



5th MESC Meeting

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Agenda

- 1. Introduction**
- 2. Update on the process**
- 3. Changes to the HAR after the public consultation**
- 4. Concluding remarks**

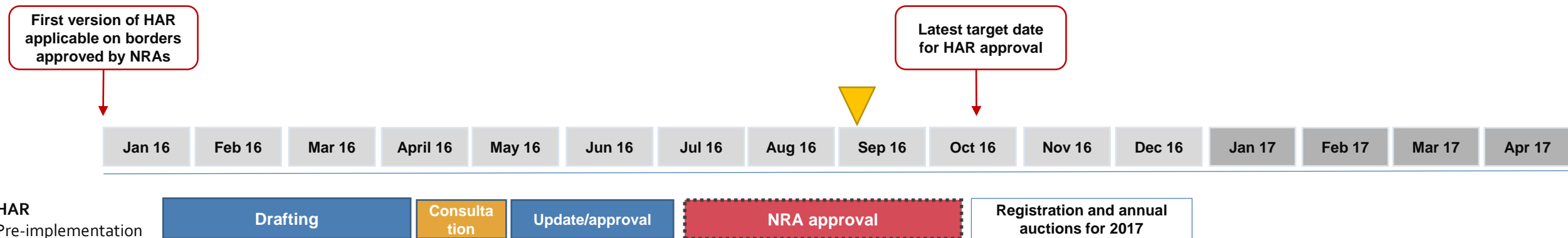
Introductory remarks

Background

- This presentation aims at providing an update on the adoption process of the Harmonised Allocation Rules for 2017 (HAR 2017).
- The Allocation Rules have been updated in the course of 2016, so that they can be used for 2017 capacity transmission rights.
- This task is part of the FCA early implementation work.
- The process of updating the HAR will be repeated after the FCA enters into force as part of the formal implementation of FCA.

Update on the process – developments since last MESC report

- Public consultation 18/04/2016-18/05/2016 → ~70 comments from 10 respondents
- Review of comments and introducing amendments: May-June 2016
- All TSOs' approval of HAR Main Body and Explanatory document: 29 June 2016
- Documents are published on the ENTSO-E website.
- Following documents submitted to the relevant NRAs: HAR Main Body (for approval), Explanatory document (for information), Border/Regional Specific Annexes (for approval where applicable).



Summary of changes to the main body of the HAR

Changes in
the version
for public
consultation

- FTR obligations not included
- Regional specificities due to market design aspects or NRAs' requests
- Deletion/change of definitions and set of application to auctions for LTRs with delivery date from January 2017
- Changes in return and transfer chapters
- Changes in curtailment: triggering events
- Changes in settlement: cap and compensation
- No long-term firmness deadline

Amendments following the public consultation (1/3)

Article 1 - *Subject-matter and scope*

- Application of LTTR to other borders or subset of those in Annex 1

Article 2 – *Definitions and interpretation*

- Changes in definitions to align them with other legislation (i.e. CACM and the Transparency Regulation)

Article 4 – *Regional specificities*

- Removing superfluous part on regional specificities

Article 21 - *Form of Bank Guarantee*

- Enable the allocation platform to downgrade the rating of the bank guarantee informing TSOs who shall then inform NRAs

Amendments following the public consultation (2/3)

Article 28 - *Capacity Allocation timeframe and form of product*

- Removal of the non-exhaustive list of timeframes/products
- The list is moved to the explanatory document for information

Article 48- *Remuneration of LTTRs holders for non-nominated PTRs and FTR Options*

- Wording amendment to cover both aspects of Article 23(3) of the CACM GL following also the provision of Article 35(4) of the FCA GL.

Article 56 - *Triggering events and consequences of curtailment on LTTRs*

- Changes to the Article for improved clarification.

Amendments following the public consultation (3/3)

Article 59 - *Compensation for curtailments to ensure operation remains within Operational Security Limits before the DAFD*

- The structure of the Article sets the yearly cap as an option subject to the approval of the NRAs
- This depicts the situation in most countries
- Lack of such an approval would imply that TSOs will have to amend their proposal and submit a new version including the Annex with the borders where a cap is not applicable

Article 65 – *Invoicing and payment conditions*

- Requests for amendments raised by several market participants during the public consultation
- TSOs assessed a number of alternatives for changing the compensation scheme
- The recommended solution was to introduce monthly invoices with annual reconciliation for the annual cap
- This solution is added to the Article together with a provision for the case of default of a market participant

Regional/ Border Annexes List

- Border specific annex for the border France-Switzerland
- Border specific annex for the border Austria-Switzerland
- Border specific annex for the border Germany-Switzerland
- Border specific annex for the border France-Spain
- Regional specific annex for the Italian borders
- Regional specific annex for the borders Great Britain-Ireland and Great Britain-Norther Ireland (SEM-GB)
- Border specific annex for the border Hungary –Romania
- Border specific annex for the border Estonia- Latvia
- Regional specific annex for CEE Region
- Border specific annex for the border Portugal-Spain
- Border specific annex for the border Netherlands-Great Britain (BritNed Interconnector)
- Border specific annex for the border France-Great Britain (IFA Interconnector)

Concluding remarks

- Task for updating the HAR for the LTTR of 2017 completed on time
- Approval by all TSOs: end of June 2016/ Submission to the NRAs: mid-July 2016
- Next milestone: approval of the HAR and the Border/Regional Specific Annexes
- Current version of the HAR is part of the early implementation of the FCA
- The process will be repeated after the entry into force of the FCA GL to ensure formal and full compliance

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