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Capacity Calculation Region Hansa's proposal for the regional design of long-term transmission rights in accordance with Article 31 of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation

The Transmission System Operators within the Capacity Calculation Region Hansa, 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 on 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 Transmission System Operators (hereafter referred to as “**TSOs**”) of a capacity calculation region (CCR), where long-term transmission rights (hereafter referred to as “**LTRs**”) exist, to jointly develop a proposal for the regional design of LTRs to be issued on the relevant bidding zone borders within the CCR.
- (3) No later than six months after entry into force of the FCA Regulation or in case LTRs are not allocated on all borders no later than six months after the respective decision by the national regulatory authorities (hereafter referred to as “**NRAs**”) of the CCR to introduce LTRs in accordance with Article 30 (2) of the FCA Regulation, the TSO proposal shall be submitted to the regulatory authorities of the CCR in accordance with Article 4 of the FCA Regulation.
- (4) This document is a common proposal by the TSOs of the CCR Hansa, 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) 2017/1222.
- (5) The CCR Hansa TSOs’ proposal for the regional design of LTRs (hereafter referred to as the “**CCR Hansa TSOs’ LTR proposal**”) takes into account the general principles and goals set in FCA Regulation as well as Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity (hereafter referred to as “**Regulation (EC) No 714/2009**”). The goal of the FCA Regulation is the coordination and harmonisation of forward capacity calculation and allocation in the long-term capacity markets, and it sets requirements for the TSOs to co-operate on a pan-European level, and across bidding zone borders.
- (6) According to Article 4(8) of the FCA Regulation the expected impact of the CCR Hansa TSOs’ LTR proposal on the objectives of the FCA Regulation has to be described and is presented below.
- (7) The CCR Hansa TSOs’ LTR proposal generally contributes to and does not in any way hamper the achievement of the objectives of Article 3 of the FCA Regulation. In particular, the CCR Hansa TSOs’ LTR proposal serves the objectives of promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants as the regional design envisages the use of the Harmonised Allocation Rules (hereafter referred to as “**HAR**”) and the single allocation platform and a common description of the long-term products in regards to form, timeframes and type.
- (8) In conclusion, the CCR Hansa TSOs’ LTR proposal contributes to the general objectives of the FCA Regulation to the benefit of all market participants and electricity end consumers.

SUBMIT THE FOLLOWING PROPOSAL FOR THE REGIONAL DESIGN OF LONG-TERM TRANSMISSION RIGHTS TO ALL NATIONAL REGULATORY AUTHORITIES WITHIN CCR HANSA:

Article 1 - Subject matter and scope

1. Arrangements described in this CCR Hansa TSOs' LTR proposal are in accordance with Article 31 of the FCA Regulation.
2. This CCR Hansa TSOs' LTR proposal is subject to approval in accordance with Article 4(7)(c) of the FCA Regulation.

Article 2 - Definitions and interpretation

1. For the purposes of the CCR Hansa TSOs' LTR proposal, the terms used shall have the meaning of the definitions included in Article 2 of the FCA Regulation and Regulation (EC) No 714/2009, Harmonised Allocation Rules and Regulation (EC) No 543/2013.
2. In this CCR Hansa TSOs' LTR proposal, unless the context requires otherwise:
 - a) the singular indicates the plural and vice versa;
 - b) the headings are inserted for convenience only and do not affect the interpretation of the CCR Hansa TSOs' LTR proposal;
 - c) references to an "Article" or "Annex" are, unless otherwise stated, references to an article of this CCR Hansa TSOs' LTR proposal; and
 - d) 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 – General principles

1. The CCR Hansa TSOs' LTR proposal aims at a harmonized and simple design of LTRs within the CCR Hansa in order to promote the objectives set out in Article 3 of the FCA Regulation.
2. 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 the point in time onwards at which these methodologies have been approved and implemented.
3. For each bidding zone border in CCR Hansa where LTRs exist, the single allocation platform shall be used for offering long-term cross-zonal capacities to the market participants in accordance with the allocation rules set out in the Harmonised Allocation Rules.

Article 4 - Bidding zone borders covered

1. The bidding zone borders covered by CCR Hansa TSOs' LTR proposal include all borders between two bidding zones, which are part of the CCR Hansa according to ACER Decision No. 06/2016.

2. CCR Hansa TSOs' LTR proposal does not apply to bidding zone borders for which the competent regulatory authorities have adopted coordinated decisions not to issue LTRs in accordance with Article 30(1) of the FCA Regulation.
3. The bidding zone borders covered by the CCR Hansa TSOs' LTR proposal are set out in Annex 1.
4. In case of the introduction of new bidding zone borders or the deletion of bidding zone borders within the CCR Hansa where LTRs are to be allocated, the CCR Hansa TSOs' LTR proposal shall be amended accordingly, as set out in Article 4(12) of the FCA Regulation.

Article 5 – Type of long-term transmission rights

1. In accordance with Article 31(1) of the FCA Regulation, LTRs shall be offered to the market participants in the form of:
 - a) Physical transmission rights (PTRs) pursuant to the UIOSI principle; or
 - b) Financial transmission rights - options (FTRs - options); or
 - c) Financial transmission rights - obligations (FTRs - obligations).
2. The definition as of the product types defined in paragraph 1 follows the definitions and provisions set out in the HAR.
3. The type of LTRs that shall be applied on each bidding zone border covered by this CCR Hansa TSOs' LTR proposal is defined in Annex 1.

Article 6 – Forward capacity allocation timeframes

1. LTRs shall at least be issued for the forward capacity timeframes month and year, in accordance with Article 31(2) of the FCA Regulation.
2. Additional timeframes other than the forward capacity timeframes month and year as described in paragraph 1 of this Article may be issued.

Article 7 – Form of products

1. LTRs shall be issued in form of base load products with a fixed amount of MW over the product period.
2. Additional products other than the base load products described in paragraph 1 of this Article may be issued.
3. 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.

Article 8 – Implementation

The CCR Hansa TSOs' LTR proposal shall be implemented on bidding zone borders where LTRs are issued by no later than for the next yearly auction after approval, in accordance with the auction calendar as coordinated and published by the single allocation platform.

Article 9 – Language

The reference language for this CCR Hansa TSOs' LTR proposal shall be English. For the avoidance of doubt, where TSOs need to translate this CCR Hansa TSOs' LTR proposal into national language(s), in the event of inconsistencies between the English version published by CCR Hansa TSOs in accordance with Article 4(13) of the FCA Regulation and any version in another language the relevant TSO(s) shall, in accordance with national legislation, provide the relevant NRA(s) with an updated translation of the CCR Hansa TSOs' LTR proposal.

Annex 1

List of bidding zone borders where the regional design of long-term transmission rights applies

CCR Hansa bidding zone border		Type of LTRs	Timeframe	Product
Denmark (DK1)	- Germany/Luxembourg (DE/LU)	PTRs pursuant to UIOSI principle	Yearly & Monthly	Base
Denmark (DK2)	- Germany/Luxembourg (DE/LU)	PTRs pursuant to UIOSI principle	Yearly & Monthly	Base
Sweden (SE4)	- Poland (PL)	According to the coordinated decisions made by the NRAs ¹ no LTRs are to be implemented		

¹ Decisions by Urząd Regulacji Energetyki of 17 May 2017 and Energimarknadsinspektionen of 18 April 2017.