
ENTSO-E Monitoring Plan in accordance with Article 63(2) of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation

7 April 2017

DISCLAIMER

This document is released on behalf of ENTSO-E for the sole purposes of discussions with ACER on the monitoring plan developed in accordance with Article 63(2) of the Commission Regulation (EU) No 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (“FCA Regulation”). This document does not in any case represent a firm, binding or definitive ENTSO-E position. This document is in progress and could be subject to additional changes internally.

Contents

Contents.....	2
1. Introduction	3
2. General legal requirements	3
2.1. Monitoring content and approach.....	3
2.2. Collection of the necessary data	4
3. Monitoring Plan	4
3.1. Report on the progress and potential problems with the implementation of forward capacity allocation, including fair and transparent access for market participants to long-term transmission rights (Article 63(1)(a) FCA Regulation).....	5
3.1.a. Legal requirements	5
3.1.b. Monitoring approach	5
3.2. Report on the effectiveness of the methodologies for splitting long-term cross-zonal capacity (Article 63(1)(b) FCA Regulation).....	6
3.2.a. Legal requirements	6
3.2.b. Monitoring Report.....	6
3.3. Report on capacity calculation and allocation (Article 63(1)(c) FCA Regulation)	7
3.3.a. Legal requirements	7
3.3.b. Monitoring Report.....	8
3.4. Report on the effectiveness of the operation of the forward capacity allocation and the single allocation platform (Article 63(1)(d) FCA Regulation).....	8
3.4.a. Legal requirements	8
3.4.b. Monitoring Report.....	8

1. Introduction

The current document provides ENTSO-E's monitoring plan (hereafter the "Monitoring Plan") for the monitoring of the forward capacity allocation and the establishment and operation of the single allocation platform (hereafter "SAP"), in accordance with Article 63(2) of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (hereafter the "FCA Regulation"). The monitoring of the forward capacity allocation (defined in the FCA Regulation as the attribution of long-term cross-zonal capacity through an auction before the day-ahead time frame) is part of the general monitoring tasks of ENTSO-E in accordance with Article 8(8) of 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 and repealing Regulation (EC) No 1228/2003 (hereafter "Regulation 714/2009").

The current document presents how ENTSO-E will perform its monitoring tasks, based on the reports and updates to be delivered by ENTSO-E, transmission system operators (hereafter "TSOs") and the SAP Operator in accordance with the FCA Regulation.

As this is the initial Monitoring Plan for the purposes of the FCA Regulation the estimation of time needed for the preparation of the deliverables may be affected by the developments in the implementation of the FCA Regulation. Therefore, if needed and based on the future experience, ENTSO-E may adapt this Monitoring Plan in cooperation with the Agency. Such changes may also be needed to reflect the monitoring required by other Regulations establishing network codes/guidelines due to interdependencies of the deliverables of such network codes/guidelines.

The document is structured as follows: Section 2 gives an overview of the general legal requirements set in the FCA Regulation and Regulation 714/2009 for ENTSO-E monitoring of the forward capacity allocation and the establishment and operation of the SAP, while Section 3 provides the detailed plan that ENTSO-E will implement for monitoring purposes.

The terms used in this document have the meaning of the definitions included in Article 2 of the FCA Regulation.

2. General legal requirements

Article 8(8) of Regulation 714/2009 requires ENTSO-E to monitor the implementation of network codes and guidelines adopted by the European Commission, including thus the FCA Regulation:

"The ENTSO for Electricity shall monitor and analyse the implementation of the network codes and the Guidelines adopted by the Commission in accordance with Article 6(11), and their effect on the harmonisation of applicable rules aimed at facilitating market integration. The ENTSO for Electricity shall report its findings to the Agency and shall include the results of the analysis in the annual report referred to in point (e) of paragraph 3 of this Article."

Article 8(8) of Regulation 714/2009 is thereof customized in this plan for the monitoring of the FCA Regulation, which specifies ENTSO-E's monitoring tasks regarding the matters covered by the Regulation. The FCA Regulation provides, on the one hand, the content of the monitoring task and approach (section 2.1) and, on the other hand, the collection of the necessary data to be provided for each items listed in Article 63(1) of the FCA Regulation (2.2).

2.1. Monitoring content and approach

Article 63(1) of the FCA Regulation requires ENTSO-E's monitoring to cover in particular a list of items. These items are all related to the provisions set in the FCA Regulation and in particular to the implementation of forward capacity allocation and the establishment and operation of the SAP:

“1. ENTSO for Electricity shall monitor the implementation of forward capacity allocation and the establishment of single allocation platform in accordance with Article 8(8) of Regulation (EC) No 714/2009. Monitoring shall cover in particular the following matters:

- (a) the progress and potential problems with the implementation of forward capacity allocation, including fair and transparent access for market participants to long-term transmission rights;*
- (b) the effectiveness of the methodologies for splitting long-term cross-zonal capacity in accordance with Article 16;*
- (c) the report on capacity calculation and allocation in accordance with Article 26;*
- (d) the effectiveness of the operation of the forward capacity allocation and the single allocation platform.”*

According to Article 63(2) of the FCA Regulation, ENTSO-E shall submit to ACER for opinion a monitoring plan covering the items listed in Article 63(1) within six months following the entry into force of the FCA Regulation:

“2. ENTSO for Electricity shall submit a monitoring plan which includes the reports to be prepared and any updates in accordance with paragraph 1, to the Agency for an opinion by six months after entry into force of this Regulation.”

The FCA deliverables, as listed at Article 63(1), are understood to cover the necessary items to fulfil ENTSO-E monitoring obligations. This Monitoring Plan therefore only looks into the reports and updates to be delivered pursuant to the FCA Regulation. The specific legal requirements applicable to each of these deliverables are provided below with reference to the concerned deliverable.

2.2. Collection of the necessary data

In order to allow ENTSO-E performing the monitoring tasks, Article 63(4) of the FCA Regulation requires market participants and other organisations to provide ENTSO-E with the necessary information:

“4. Market participants and other relevant organisations regarding forward capacity allocation shall, at the joint request of the Agency and ENTSO for Electricity, submit to ENTSO for Electricity the information required for monitoring in accordance with paragraphs 1 and 3, except for information already obtained by the regulatory authorities, the Agency or ENTSO for Electricity in the context of their respective implementation monitoring tasks.”

3. Monitoring Plan

The following section details the plan of ENTSO-E to monitor the implementation of the FCA Regulation. The deliverables pursuant to Article 63(1) together with the expected first delivery and the frequency of each deliverable are presented in a table below.

Subsections 4.1 to 4.4 provide additional details on each of the deliverables under Article 63(1) of the FCA Regulation.

Legal Basis	Topic	First submission	Frequency of submissions	Subsequent deliverables upon request
Art. 63(1)(a)	ENTSO-E report on the progress and potential problems with the implementation of forward capacity allocation	The report shall be aligned with similar report under CACM and first report will be published in February 2018	Every year	N/A
Art. 63(1)(b)	ENTSO-E report on the effectiveness of splitting long-term cross-zonal capacity	2 years after the approval of the methodology for splitting cross-zonal capacity	Every 2 years	N/A
Art. 63(1)(c)	ENTSO-E report on capacity calculation and allocation	2 years after the entry into force of the FCA Regulation, i.e. 17 October 2018; the consequent reports will be submitted together with the similar report under CACM, when requested by ACER	Every 2 years	Yes, ACER request
Art. 63(1)(d)	ENTSO-E report on the effectiveness of the operation of the forward capacity allocation and the single allocation platform	1 year after the establishment of the SAP	Every 2 years	N/A

3.1. Report on the progress and potential problems with the implementation of forward capacity allocation, including fair and transparent access for market participants to long-term transmission rights (Article 63(1)(a) FCA Regulation)

3.1.a. Legal requirements

For this task there are no specific legal requirements in Article 63 of the FCA Regulation.

3.1.b. Monitoring approach

Element	Description
Deliverable	ENTSO-E report on the progress and potential problems with the implementation of forward capacity allocation
Content description	<ul style="list-style-type: none"> Bidding Zone borders for which long-term transmission rights are issued

	<ul style="list-style-type: none"> Bidding Zone border for which NRAs have adopted coordinated decisions not to issue long-term transmission rights pursuant to Art 30.1 Progress with the implementation of the deliverables of the FCA in capacity calculation regions (hereafter “CCRs”) and potential problems Problems encountered and measures taken
Frequency and first delivery date	<ul style="list-style-type: none"> The report shall be aligned with similar report under CACM and first report will be published in February 2018
Recipient	ACER
Action plan	<ul style="list-style-type: none"> Identification of the deliverables contributing to the implementation of forward capacity allocation Summary of the findings in a report.
Parties involved	TSOs, SAP Operator and National regulatory authorities (hereafter the “NRAs”), as entities respectively involved in the implementation of the FCA Regulation and the supervising of FCA deliverables.

3.2. Report on the effectiveness of the methodologies for splitting long-term cross-zonal capacity (Article 63(1)(b) FCA Regulation)

3.2.a. Legal requirements

Article 63(1)(b) of the FCA Regulation requires ENTSO-E to monitor “*the effectiveness of the methodologies for splitting long-term cross-zonal capacity in accordance with Article 16*”.

Article 16 of the FCA Regulation does not detail the requirements applicable to ENTSO-E monitoring. It only outlines the requirements for the methodology for splitting long-term cross-zonal capacity.

“1. No later than the submission of the capacity calculation methodology referred to in Article 10, the TSOs of each capacity calculation region shall jointly develop a proposal for a methodology for splitting long-term cross-zonal capacity in a coordinated manner between different long-term time frames within the respective region. The proposal shall be subject to consultation in accordance with Article 6.

2. The methodology for splitting long-term cross-zonal capacity shall comply with the following conditions:

(a) it shall meet the hedging needs of market participants;

(b) it shall be coherent with the capacity calculation methodology;

(c) it shall not lead to restrictions in competition, in particular for access to long-term transmission rights.”

3.2.b. Monitoring Report

Element	Description
Deliverable	ENTSO-E report on the effectiveness of the methodologies for splitting long-term cross-zonal capacity
Content description	<ul style="list-style-type: none"> Overview of the methodologies for splitting cross-zonal capacity in the different borders and between different long-term time frames within the respective region. Information on the volumes and prices for the different long-term timeframes Assessment of the implementation with the conditions set out in Article 16.2 of the FCA GL
Frequency and first delivery date	<ul style="list-style-type: none"> 2 years after the approval of the methodology for splitting cross-zonal capacity
Recipient	ACER

Action plan	<ul style="list-style-type: none"> • Submission and approval of the methodologies for splitting long-term cross-zonal capacity pursuant to Article 16 of the FCA Regulation¹ • Identification by concerned TSOs/CCRs of criteria to review the methodologies; • Review by TSOs/CCRs applying the methodologies and submission of individual / regional reports to ENTSO-E; • Compilation of individual / regional reports by ENTSO-E; • Following the first review, the intention of NRAs to request subsequent reviews should be communicated to concerned TSOs as soon as possible considering the amount of data to be collected and analysed. • For each CCR an information exchange will be needed covering: <ul style="list-style-type: none"> ○ Collect information for the adopted methodologies for splitting long-term cross-zonal capacity ○ Collect information from the SAP on the volumes and prices of the different timeframes
Parties involved	TSOs, Coordinated Capacity Calculators (“hereafter CCCs”), SAP Operator and NRAs

3.3. Report on capacity calculation and allocation (Article 63(1)(c) FCA Regulation)

3.3.a. Legal requirements

Article 26 of the FCA Regulation requires ENTSO-E to report on capacity calculation and allocation. The content of the report is to be based on a set of indicators agreed by all TSOs after consultation with ACER.

“1. No later than two years after the entry into force of this Regulation, ENTSO for Electricity shall draft a report on long-term capacity calculation and allocation, and submit it to the Agency.

2. If the Agency requests it, in every second subsequent year, ENTSO for Electricity shall draft a report on long-term capacity calculation and allocation. If applicable, this report shall be submitted to the Agency together with the biennial report on the capacity calculation and allocation according to Article 31 of Regulation (EU) 2015/1222.

3. For each bidding zone, bidding zone border and capacity calculation region, the report on capacity calculation and allocation shall contain at least:

(a) the capacity calculation approach used;

(b) statistical indicators on reliability margins;

(c) statistical indicators of cross-zonal capacity, where appropriate for each capacity calculation time frame;

(d) quality indicators for the information used for the capacity calculation;

(e) where appropriate, proposed measures to improve capacity calculation;

¹ Ref. to submission and approval of the proposal for a common capacity calculation methodology per CCR pursuant to Article 10 of the FCA Regulation

(f) recommendations for further development of the forward capacity calculation, including further harmonisation of methodologies, processes and governance arrangements.

4. After consulting the Agency, all TSOs shall jointly agree on the statistical and quality indicators for the report. The Agency may require the amendment of those indicators, prior to the agreement by the TSOs or during their application.

5. The Agency shall decide whether to publish all or part of the biennial report.”

3.3.b. Monitoring Report

Element	Description
Deliverable	ENTSO-E report on capacity calculation and allocation
Content description	For each bidding zone, bidding zone border and CCR, at least the elements listed in Article 26(3) of the FCA Regulation.
Frequency and first delivery date	Every second year upon ACER request. First delivery by 2 years after the entry into force of the FCA Regulation, i.e. 17 October 2018. The consequent reports will be submitted together with the similar report under CACM, when requested by ACER.
Recipient	ACER
Action plan	<ul style="list-style-type: none"> • Definition of the statistical and quality indicators by all TSOs according to Article 26 of the FCA Regulation • Consultation with ACER of the statistical and quality indicators • Agreement of all TSOs on at least the statistical and quality indicators, with possible regional specificities • Establishment of information exchange channel for each bidding zone, bidding zone border and CCR: <ul style="list-style-type: none"> ○ all TSOs of each concerned CCR provide to ENTSO-E the statistical and quality indicators calculated for each bidding zone, bidding zone border and CCR ○ all TSOs of each concerned CCR provide to ENTSO-E the indicators and the information requested by Article 26(3)(a) to (f) of the FCA Regulation • Collection of the outcomes in a report.
Parties involved	ACER: as far as consultation on statistical and quality indicators according to Article 26(4) of the FCA Regulation is concerned. TSOs, relevant CCCs and the SAP Operator when necessary

3.4. Report on the effectiveness of the operation of the forward capacity allocation and the single allocation platform (Article 63(1)(d) FCA Regulation)

3.4.a. Legal requirements

Article 63(1)(d) requires ENTSO-E to monitor “the effectiveness of the operation of the forward capacity allocation and the single allocation platform”. The FCA Regulation does not provide additional requirements for this task.

3.4.b. Monitoring Report

Element	Description
Deliverable	ENTSO-E report on the effectiveness of the operation of the forward capacity allocation and the single allocation platform

Content description	Regular Annual reports for SAP stakeholders could be taken as a basis to assess the effectiveness of the operation of the forward capacity allocation and the single allocation platform Any delay or unavailability of the SAP to perform LTTRs allocation in any BZ border as from the deadline to become operational pursuant to the FCA GL
Frequency and first delivery date	Every year 1 year after the approval of the proposal for the establishment of the SAP
Recipient	ACER
Action plan	<ul style="list-style-type: none"> - Develop indicators - Collect data (communication channel with SAP) - Draft report (or Use SAP report)
Parties involved	TSOs, SAP Operator and ACER

DRAFT