

EURELECTRIC's views on the draft HAR

*ENTSO-E's Public Workshop on HAR
Brussels, 18 March 2015*

General remarks (1/2)

- EURELECTRIC welcomes the draft HAR and the work done following the stakeholders' meetings in November and January. However, most of our previously raised concerns remain.
- The harmonisation of allocation and nomination rules pursued by ENTSO-E's HAR should not lead to any regression of existing standards, especially as regards firmness of long term transmission. ENTSO-E should thus reverse its current approach:
 - HAR should contain the common target provisions based on existing best practices and ACER recommendation.
 - Border-specific annexes could potentially contain local exemptions, as a compromise.
 - Strive for harmonisation: in the mid-term, aim for a reduction (or even elimination) of border-specific annexes. Specificities shall be limited to a specific period of time, allowing extensions after approval by the EC and the relevant NRAs.

General remarks (2/2)

- Implementation of FTR should be carefully assessed with an analysis of their potential impact on market players and consequently on the market liquidity and access:
 - With the implementation of market coupling many market players already use PTRs as financial hedging tools without exercising the right to nomination, so the implementation of FTR does not seem so urgent under an operational point of view.
 - Moreover, it is still unclear how FTR would be treated according to the recently approved European financial regulation (e.g. EMIR, MiFID II etc) since their identification as financial instruments may have burdensome impacts on market participants with negative effects on electricity market access.

Specific points on firmness (1/2)

- The notion of “Long Term Firmness Deadline” should be removed: rights should be physically firm after nomination deadline and financially firm before.
- Before the Day-ahead Firmness deadline, LTTRs may be curtailed only in the event of Force Majeure, and compensation should be at the DA price spread, with a commitment to progressively remove caps (even monthly ones) at all borders.
- After the Day-ahead Firmness deadline, full firmness of LTTRs without any cap on compensation has to be ensured.

Specific points on firmness (2/2)

- Congestion income should be calculated over a whole year as recommended by ACER and should encompass both forward and day-ahead congestion income.
- Emergency situations are not Force Majeure events: the definition of Emergency situation has improved and is now limited to situations where redispatching and countertrading is not possible. However, rights shall not be curtailed in the end of emergency before the firmness deadline.

Other points

- Products should progressively be made standard and reduction periods should progressively be removed. Standard products are easier to price, will foster liquidity in the secondary market and leave the TSO the freedom to optimise (reschedule) the maintenance.
- Bank guarantees should be less strict, at least regarding the bank ratings. The introduction of the possibility to temporarily lower them is welcome and could work in most cases.