitting long-term cross-zonal capacity required by Article 16 of the FCA Regulation from such a time these methodologies have been approved and implemented.
4. Long-term transmission rights as discussed in this proposal shall be offered by all TSOs within the Core CCR to market participants through the single allocation platform established in accordance with Article 48 of the FCA Regulation.
5. Long-term transmission rights as discussed in this Core CCR TSOs' LTR proposal shall be allocated with respect to harmonized allocation rules according to Article 51 of the FCA Regulation.

## **Article 2**

### **Definitions and interpretation**

1. Terms used in this Core CCR TSOs' LTR proposal shall have the meanings defined in Article 2 of the FCA regulation, Article 2 of Regulation (EU) 2015/1222, Article 2 of Regulation (EC) No 714/2009, Article 2 of Commission Regulation (EU) No 543/2013 as well as Article 2 of Directive 2009/72/EC of the European Parliament and of the Council.
2. In this Core CCR TSOs' LTR proposal, unless the context requires otherwise:
  - a. the singular includes the plural and vice versa;
  - b. the table of contents and headings are inserted for convenience only and do not affect the interpretation of this Core CCR TSOs' LTR proposal;
  - c. references to an "Article" are, unless otherwise stated, references to an article of this Core CCR TSOs' LTR proposal; and
  - d. any reference to legislation, regulations, directive, order, instrument, code or any other enactment shall include any modification, extension or re-enactment of it then in force.

## **Article 3**

### **General principles**

1. The proposed design of long-term transmission rights aims at a harmonized and simple design of long-term transmission rights within the Core CCR in order to promote the objectives set out in Article 3 of the FCA Regulation.

2. The bidding zone borders covered by the regional design of long-term transmission rights are set out in Article 4 of this Core CCR TSOs' LTR proposal.

#### **Article 4**

#### **Bidding zone borders covered**

1. The bidding zone borders covered by this regional design of long-term transmission rights include all borders between two bidding zones, which are part of the Core CCR.
2. The regional design of long-term transmission rights does not apply to bidding zone borders for which the competent regulatory authorities have adopted coordinated decisions not to issue long-term transmission rights in accordance with Article 30(1) of the FCA Regulation.
3. In case of the introduction of new bidding zone borders or the deletion of bidding zone borders within the Core CCR, the Core CCR TSOs' LTR proposal shall be amended accordingly, as set out in Article 9 (12) of the FCA Regulation.

#### **Article 5**

#### **Type of long-term transmission rights**

1. The type of long-term transmission rights applied for relevant individual bidding zone borders covered by this Core CCR TSO's LTR proposal shall be FTRs - options or physical transmission rights pursuant to the UIOSI principle.
2. The type of long-term transmission rights that shall be applied on each bidding zone border covered by this Core CCR TSO's LTR proposal is defined in the Table I (see next page).

Table I Long-term transmission rights type of each Core bidding zone border

Core CCR borders	Type of long-term transmission right
NL-BE	FTR- options
NL-DE/LU	Physical transmission rights pursuant to UIOSI principle
BE-FR	FTR- options
BE-DE/LU	No LTRs defined yet
FR-DE/LU	Physical transmission rights pursuant to UIOSI principle
PL-DE/LU	Physical transmission rights pursuant to UIOSI principle
PL-CZ	Physical transmission rights pursuant to UIOSI principle
CZ-DE/LU	Physical transmission rights pursuant to UIOSI principle
PL-SK	Physical transmission rights pursuant to UIOSI principle
AT-DE/LU <sup>1</sup>	No LTRs defined yet
AT-CZ	Physical transmission rights pursuant to UIOSI principle
AT-SI	Physical transmission rights pursuant to UIOSI principle
SI-HR	Physical transmission rights pursuant to UIOSI principle
HR-HU	Physical transmission rights pursuant to UIOSI principle
AT-HU	Physical transmission rights pursuant to UIOSI principle
HU-SK	Physical transmission rights pursuant to UIOSI principle
HU-RO	Physical transmission rights pursuant to UIOSI principle
CZ-SK	No LTRs defined yet
SI-HU <sup>2</sup>	Physical transmission rights pursuant to UIOSI principle

## Article 6 Forward capacity time frames

Long-term transmission rights shall be issued for the forward capacity time frames month and year.

## Article 7 Form of product

1. Long-term transmission rights shall be issued in form of base load products with a fixed amount of MW over the product period.
2. The product form may include reduction periods, i.e. specific calendar days and/or hours within the product period, in which Cross Zonal Capacities with a reduced amount of MW are offered, taking into account a foreseen specific network situation (e.g. planned maintenance, long-term outages, foreseen balancing problems).

<sup>1</sup> AT-DE/LU bidding zone border will become effective according to Annex 1 Article 5 point 3 of CCR decision (ACER Decision No 06/2016).

<sup>2</sup> SI-HU bidding zone border will become effective according to Annex 1 Article 5 point 4 of CCR decision (ACER Decision No 06/2016).

3. Where the product to be auctioned includes reduction periods, the auction specification shall include for each reduction period information on the duration of the reduction period and the amount of offered capacities.

### **Article 8 Implementation timeline**

1. The regional design of long-term transmission rights shall be implemented on all bidding zone borders of Core CCR where long term transmission rights existed at the time of entry into force of the FCA Regulation no later than for the first auction for the time frame 2019.
2. On bidding zone borders where long term transmission rights did not exist at the time of entry into force of the FCA Regulation, the regional design of long-term transmission rights shall be implemented after competent regulatory authorities have adopted coordinated decisions to issue long-term transmission rights in accordance with Article 30(2) of the FCA Regulation on respective borders.

### **Article 9 Language**

1. The reference language for this proposal shall be English. For the avoidance of doubt, where TSOs need to translate this proposal into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with Article 4(13) of Regulation 2016/1719 and any version in another language the relevant TSO shall, in accordance with national legislation, provide the relevant national regulatory authorities with an updated translation of the proposal.