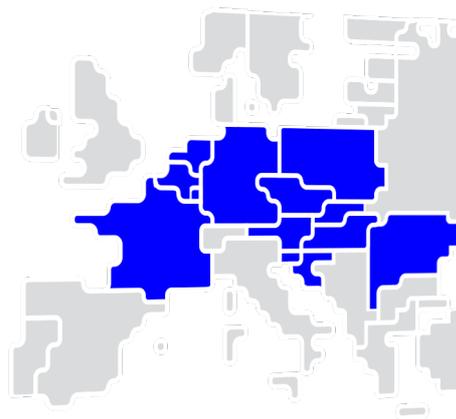




Consultation Report Regional Specific Annex for the CCR Core to the Harmonised Allocation Rules for long-term transmission rights in accordance with Article 52 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation

June 2019



CONTENT

- 1. Introduction.....4
- 2. Received Responses5

GLOSSARY

All definitions and abbreviations of the regional specific annex for the Core CCR to the Harmonised Allocation Rules for the long-term transmission rights apply accordingly.

1. INTRODUCTION

This document is the consultation report for the amended regional specific annex for the Core CCR to the Harmonised Allocation Rules for the long-term transmission rights based on Article 52 of Commission Regulation (EU) 2016/1719.

Core TSOs would like to thank all participants to the public consultation for their interest in the amended regional specific annex for the Core CCR.

Via the ENTSO-E Consultation Platform, the public consultation document for the amended regional specific annex for the Core CCR to the Harmonised Allocation Rules for long-term transmission rights was available to Core stakeholders from the 20th of May 2019 until the 20th of June 2019. In total, two stakeholders submitted their responses in time.

The two respondents agreed to publish their names and statements so that Core TSOs abstain from anonymising their responses.

Main views and recurring comments have been summarized in this report. The Core TSOs wish to clarify that the content of this document is intended to summarize the results obtained in the public consultation. The Core TSOs did their best to reply to all comments and concerns.

2. RECEIVED RESPONSES

In this chapter, a summary is provided of all stakeholder responses received via the ENTSO-E Consultation Platform. All contributions can be found in the Annex.

Introduction of a new Article 8 of the Core Annex:

One out of two respondents acknowledged the introduction of a compensation cap for the BE-DE/LU bidding zone border with the go-live of a new interconnector at this border foreseen in 2020 in accordance with Article 59(3) of the HAR. Core TSOs welcome this feedback and will remain with the amendment of these stipulations in the Core specific Annex.

Deletion of the former Article 21 of the Core Annex:

One out of two respondents welcomed the deletion of specific provisions for the allocation of capacity at the HU-RO bidding zone border. Core TSOs welcome this feedback and will remain with the deletion of these stipulations in the amendment of the Core specific Annex.

Introduction of a new Article 22: Background and reasoning of Article 22:

Two out of two respondents fundamentally reject main stipulations of the proposed new Article 22 that foresees an automatic switch from PTRs to FTR options of already allocated yearly PTRs at the AT-CZ and AT-HU borders, as of the date of go-live of implicit allocation in day-ahead.

During the EU HAR revision Core TSOs took into consideration all the relevant foreseen development that has been expected to be implemented before the yearly long-term explicit capacity auction for 2020. The main relevant awaited design modifications are originated from the so called "Interim Coupling" and the 2nd amendment of the Core TSOs' LTTR product design. The latter one is being under NRA approval process at that time when EU HAR revision incl. its annexes took place.

Core TSOs would have preferred to incorporate the proposed amendment in order to highlight foreseen new market design aspects as introduced by the 2nd amendment of the Core TSOs' LTTR product design. By this approach TSOs aimed to enhance the common understanding for the whole market and maximise the transparency concerning the awaited new design.

However, taking into account the received responses, Core TSOs decided not to propose a new Article 22 for NRA approval. Nevertheless the deletion of the proposed Article 22 does not mean that the 2nd amendment of the Core TSOs' LTTR product design would not aim to be implemented as it is defined in the LTTR design.

ANNEX

Respondent	Introduction of Art. 8	Deletion of the former Art. 21	Introduction of Art. 22
EFET - European Federation of Energy Traders	We acknowledge the proposed monthly compensation cap for curtailed transmission rights at the BE-DE/LU border as compliant with article 59.3, as the new border will consist of an HDVC link.	We welcome the deletion of specific provisions for the allocation of capacity at the HU-RO border.	<p><i>[Recital (5):</i> <i>We welcome the amendment to recital (5) stating that border specific annexes shall not significantly deviate from the HAR or the FCA Regulation. Based on the history of the development of these annexes, we would even have welcomed a stronger wording. We also miss an amendment to article 4 on regional specificities that reflects the inclusion of this new wording in Recital (5), such as a strict limitation of the possibilities for deviation from the EU HAR only to the four elements listed in article 4.3.] [...]</i></p> <p>We fundamentally reject the first, second and fifth paragraphs of article 22 that foresee an automatic switch from PTRs to FTR options of already allocated yearly PTRs at the AT-CZ and AT-HU borders, as of the date of go-live of implicit allocation in day-ahead.</p> <p>First, this proposal, once again, comes without a justification of the TSOs. We can only guess that the TSOs do not wish to implement market coupling at these borders with PTRs. Market coupling, including flow-based, has functioned and continues to function with PTRs. Hence, we do not understand the rush and the uncertainty for the market brought about by this proposal. It disregards responses from market participants to the informal survey run by the CORE TSOs, and shows either ignorance or disregard for hedging practices.</p> <p>Second, market participants buy a certain hedging instrument from the TSOs for defined reasons, based on its full set of characteristics. Those characteristics contribute to determining the value of the instrument. In no way should TSOs give themselves the right to go against basic principles of contract law and modify the specification of a product that they have already sold to the market.</p> <p>Third, we deem this proposal as non-compliant with the FCA Regulation or the EU HAR. Both the Regulation and the EU HAR foresee that transmission rights shall be firm, with specific conditions for their curtailment. Nowhere in the Regulation or the EU HAR is a possibility to amend the</p>

			<p>characteristics of a right. This proposal seems to us even less compliant with the EU HAR now that the TSOs included a last sentence in Recital (5) – see comments above.</p> <p>As a conclusion, we call on the TSOs to delete the first, second and fifth paragraphs of article 22. The switch from yearly PTRs to yearly FTRs should happen for the start of a new allocation of yearly rights, without affecting already allocated rights.</p> <p>If, against all the experience gathered over years on the operation of market coupling with PTRs, the concerned TSOs still deem it desirable to switch from PTRs to FTRs in the middle of a year, then the TSOs should not change the characteristics of the allocated rights: rather, they should buy them back and re-issue capacity in the form of monthly FTRs for the rest of the running year.</p>
Eurelectric	-	-	<p>Eurelectric disagrees with the proposal to switch from PTR to FTR on already allocated products in parallel to the go-live of the day-ahead implicit allocation on AT-CZ and AT-HU borders. The characteristics of a product should not change after the sale of those products. The markets participants are indeed taking into account all their characteristics when they price their bids.</p>