

# PUBLIC CONSULTATION WEBINAR

FCA Harmonized Allocation Rules

6 May 2016

# Agenda

- 1. Welcome and introduction**
- 2. Summary of the updates and the public consultation**
- 3. Presentation and discussion on the main body of the HAR**
- 4. Presentations and discussions on Border/Region Specific Annexes**
- 5. General comments**
- 6. Wrap-up and next steps**



# Introductory remarks

## Background

- The draft FCA Regulation was voted positively by the Member States 30 October last year, but is not anticipated to enter into force before July 2016.
- All TSOs shall deliver a new set of Harmonized Allocation Rules to NRAs within six months after entry into force of the FCA Regulation
- Stakeholders have requested TSOs to update the HAR by summer 2016, so that they can be used for 2017 capacity transmission rights.
- This early implementation will not be the mandatory implementation required by the draft FCA Regulation, which will need to be repeated after its entry into force.
- TSOs and NRAs are willing to voluntarily do this early implementation
- TSOs are currently updating the HAR
- Key changes to current HAR relate to the firmness regime (Articles 53, 56, 58, 59)

# Introductory remarks

## FTR obligations

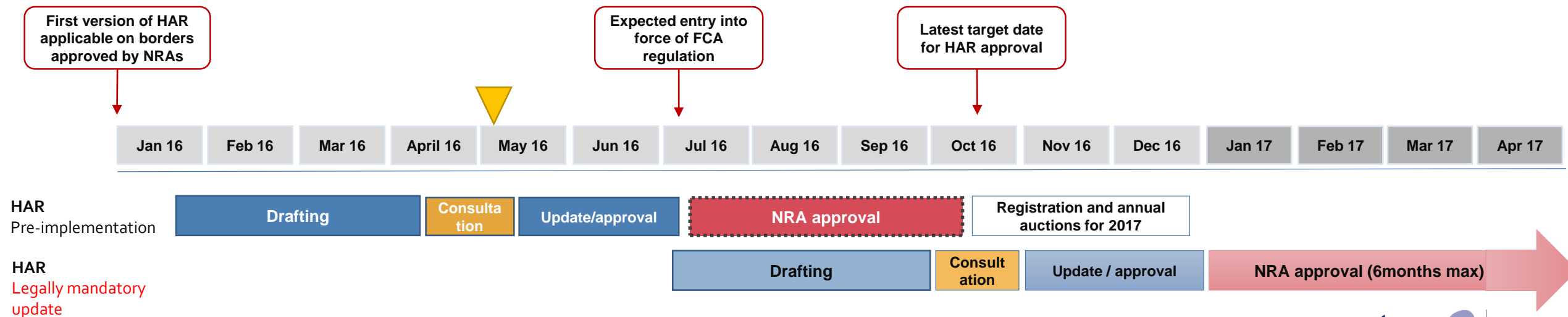
- FTR obligations are not included in this version of the HAR, but high level rules planned to be included in the version after the entry into force of FCA
- Formal FCA implementation to start in parallel mid 2016

## Ad hoc implementation timelines

- On some particular borders, implementation in time for 2017 annual products is not considered feasible by respective NRAs-TSOs
- Border specific annexes will be required in specific cases where early implementation is not considered feasible by NRAs-TSOs
  - Possible reasons for exceptions include: Adaptability of existing regional platforms within this short timeframe, existing implementation projects for the current HAR, ongoing market redesign projects
  - Border specific annexes may also be needed based on specific NRA requests, after the entry into force of the code annexes will be allowed according to art. 52.3 of FCA

# Update on the process

- Working group has prepared updated version of the HAR
- Internal ENTSO-E review and approval process completed
- Public consultation period 18/04/2016-18/05/2016
- Legally mandatory update to start after entry into force of FCA





# Changes to the **HAR MAIN BODY**

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# Summary of changes to the main body of the HAR

Alignment  
to FCA as  
voted  
upon by  
Member  
States

- 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 and settlement chapters

# Changes to the HAR main body: return and transfer of LTRs

## Return of LTRs

- **FCA Article 43 (2):** „Long-term transmission rights holders willing to return their long-term transmission rights for subsequent forward capacity allocation shall notify this, directly or **indirectly through a third party**, to the single allocation platform as set out in the harmonized allocation rules.“
- HAR updated to allow for indirect notification: “The Registered Participant may authorise a third party to send notifications of the return on its behalf through a dedicated section of the Auction Tool.”
- Similar changes for the transfer of LTRs.



# Changes to the HAR main body: curtailment triggering events

## Triggering events of curtailment on Long Term Transmission Rights

FCA Article 53 (1): „All TSOs shall be entitled to curtail long-term transmission rights to ensure operation remains within operational security limits prior to the day-ahead firmness deadline.“

### HAR 2016 Art. 56

- a) Curtailments to ensure System Security and due to Emergency Situation before the Day Ahead Firmness Deadline
- b) Curtailments to ensure Force Majeure and due to Emergency Situation after the Day Ahead Firmness Deadline



### HAR update Art. 56

- a) Curtailments to ensure operation remains within operational security limits and in case of force majeure before the Day Ahead Firmness Deadline
- b) Curtailments to ensure Force majeure and due to Emergency Situation after the Day Ahead Firmness Deadline

# Changes to the HAR main body : deletion of Long-term firmness deadline

## Firmness deadlines

**FCA Article 53 (2):** „The concerned TSOs on the bidding zone border where long-term rights have been curtailed shall **compensate the holders of curtailed long-term transmission rights with the market spread.**“

- FCA does not define Long-term firmness deadline
- Long-term firmness deadline removed from the HAR

# Changes to the HAR main body : deletion of Long-term firmness deadline

## Firmness deadlines - Firmness Regime in previous HAR version

	LT Auction	Send rights document	Gate closure LT nominations	Gate closure DA market	Intraday trading	Realisation
		D-2, 13:00	D-1, 10:00	D-1, 12:00		
		Long Term Firmness deadline (D-1, 10:00)			Day-ahead Firmness Deadline (D-1, 11:30)	
System security						
Compensation	Positive DA market spread at the concerned border in the concerned direction (Marginal price if DA prices are not calculated)			Positive DA market spread at the concerned border in the concerned direction	not applicable	
Cap for compensation	LT (Auction) congestion income in the month of curtailment at the concerned border in both directions			Congestion income (LT Auction + DA) in the month of curtailment at the concerned border	not applicable	
Emergency Situation						
Compensation	Positive DA market spread at the concerned border in the concerned direction			Positive DA market spread at the concerned border in the concerned direction	Positive market spread of the relevant market at the concerned border in the concerned direction	
Cap for compensation	LT (Auction) congestion income in the month of curtailment at the concerned border in both directions			Congestion income (Auction + DA) in the month of curtailment at the concerned border	No Cap	
Force Majeure						
Compensation	Marginal price of the initial Auction			Marginal price of the initial Auction (Weighted avg. of marginal prices of all auctions if no marginal price)	Marginal price of the initial Auction	
Cap for compensation	No Cap			No Cap	No Cap	

Note: „not applicable“ means, that the compensation rules are described in the CACM regulation and does not derive directly from the HAR.

Note: Earlier timings for the long-term firmness are also in place

# Changes to the HAR main body : deletion of Long-term firmness deadline

## Firmness deadlines - New Firmness Regime according to FCA

LT Auction	Send rights document	Gate closure LT nominations	Gate closure DA market	Intraday trading	Realisation
	D-2, 13:00		D-1, 12:00		

Ensure operation remains within operational security limits

Day-ahead Firmness Deadline  
(D-1, 11:30)

Compensation	market spread	not applicable
Cap for compensation	congestion income in the relevant calendar year	not applicable
For DC interconnector		
Cap for compensation	congestion income in the relevant calendar month	not applicable
Force Majeure		
Compensation	Marginal price of the initial Auction	Marginal price of the initial Auction
Cap for compensation	No Cap	No Cap

Note: „not applicable“ means, that the compensation rules are described in the CACM regulation and does not derive directly from the HAR.



# Presentation of changes to the HAR main body: caps and compensation

**FCA Article 54 (2):** „The cap shall not be lower than the total amount of **congestion income collected by the concerned TSOs on the bidding zone border in the relevant calendar year**. In case of Direct Current interconnectors, TSOs may propose a cap not lower than the total **congestion income collected by the concerned TSOs on the bidding zone border in the relevant calendar month.**“

- Annual caps introduced in updated HAR for AC interconnectors.
- Monthly caps are introduced for DC interconnectors.
- Settlement to be done with the first invoice after the end of the period of the cap (to limit risk exposure).



# BORDER/ REGIONAL SPECIFIC ANNEXES

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# 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)



# CONCLUSIONS

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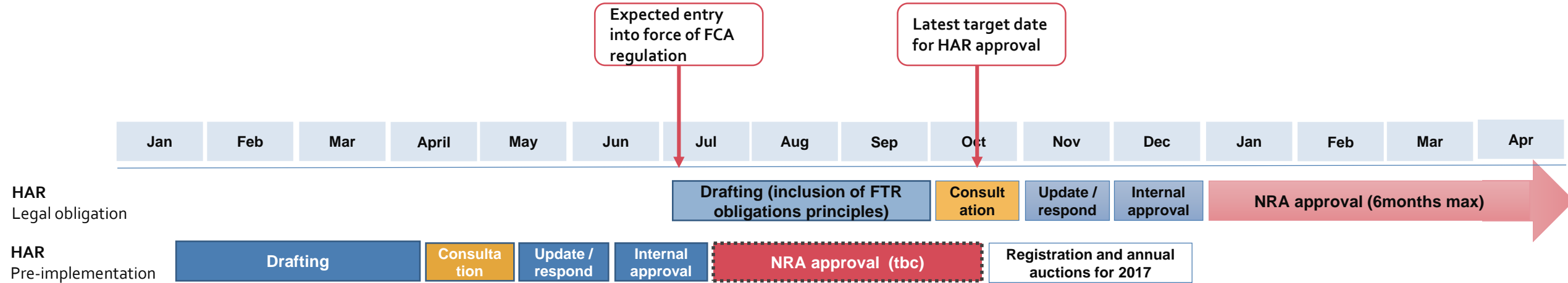


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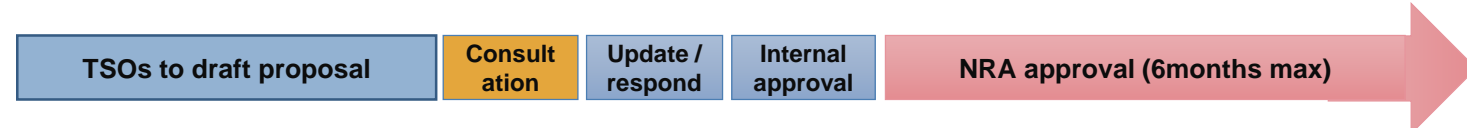
# HAR implementation timeframe and next steps



## Related tasks:

**Regional design of LTRs**  
Legal obligation

CCRs approved??



**SAP Functional requirements**  
Legal obligation



**SAP Cost Sharing**  
Legal obligation

