


**ACER**

 Agency for the Cooperation  
of Energy Regulators

# **Forward Capacity Allocation Network Code ENTSO-E Public Workshop**

**08/05/2013**  
ACER

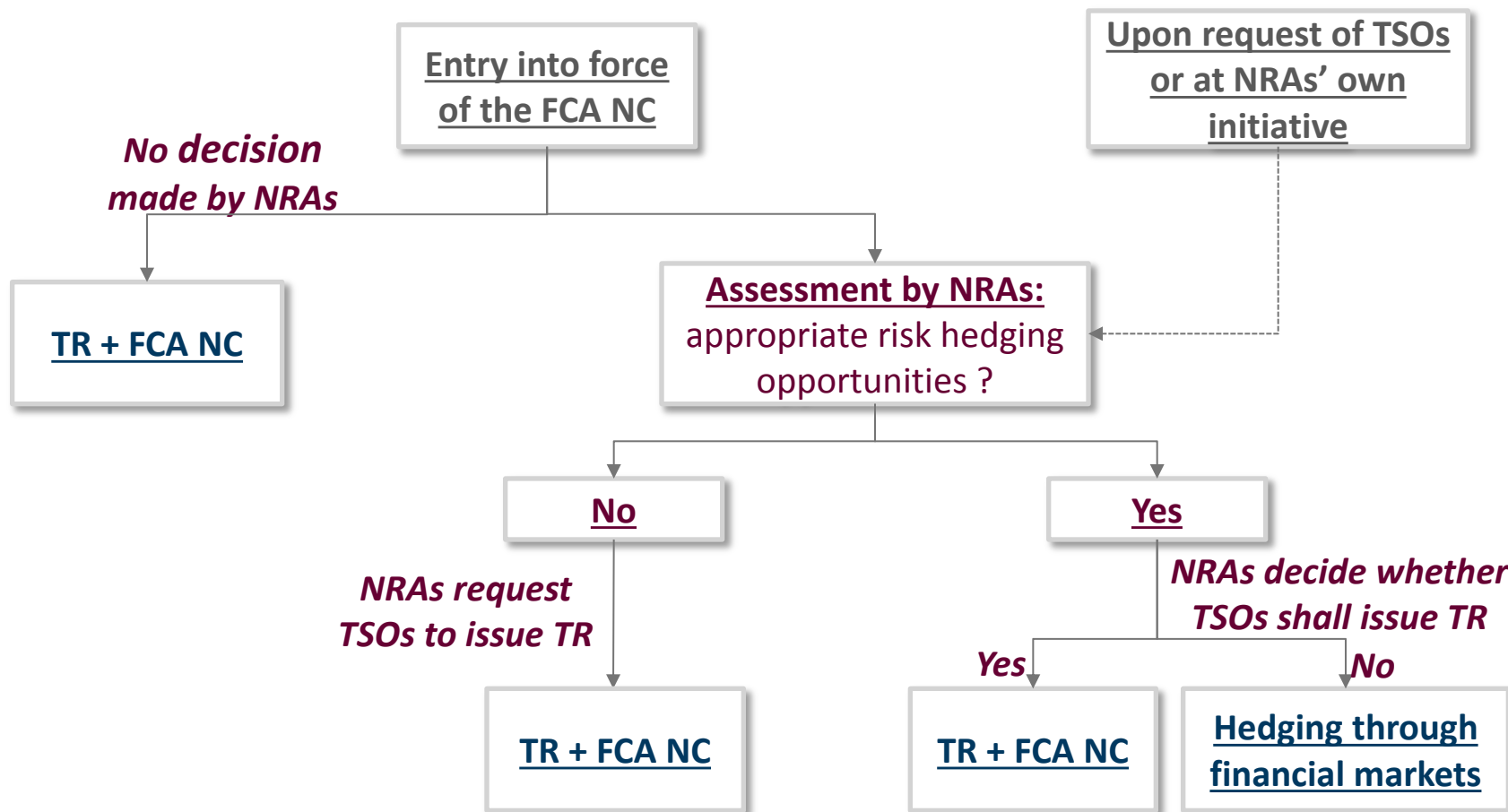
## The draft FCA NC submitted to public consultation lacks compliance with the FG

ACER has shared their concerns with ENTSO-E since the earliest stages of the process (December). Major concerns remain and are related to:

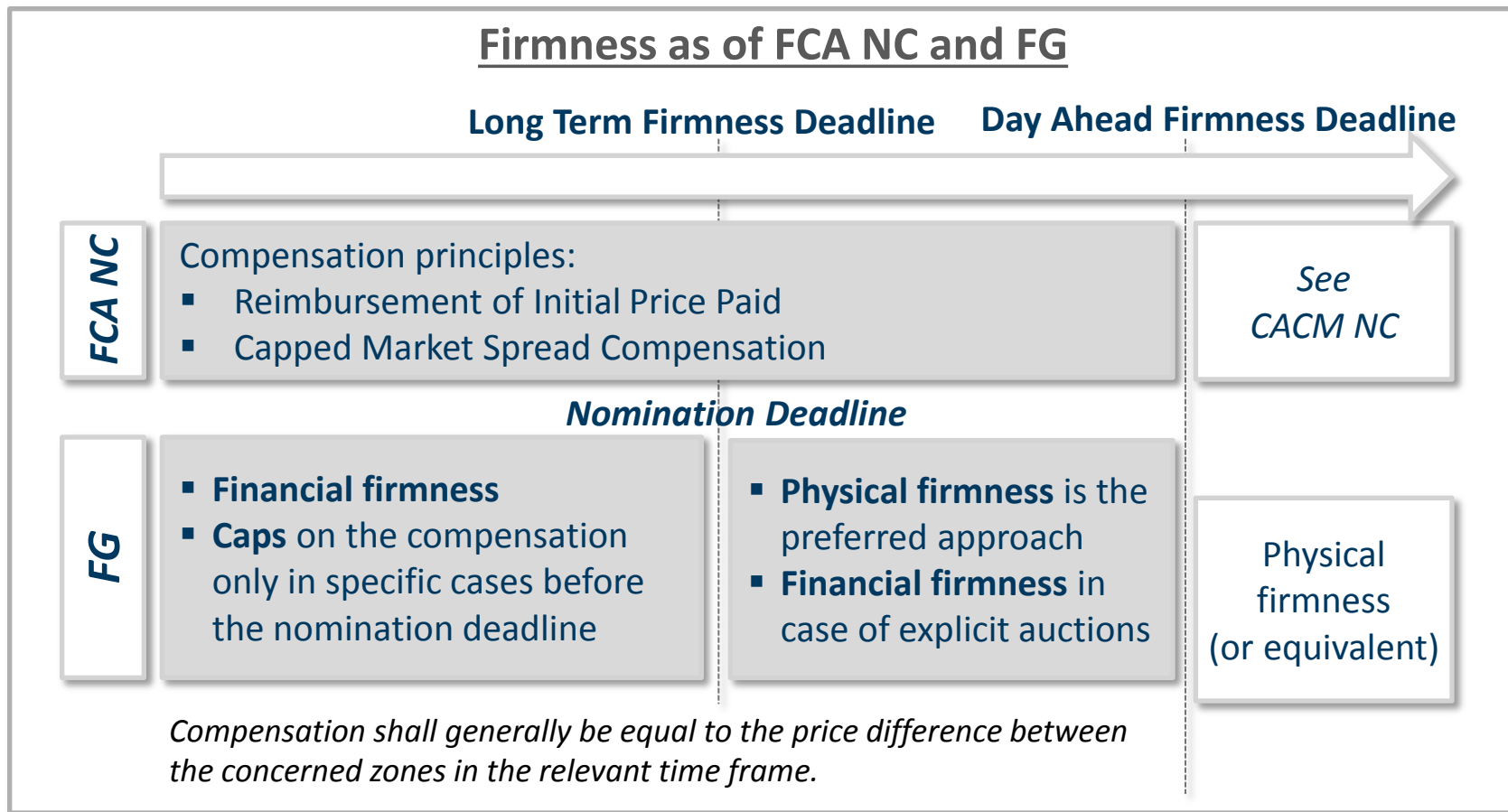
- **Decision on Transmission Rights allocation:**
  - Improved process will be proposed by NRAs (*Preliminary Opinion to be released early June*)
- **Firmness regime**
  - Inconsistent with FG requirements
- **Revenue Adequacy principle**
  - May conflict with FG requirements
- **Process and deadlines for platform(s):**
  - E.g. 3y3m for the EU single platform, leading to 2018 (instead of 2014)

## Decision on Transmission Rights allocation

### *ACER's proposal*



## **Firmness in the draft FCA NC as of 28 March 2013**



- Full firmness shall be guaranteed after nomination deadline / LTF deadline.
- Caps on compensation may be introduced before nomination deadline / LTF deadline to cope with specific risks (e.g. DC cables) and shall be subject to NRAs' approval.

## **Revenue Adequacy in the draft FCA NC as of 28 March 2013**

Article 2 in the FCA NC states:

- **Revenue Adequacy** means the condition that links the LTR payouts to the collected Day Ahead congestion income in order to mitigate the risk to System Operators of adverse financial deficits due to specific design aspects of Day Ahead Capacity Allocation such as, but not limited to, adverse flows, losses;

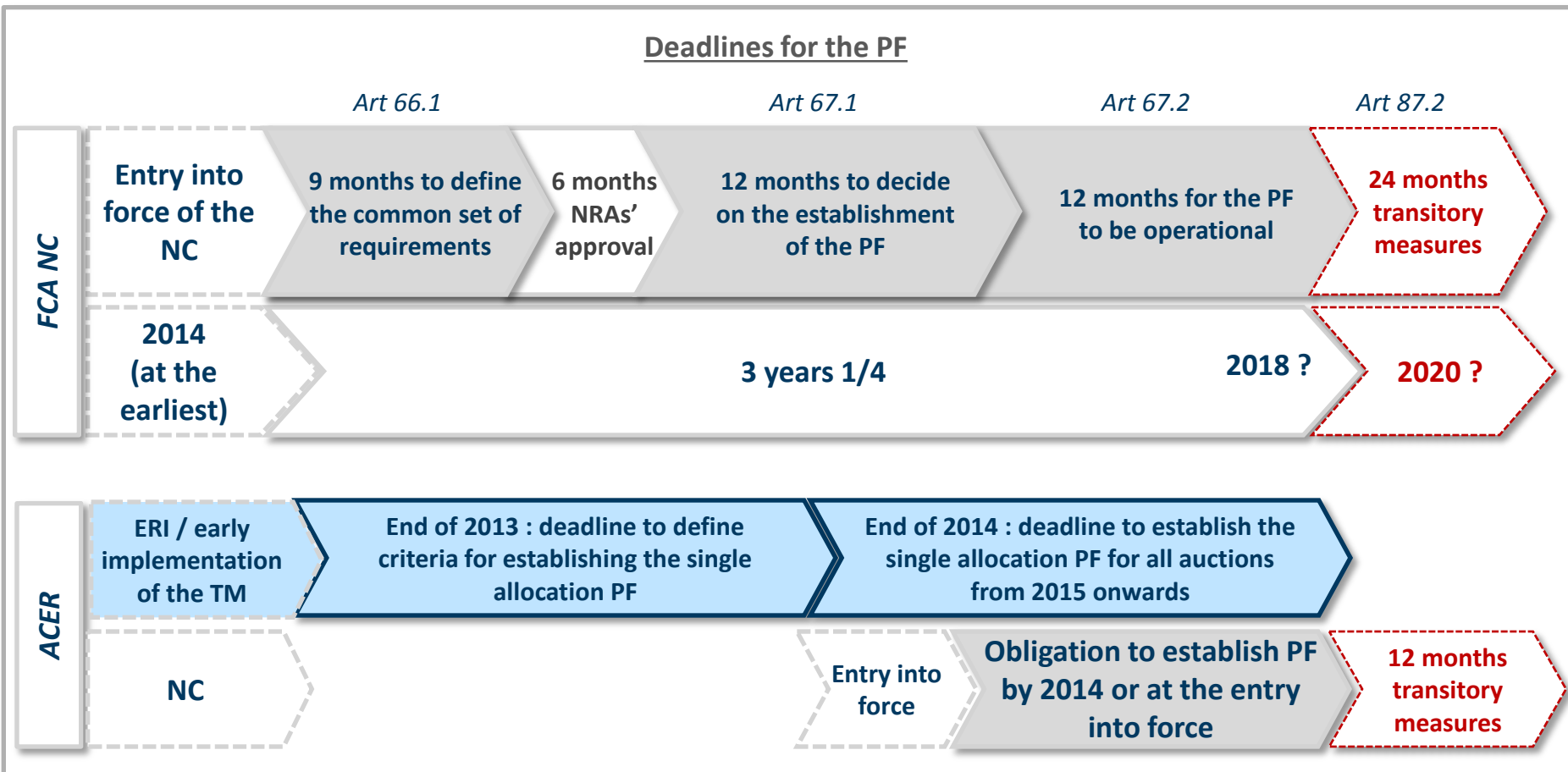
CACM Framework Guidelines states:

- **TSOs shall give the total financial resale value of capacity** (day-ahead price difference or clearing price of the next auction) **back to the market participants who owned the PTR.**

This concept, although not foreseen in the FG, may be introduced but the framework shall specified and the FG requirements shall be met:

- **Implication for UIOSI** : The value for the payout shall be defined as in the FG (see above)
- **Firmness** shall be guaranteed for the capacity as stated in the FG (see previous slide):
  - » RA could be used only to design caps on compensation before nomination deadline.
  - » The RA principle (if introduced to cap compensation before nomination) should include collected LT and Day Ahead congestion income.
- **Cost Recovery**: What would be the link between Revenue Adequacy and Cost Recovery?

## *Process to establish the platform(s) in the draft FCA NC as of 28 March 2013*



## Other comments

- Regulatory approval procedures, market participants consultation, definitions... : detailed comments will be provided during the next meeting.
- **Capacity calculation and splitting methodology**
  - » Similar concerns as for CACM NC
  - » More details are needed on statistical approach as a complementary approach for Long Term Capacity Calculation (scenario based approach)
  - » More information is expected from ENTSO-E about the processes for capacity calculation and splitting of capacities; ACER will then provide comments.
- The Agency welcomes ENTSO-E's proposal on **Secondary Platform**
  - » TSOs shall provide features to facilitate secondary trading, such as a registry for transfers, instead of directly providing secondary trading
    - But the secondary PF shall be the single point of contact (= MPs do not need to register the transfer also to TSOs)
  - » Does not prevent any third party from organising the exchange of transmission rights through alternative platform(s)
    - The NC shall not impose burdensome constraints on these PF

## Next steps

- Until 28 May : ENTSO-E public consultation
- 29 May : ACER - ENTSO-E bilateral meeting
- June – September : FCA NC update by ENTSO-E
- 1st October : FCA NC submitted to ACER
- October – December : ACER's Reasoned Opinion drafting



# **Thank you for your attention!**



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