

Market ESC
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European Federation of Energy Traders

Implementing the FCA GL
in the next EU HAR



Welcoming the adoption of the FCA GL

- EFET welcomes the adoption of the FCA GL by Member States on 30 October.
- The adopted text is a good compromise and an achievement for all parties involved.
- With the FCA Regulation expected to enter into force in Q1 2016, **we encourage TSOs to start developing methodologies** that will need to be approved before the summer of 2015:
 - common grid model (4 months)
 - capacity calculation methodology (6 months)
 - possible decision not to allocate forward transmission rights (6 months)
 - harmonised allocation rules (6 months)
- We expect market participants involvement at an early stage in the implementation process

Gap analysis between the FCA GL and EU HAR

- We expect a proposal for the update of the EU HAR by the summer of 2016
- NRAs should **ensure that improved firmness does not lead to lower allocated volumes of forward rights by the TSOs** (cf. Italian decision 2015)
- The firmness provisions of the EU HAR will need to be reviewed:
 - all references in the HAR to the **long-term firmness deadline** should be removed, especially in art. 58 and 59 HAR.
 - art. 56.1 HAR should be revised along the lines of art. 53.1 FCA and **references to Emergency Situations and ensuring system security** removed. Similar modifications should apply to art. 59.1 HAR.
 - art. 59.2 HAR on **caps** should be amended along the lines of art. 54 FCA, setting the minimum limit of the cap to total congestion income (not just from yearly and monthly allocations) over the year (not just the month) in both directions at the relevant bidding zone border.

Thanks for your attention



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