

# **Harmonised Allocation Rules for Forward Capacity Allocation**

## **Summary of the assessment of the comments from the public consultation**

# 1 EXECUTIVE SUMMARY

The draft Network Code on Forward Capacity Allocation (NC FCA) as submitted by ENTSO-E on 2 April 2014 (hereinafter NC FCA) sets out rules regarding the type of long term transmission rights that can be allocated via explicit auction, and the way holders of transmission rights are compensated in case their right is curtailed. The overarching goal is to promote the development of liquid and competitive forward markets in a coordinated way across Europe, and provide market participants with the ability to hedge their risk associated with cross-border electricity trading. In order to deliver these objectives, a number of steps are required. In coordination with regulators and interested stakeholders, ENTSO-E has decided to begin the early implementation of a number of projects before the NC FCA is adopted. One of these projects is the Harmonisation of the long term Allocation Rules (EU HAR).

Allocation rules govern the contractual arrangements for cross zonal capacity allocation in the long-term timeframe by explicit auctions. Generally, the allocation rules deal with:

- the procedures for auctioning transmission rights;
- the terms on which market participants may participate in explicit auctions; and
- the terms for use of cross zonal capacity.

Currently there is no single set of harmonised rules for trading across European bidding zone borders. A number of regional allocation platforms are in place in different regions, each one with specific allocation rules.

TSOs decided to start harmonising the Allocation Rules in the frame of an early implementation project even before the NC FCA enters into force and poses obligations on TSOs to do so. According to the [NC FCA](#), the project has been estimated for 12 months from the start of the drafting until the submission of the EU HAR for NRA approvals. This one year project has included the establishment of the Harmonised Allocation Rules Stakeholder Advisory Group ([HAR SAG](#)) where selected Stakeholders were able to review the different versions of the EU HAR and provide comments and express their views during the various phases of the drafting of the EU HAR (before, during and after the public consultation). In line with the NC FCA a public consultation was organised lasting for 4 weeks from 2 March 2015 till 31 March 2015. Through this public consultation each interested party has been able to submit comments on the EU HAR. In the middle of the public consultation, ENTSO-E organised a public workshop where the participants received general information on the EU HAR which intended to help them in providing their comments and they were also able to ask their questions. During the public consultation nearly 200 comments from 16 different respondents were received that have been duly considered by the involved TSOs. This document includes all of these comments in Annex 3, it clearly describes in Section 2 how they have been assessed and how the relevant chapters have been adjusted where appropriate. In the framework of the public consultation, the border or regional specific annexes were also published. In case of interest please contact the relevant TSOs to access the comments provided on those annexes and their assessment by the concerned TSOs. Accordingly, please note that this document deals only with the comments and the content of the main body of the HAR.

## 1.1 STRUCTURE OF THE DOCUMENT

The document has 2 subsequent sections .

- Section 1 is the executive summary describing the process in general; and
- Section 2 is the detailed summary of the assessment of the comments on each chapter of the EU HAR.

The document has 1 Annex, i.e. the detailed comments received by ENTSO-E on the main body of the EU HAR during the public consultation held from 2 March 2015 till 31 March 2015.

## 2 SUMMARY OF CHANGES TO THE HARMONISED ALLOCATION RULES FOR FORWARD CAPACITY ALLOCATION IN LIGHT OF THE COMMENTS FROM THE PUBLIC CONSULTATION

### 2.1 CHAPTER 1 – GENERAL PROVISIONS

Chapter 1 provides the general provisions regarding the subject matter and scope of the European Harmonised Allocation Rules (EU HAR) including the definitions. It also defines the effective date and application of the EU HAR as well as the possibility of the introduction of regional specificities.

Parties provided commentary regarding Article 1 and Annex 1 which gives scope of the application of these rules. The proposal regarding Annex 1 was to refer to the annexes next to each border, thus, a definitive list of borders and annexes have been included into Annex 1. As a general comment one respondent suggested that the EU HAR should include buy-back of transmission rights; this suggestion has been assessed in the past and during the development of the NC FCA as well as the drafting of the EU HAR; however, this possibility is outside the scope of both the current EU HAR and the NC FCA, thus the EU HAR have not changed to this regard. For more clarification, ENTSO-E has published a [policy note](#) explaining the reasoning of this issue.

Regarding the definitions, it was requested to delete the definitions contained in Directive 72/2009 and Regulation 714/2009 as well as the references to articles in the other chapters of the EU HAR. Even though such definitions and references were included for the purpose of reader friendliness of the rules, TSOs considered to follow the request and amend the definitions provision accordingly. Minor changes have been done in other definitions upon request of stakeholders (e.g. Affiliate, Market Spread, Working Hours, Working Days) to the extend possible and after duly consideration by the TSOs.

Regarding the regional specificities provision of Article 4, a respondent mentioned that the possibility of having regional or border specific annexes is incompatible with Article 8(7) of Regulation 714/2009. The comment was duly considered and it was concluded that no incompatibility exists between this provision and article 8(7) of regulation 714/2009 as the latter gives the possibility to member states to establish national network codes, i.e. rules which do not affect cross-border issues. The regional or border specific annexes have always a cross border effect as they will at least affect one border and thus, it is not incompatible with the above mentioned right of the member states to establish national rules. Few

respondents requested that regional or border specific derogations should only be allowed for a limited period of time. The comment has been assessed, however, such general limitation cannot be introduced for all regional or border specific annexes. With the periodic review included now in Article 69 of the EU HAR (see below chapter 11 of this document), a possibility to reassess the need and probable termination of the regional or border specific annexes is introduced.

Parties requested also a periodic review of the Annexes and a National Regulatory Authority (NRA) approval of the EU HAR. TSOs considered the comments noting that a general rule on NRA review can only be part of a legislative act like the NC FCA. A change has been made in Article 67 of the EU HAR (see chapter 11 below) including so that the Allocation Platform (AP) in cooperation with the TSOs are obliged to make a review of such border specific annexes and open a consultation to this regard in a periodic manner. Depending on the results of the review and the consultation, an amendment of the border specific annexes may prove necessary. Regarding the NRA approval of the EU HAR, the current text refers to the national regulatory regime. The NC FCA will foresee the legal basis for a pan EU NRA approval requirement.

Concerns were raised regarding the effective date and application of the EU HARs defined in Article 5, requiring a suggested explicit notice of the date at which MPs access to one type of transmission right ceases and another begins, thus, requiring clarification. After careful consideration TSOs clarified the wording of Article 69 of the EU HAR for the entry into force of the EU HAR which shall take place in accordance with the national regulatory regime and on the date announced by the Allocation Platform. The application of the EU HAR to rights allocated prior the entry into force of the EU HARs (and/or potentially prior to any future amendments of the EU HARs) with delivery date after the 1 January 2016 is maintained in the text as to avoid having two different sets of rules applying to different categories of rights after this date. Such retroactive application shall nevertheless be treated with caution and therefore, it is subject to any legal restrictions from the applicable governing law or to a different provision in the regional or border specific annexes. Upon stakeholders' request paragraph 3 of Article 5 was moved to Article 69 of the EU HAR.

## **2.2 CHAPTER 2 – REQUIREMENTS AND PROCESS FOR PARTICIPATION IN AUCTIONS AND TRANSFER**

Chapter 2 provides the provisions on the requirements for participation in the Auctions and the transfer of long term transmission rights. While the participation in the transfer requires a minimum set of conditions, participation in Auction requires in addition the submission of collaterals and the acceptance of additional financial terms where this is necessary.

Parties suggested that in order to preserve uniform nature of Allocation Rules and avoid any possible unilateral actions by the Allocation Platform, the introduction of any additional rules shall be subject to approval of the relevant NRA (in relation to accepting additional financial terms). No change has been introduced to this regard as additional financial terms may be

different from one Allocation Platform to another as these terms would be governed by the local governing law. In addition, the content of the additional financial terms are not in the scope of the EU HAR themselves and serve the goal of allowing the market participants to benefit from a flexible financial arrangement for various allocations (not only long term). Examples of such financial agreements exist and are published on the websites of current allocation platforms (example [CASC](#) /[CAO](#)).

The governance, form and content of the Participation Agreement was an area of interest for market participants. It was suggested that to avoid any possible conflicts between the content of the Participation Agreement and its amendments done by the Allocation Platform and the EU HAR as well as the relevant amendments should be subject to approval of the relevant NRA. The EU HAR provide in Article 8 (1) that the content of the Participation Agreement cannot amend/change the terms and conditions of the EU HAR if not explicitly allowed by the EU HAR in very limited cases and thus, no legal uncertainty exists regarding the validity of the EU HAR to this regard. The process for the amendments of EU HAR including their annexes are dealt with in Chapter 11 (Article 67) and it is foreseen that they take place in accordance with the national regulatory regime. Therefore TSOs take the view that this provision did not require amendment as it serves only to clarify that the Participation Agreement should not contradict the EU HAR. In addition, a respondent mentioned that the possibility of the Registered Participants and the Allocation Platform to agree on additional rules (as per Article 8(3)) is incompatible with Article 8(7) of Regulation 714/2009. The comment was duly considered and it was concluded that no incompatibility exists between this provision and article 8(7) of regulation 714/2009 as the latter gives the possibility to member states to establish national network codes, i.e. rules which do not affect cross-border issues. The Participation Agreement has not the same scope as the national network codes and thus, it is not incompatible with the above mentioned right of the member states.

Clarity was sought regarding settlement through a Dedicated Business Account as it implies that other settlement arrangements are possible. In light of this comment TSOs concluded to clarify Article 12 and effect that amounts owing by the Registered Participant will either be collected by the Allocation Platform or, as an alternative, the Registered Participant will make payment to the Allocation Platforms account following receipt of an invoice. It is also provided in the EU HAR that the alternative process mentioned above may be used upon request of the Registered Participant and with the consent of the Allocation Platform.

It was suggested that the terms and conditions for access to and use of the Auction Tool should ensure data security and integrity and that fore mentioned objectives should not create excessive IT costs to Registered Participants for access to and use of the Auction Tool. The EU HAR provide that the use of the IT tool is free of charge; however, adaptations of the internal IT tools of the different Registered Participants may be necessary for their interaction with the IT tool of the Allocation Platform. Even though TSOs will consider costs fo

the establishment of the IT tool of the Allocation Platform, it is not feasible to commit to minimising the costs for adaptations from the Registered Participants side for accessing the Auction Tool as TSOs have no control over the various IT tools which can be as many as the Registered Participants.

## 2.3 CHAPTER 3 – COLLATERALS

This chapter deals with the rules about collaterals to be provided by the Registered Participants to secure payments to the Allocation Platform resulting from Auctions of Long Term Transmission Rights. It sets out requirements for the form and amount of collaterals required as well as circumstances in which collaterals may be called upon by the Allocation Platform.

A respondent mentioned that the possibility of the Registered Participants and the Allocation Platform to agree on additional rules (as per Article 8(3)) is incompatible with Article 8(7) of Regulation 714/2009. (“The network codes shall be developed for cross-border network issues and market integration issues and shall be without prejudice to the Member States’ right to establish national network codes which do not affect cross-border trade.”) in relation to the draft EU HAR wording that collaterals should be provided to secure “potential other payments falling due under the additional financial terms”. After assessment of this request no amendment of the initial wording was included. Today the allocation of cross-border capacity for some Bidding Zone Borders is organized by an entity that also organizes other types of auctions than cross border capacity allocation. Registered Participants are allowed in this case to present collaterals that can be jointly used for cross border network issues processes and to other processes organized by the same Allocation Platform. Limiting the possibility of provision of joint collaterals only to processes related to cross border network issues would force Registered Participants to present a specific collateral for cross border network issues processes and another specific collateral for other processes not related with cross border network issues. Such an approach would trigger additional and not necessary costs to Registered Participants..

There was a request to clarify whether additional financial terms (such as mentioned around operation of the dedicated business account) meant the same as the separate financial agreement and whether the additional financial terms were 100% uniform across all Allocation Platforms. There was a slight wording change in this area to ensure consistency i.e. “additional financial terms” replaces “separate financial agreement” where the latter was used in the consultation draft in order to avoid the possible confusion that different things were meant by these terms. While it is obviously desirable to have 100% uniform additional financial terms it cannot be guaranteed where Allocation Platforms operate in different

jurisdictions with different national legislation and may offer different services for which joint settlement and collateral is possible.

Two responses queried compliance with Annex 1 in Regulation No 153/2013 (the EMIR Implementation Act) particularly the Allocation Platform's acceptance of non-fully backed bank guarantees, which is not permitted from March 2016 for non-financial members of a Central Counterparty Clearing House (CCP) when clearing financial instruments. It was suggested that this raises issues of discrimination and distortion of the market as similar financial instruments would have different bank guarantee requirements. Since the regulation is related to CCP, it is only valid here if Long Term Transmission Rights are classified as financial instruments and allocated through a Regulated Market or Multilateral Trading Facility where clearing is done through a CCP so only Allocation Platforms that fall under this need to comply. This would mean that rules for Allocation Platforms that need to comply with this regulation should stipulate their requirements in the separate financial agreement/additional financial terms rather than in the main body of the EU HAR so no change has been made.

A number of respondents queried the high credit rating requirement for issuers of bank guarantees in favour of the Allocation Platform in respect of payment due for allocations of Long Term Transmission Rights. Arguments against having such a high credit rating requirement were that it may act as a barrier for entry for small market participant or participants that only have access to local banks that do not meet the requirements. As well as lowering the required rating a number of alternative suggestions were made:

- The Allocation Platform could consider the credit rating of market participants themselves.
- The Allocation Platforms could use its own discretion as to the appropriate credit rating.

On the other hand it was recognized that the possibility for the Allocation Platform to temporarily lower the required rating in the event of industry-wide downgrades is a compromise that could work in most cases.

The TSOs have debated this issue at length to attempt to reach a common position. Arguments in favour of maintaining a high rating have included:

- The required bank rating does not act as a barrier for entry for small market participants or participants that only have access to lower-rated local banks as market participants can always opt to provide their security in the form of a cash deposit.

- The same rate should be used for all countries participating on an allocation platform to ensure an equal level of playing field for all market participants irrespective of their location – this should be the highest required rating to minimize risk of non payment that in the end is paid by the end-consumers.
- Lowering the rates could deteriorate the financial rating of TSOs, increasing their risk profile and the financial costs for TSOs to raise debt financing. Since these costs are typical pass through costs for TSOs, this means that these costs are born by the end-consumers.
- Some TSO's already have these high rating requirements and lowering would lead to an additional risk and as such a possible review of credit costs not necessary covered by tariffs for all TSO's (merchant interconnectors).

Points put forward against the high rating include:

- TSOs should facilitate the market integration to the highest extent possible and a high rating could be seen as barrier for opening of the market.
- There are no banks satisfying the credit rating requirements in some TSOs countries so it seems excessive to expect this rating from participants.
- Collaterals are triggered very rarely and the risk related to banks will appear in situation when both the Registered Participant and the bank are in financial difficulties.

The TSOs undertook further investigations to determine the appropriate level of credit rating as follows:

- Assessment of the bank rating required by Power Exchanges
- Assessment of the number of banks that can comply with the proposed rating

Based on further investigations and in order to provide compromise solution the minimum required rating included in the updated version of the EU HAR is BBB+ by Standard and Poor's Corporation, BBB+ by Fitch or Baa1 by Moody's Investors Service Inc

With regard to request to consider credit rating of Registered Participants themselves this would not be a solution for the small Registered Participants since they would not have a credit rating while bigger Registered Participants would already be able to have access to banks that fulfill the set requirements since they are active on the international financial markets.

With regard to request to allow Allocation Platform to use its own discretion as to appropriate credit rating, this is unlikely to be a solution as the Allocation Platform needs to ensure transparency and equality to deliver a level playing field for all Registered Participants. Furthermore this would only be an intermediate solution because the EU target is to have a Single Allocation Platform for the allocation of all Long Term Transmission Rights.

One trade association suggested that Registered Participants should be able to access their credit limit information at any time and also that the credit limit should be based on the value of allocated capacity as soon as preliminary auction results are available, rather than the value of bids up until publication of final auction results. Both functionalities were foreseen. However these functionalities were not specified in the EU HAR. The TSOs have assessed this as reasonable requests for clarification and the draft EU HAR have been updated accordingly.

A number of comments were received on the provision of a bank guarantee template by the Allocation Platform. One respondent suggested that the form of bank guarantee should be determined by the issuing bank while two others, including a trade association, considered a standard template to be necessary in terms of being able to compare and minimize prices from different banks. No change has been made in this area of the draft EU HAR as the EU HAR provide for the substantial elements of the bank guarantee to be applied by all Allocation Platforms. In addition no standard template can be provided as Allocation Platforms may need to align their template with the applicable financial terms. It is the intention that the Allocation Platform will make a template of the bank guarantee available sufficiently in advance before the EU HAR will be applied.

Different suggestions were made by a trade association to change the validity period of bank guarantees. One was to reduce the required validity of bank guarantees to two weeks after the 'payment deadline' rather than at least 30 days after the end of the Product Period. No change was made as 'payment deadline' is not a defined term and is not known in advance so any change is likely to lead to confusion as to when it would be. Moreover when comparing the approach proposed by respondent and the approach in the EU HAR no major difference in possible validity period was identified. A related comment was made around renewal of bank guarantees, suggesting that they should be valid as soon as processed by the Allocation Platform rather than there being a defined cutoff for when they must be received to be valid for an auction. While this change may be beneficial it may lead to Registered Participants being treated differently on different occasions leading to disputes or perceived discrimination. For this reason no change has been made as it is better to have clarity of specific deadlines to avoid any confusion.

TSOs further clarified how the credit rating of bank issuing the bank guarantee will be verified in case when the rating requirement is not fulfilled by the issuing bank itself but by the financial group to which it belongs.

## 2.4 CHAPTER 4 – AUCTIONS

This chapter describes the process of Auction starting with timeframes and form of products being subject of allocation under the presented Allocation Rules and information published before the Auction (i.e. Auction Specification), going through the process of placing and registration of Bids and applicable validations during this process to algorithm of Auction results determination and ending up with publication and contestation of Auction results.

Some respondents commented on listed form of products and timeframes trying to connect the Allocation Rules with products on connecting markets, other products than PTRs/FTRs and split of capacity. These issues are not in the scope of discussion on EU HAR which are developed for allocation of PTRs and FTRs Options in line with NRAs and Agency for the Cooperation of Energy Regulators (ACER) requirements and which are very flexible to handle any specific timeframes or forms of product as introduced for individual Bidding Zone border. Issues of timeframes and forms of product should be dealt with locally or on regional level in separate discussion of TSOs, market participants and regulatory authorities and in connection with capacity calculation process.

Some respondents asked to make the overview of timeframes and forms of products foreseen to be allocated available as soon as possible including additional information, this request was considered in the updated version of EU HAR by specifying in detail which information will be published with Auction Calendar according to Article 27 (4).

Several respondents commented on Reduction Periods asking for publication of additional information on Reduction Periods and on general elimination of this option of the Offered Capacity specification. No change was introduced as the decision of TSO to apply reduction periods tries to balance the interest of market participants to get standard product and simultaneously to get maximum capacity in long-term auction. Information provided by TSOs via Transparency Platform according to Regulation 543/2013 enables to market participants to assess factors having an impact to offered capacity calculation not only during Reduction Periods but in general.

One respondent asked to remove publication of list of participants which win capacity. As this comment was placed only by one market participant we assume it is rather exceptional opinion therefore the EU HAR was not changed in this respect. Furthermore, TSOs believe this approach increases the transparency and ease the trades on the secondary market.

Respondents commented on Bids assessment/validation rules requiring to leave these rules at discretion of individual Allocation Platform and to remove different validation of Bids according to Article 31(3) and Article 31(4). These rules have not been changed as TSOs believe that the presented EU HAR allows efficient process keeping the level of requirements applicable to Registered Participants reasonable, transparent and harmonized .

One respondent proposed the Allocation Platform should communicate the information on contestation to Registered Participants and other one to NRAs. The change was not implemented as the information to market might create distortions on the market, as there is no penalty related to an abusive contestation. Concerning information to NRAs we expect information on contestation(s) and their assessment would be provided to NRAs upon their request as NRAs have not asked for regular reporting.

## **2.5 CHAPTER 5 – RETURN OF LONG TERM TRANSMISSION RIGHTS**

The chapter deals with the return process of LTRs which gives the possibility for the LTR holders that they can return their LTRs and the allocation platform would offer them on the subsequent forward capacity allocation.

Parties requested that products should be possible to return as they are and not only in constant band independently of the reduction periods. TSOs duly considered this request, however, allowing to return the LTRs with reduction period would create new reduction periods on subsequent auctions which is in contradiction with comments requiring that the reduction periods should be removed.

Group of market participants proposed that rules should promote the standardization of the products and the progressive removal of reduction periods. As mentioned above, no change was introduced as the decision of TSO to apply reduction periods tries to balance the interest of market participants to get standard product and simultaneously to get maximum capacity in long-term auction.

The HAR version released for public consultation allows the organization of monthly auctions with different products for the same Product Period as suggested by two respondents. Nevertheless, as stated above, reproducing new reduction periods on subsequent auctions should be avoided and consequently returned LTR's should be a constant band.

Due to the above mentioned this chapter has not been updated after the public consultation.

## **2.6 CHAPTER 6 –TRANSFER OF LONG TERM TRANSMISSION RIGHTS**

The chapter describes the general provisions of the transfer and its process in details. It also specifies the legal consequences of the transfer and explains the nature of Notice Board to be provided by the Allocation Platform.

Two respondents suggested that the EU HAR should not establish a monopoly for organising auctions and a secondary market for long term transmission rights (LTR). Financial instruments can be introduced on a platform preferred by the market participants and the current proposal would however monopolise the LTR hedging markets.

After internal discussion TSOs concluded that EU HAR aim is to establish harmonised provisions for the Forward Capacity Allocation process of PTR and FTR' Options . Transmission Risk hedging markets would not be monopolised and market participants are

free to go to any secondary trading platform to participate in the secondary market. The Allocation Platforms only need to be notified so they can inform TSOs who can use LTRs.

The same two respondents also suggested that for the same reasons mentioned above the notice board should be established only if the market does not provide solutions for facilitating the secondary market of LTR. The notice board should be organized at arm's length from the TSO's registration systems. For this reason it was also stated that free offer of notice board service is considered unfair competition.

TSOs believe that the notice board does not provide and thus replace any proper service that Secondary Trading Platform would do so and that is why they are not competitors of each other. In addition, notice board was on ACER's wish list on EU HAR as well. It is worth to note that these notice Boards already exist on the Regional Platforms.

Due to the above mentioned this chapter has not been updated after the public consultation.

## **2.7 CHAPTER 7 – USE AND REMUNERATION OF LONG TERM TRANSMISSION RIGHTS**

Chapter 7 deals with general principles for use of Transmission Capacities and defines who can be eligible person to make nominations. It also describes the content and timing for sending the Rights document and at the end it sets the principles for calculation of remuneration for non-nominated Physical Transmission Rights and Financial Transmission Rights Options.

Parties opposed to have any possibility for reservation of cross-zonal capacity for the exchange of balancing energy in the EU HAR. No change was made because the wording of draft EU HAR only reflects/allows what is foreseen in draft NC on Electricity Balancing where possibility to have Cross Zonal Capacity for balancing services exists. The possibility only refers to those borders where this is approved by respective NRAs - it is individual solution for each respective border. Reservation of LTRs for balancing services is not in the scope of EU HAR, the respective provisions deals only with consequences of such reservation i.e. UIOSI does not apply and there is no remuneration for this type of Cross Zonal Capacity reserved for the balancing services.

One respondent suggested to have harmonization of national nomination rules. No change was made as the progressive harmonisation of Nomination Rules is foreseen in draft NC FCA and is not in the scope of EU HAR. The content of the Rights document and deadline for sending the Rights documents are harmonised under EU HAR.

Respondents suggested that including costs of transmission losses into price calculation for remuneration is a specific case and should only be included in Border specific Annexes where applicable. No change was made respectively because this possibility exist in the draft version of NC FCA and it anyhow applies only to borders where this is allowed by respective NRA.

Few comments aimed on changing the remuneration in case of allocation other than Implicit or Explicit. It was proposed by respondents the remuneration in this cases should be Marginal price of initial Auction. The TSOs has assessed this as reasonable requests for change and the draft EU HAR have been updated accordingly.

Respondents suggested not to make discrimination for compensation between nominated and non-nominated PTRs as it creates according to their opinion an artificial incentive for the holders of PTRs to nominate them in order to avoid not being fully compensated in case of non-nominated PTRs. The TSOs has assessed this as reasonable request for change and the draft EU HAR have been updated accordingly.

Respondents suggested the remuneration in case of the failure of the day-ahead allocation and its fallbacks should bring according to their point of view market spread remuneration since otherwise TSOs will use this option in various cases. TSOs has assessed this suggestion and decided to change the wording of draft EU HAR in a way that it specifies that in case of the failure of the day-ahead allocation and failure of its fallback(s) and in case market spread is calculated and available it will be remunerated. In case market spread is not calculated, the initial price paid will be remunerated as there is no other reference price available.

## 2.8 CHAPTER 8 – FALLBACK PROCEDURES

This chapter describes the fallback processes which the Allocation Platform may introduce in order to minimize impacts of regular procedures failure. In addition consequences of situation when fallback process cannot be executed are listed.

Respondents highlighted with regard to this chapter importance of fallback proceses and requested the Allocation Platform shall present its maximum effort to implement and execute the necessary fallbacks. In relation to that it was also proposed to use all communication channels for distribution of information on fallback application and to remove ad-hoc fallback proceses as the formulation was considered too vague. Other comment asked to remove regulations of the responsibility of the Allocation Platform in case of failure of the fallback procedure in this chapter.

TSOs share the approach that the Allocation Platform shall introduce the fallback processes where reasonable and possible and be bound more strictly by the Allocation Rules therefore the wording was adjusted accordingly removing also the explicit regulations of the Allocation Platform responsibility from this Chapter – the general regulations under the Chapter 11 apply in this case. Anyway the Allocation Platform shall have right to introduce also additional ad hoc fallback processes in order to be able to react to situations which have not been foreseen.

## 2.9 CHAPTER 9 – CURTAILMENT

This chapter deals with rules and provisions related to the firmness of Long Term Transmission Rights, such as triggering events for curtailments and compensation scheme according to when and why the curtailment occurs. The main regulatory inputs for this chapter are the provisions included in the [Forward Capacity Allocation Network Code](#), in the version resubmitted by ENTSO-E in April 2014, and in the [Capacity Allocation and Congestion Management Guidelines](#) as adopted by European Commission on 5 December 2014.

Some respondents asked that currently existing (local) auction rules should prevail over the EU HAR if the local auction rules provide more firmness. TSOs see the point, but following the spirit of full harmonization of Allocation Rules, all border specific allocation rules that are in place today will be replaced by the new EU HAR for the borders specified in annex 1 of EU HAR. Accordingly, the curtailment rules described in the main body of the HAR possibly modified in regional or bidding zone border specific annexes will replace previous curtailment rules.

Majority of respondents thought that curtailment should not be possible after the Long Term Firmness Deadline (except in the case of Force Majeure), some specified that it should be possible only after the Day Ahead Firmness Deadline (DAFD) and only in case of Force Majeure. Other respondents ask to have uncapped market spread in case of curtailments after Long Term Firmness Deadline (LTFD). General opinion of respondents is that before nomination deadline the compensation scheme should be based on market spread and initial price should be adequate compensation mechanism only in case of Force Majeure. TSOs duly considered these points, but as already stated in the preamble, the EU HAR follows the NC FCA resubmitted by ENTSO-E in April 2014 as a reference document therefore no changes have been introduced. For clarification regarding the firmness regime and related compensation ENTSO-E's [document](#) is available on the website of ENTSO-E.

Majority of respondents proposed to drop the reference to System Security as it would be included in Emergency Situation. Their general feeling is that the term *Emergency* refers to a broad range of contingencies not clearly defined/harmonised on legal level. One respondent suggested to call the Article "Compensation for curtailments due to Emergency Situation to ensure System Security" (instead of System Security only). TSO would remark that Emergency Situation and System Security are different triggering events for curtailment of capacity. NC FCA states that "*Prior to the Day Ahead Firmness Deadline, all Transmission System Operators shall be entitled to curtail Long Term Transmission Rights to ensure System Security*". On the other hand curtailment due to *Emergency Situation* is also possible after the Day Ahead Firmness Deadline. Furthermore, an Emergency Situation is clearly legally defined by EU Regulation 714/2009 as a *situation where the TSO must act in an expeditious manner and Redispatching or Countertrading is not possible*.

Some respondents note that TSOs have to make a maximum volume of cross zonal capacity available to the market. TSOs highlight that they already fulfil this obligation in accordance with article 16.3 of Regulation EC 714/2009 ( "*The maximum capacity of the interconnections*

*and/or the transmission networks affecting cross-border flows shall be made available to market participants, complying with safety standards of secure network operation*) and in accordance with the capacity calculation methodology provisions as stipulated in Regulation on CACM.

One of the most discussed issue was the discrimination between nominated PTRs and non-nominated PTRs in case of curtailment. The provision was aiming to guarantee the physical use of capacity giving the priority for curtailments to non-nominated Rights (art. 57.6). Anyway, due to neutral position of TSOs on this issue the text has been modified according to this input. In the updated version, when a curtailment occurs after LTFD, the reduction will be applied pro-rata on both nominated and non nominated rights.

Concerning the reasons for which curtailments are applied, some respondents asked for publication of the reasons for such curtailments. As this is already provided in a provision of the current version of the Rules ("triggering events") no change has been applied to the text.

Some respondents asked to not curtail non-nominated rights after the long term firmness deadline and to give them back to TSO. They request to always receive UIOSI remuneration in this case. Other market participants and NRAs requested on the other hand to treat non-nominated and nominated LTRs equally in case of curtailment. TSOs duly considered the different views and updated the EU HAR so that non-nominated and nominated LTRs are treated equally.

Two respondents ask for having the Long Term Firmness Deadline as the only deadline (no DAFD) but deadlines are already covered by the CACM Guideline and needs to be taken into account accordingly within this framework.

One respondent suggests that before LTFD, financial firmness should be guaranteed and several respondents suggested the cap to compensation should be calculated considering the whole year and in all directions and the amount to be paid by the TSOs for remuneration and compensation of transmission rights. The calculation of the caps is clearly defined in the FCA NC and explained in ENTSO-E explanatory document referred to above. HAR is in line with FCA NC therefore the text has not been modified.

One respondent propose for the art. 58.2 (a) and (b) to remove the reference to transmission losses on interconnections between Bidding Zones in the calculation of reimbursement price but the inclusion of transmission losses was done based on a request by ACER so the request cannot be accepted.

Two respondents suggested that the caps should include congestion income from Day Ahead Markets. TSOs would remark that for curtailment occurred after LTFD, Day Ahead market congestion rent are already considered for calculating the cap. The calculation of the cap is in line with NC FCA.

One association considered that the Long Term Firmness Deadline for FTRs is too close to DAFD and suggests to have it 4 hours before Day Ahead Gate Closure Time, that is at 08:00 A.M. However, another respondent suggest to have the Long Term Firmness Deadline

for Financial Transmission Rights (FTR) at the same time as the DAFD. TSOs duly considered this request, and are assessing maximum additional time that can be given while ensuring harmonization of nomination deadlines in particular region.

One respondent asks clarification about the link between the day-ahead algorithm and calculation of curtailment price (art. 58.2 (b)). TSOs want to clarify that this provision comes from CACM Guidelines Art. 72 (3) (d) where is stated that *“In an emergency situation, if capacity is allocated via explicit allocation but the bidding zone price is not calculated in at least one of the two relevant bidding zones in the relevant time frame, market participants shall be entitled to reimbursement of the price paid for capacity during the explicit allocation process”*.

Main issues raised on article 59 (*Reimbursement for curtailments due to Force Majeure or Emergency Situation before the Day Ahead Firmness Deadline*) come back on the cases in which reimbursement of initial price should be applied (request is in only in case of Force Majeure). Some respondents suggest that Emergency Situations cannot be treated in the same way as Force Majeure. According to some respondents, Emergency Situation would refer to a broad range of contingencies not clearly defined/harmonized on a legal level and that could bring to higher uncertainty on the products allocated. TSOs discussed the issue internally and decided to adjust the EU HAR main body of which result is that market spread compensation is paid to the LTR holders in case their LTRs were curtailed due to Emergency Situation.

A clarification is asked from one of the respondents on the reason for which the marginal price could not be identified for some of LTRs. TSOs clarify that the issue affects some Bidding Zone borders where it is not possible to distinguish between long term rights coming from yearly auction and rights from monthly auctions after the nomination deadline. In these cases the weighted average of yearly and monthly initial price will be calculated in cases of curtailment.

Two respondents suggested that regional specificities and regional annexes should be part of a specific “Transitional Arrangements” title while one trading association proposed that regional specificities should not be an integral part of the enduring rules. TSOs remind NC FCA foresee the possibility to set individual compensation rules according to regional specificities. Some of them have a transitional character and are linked to the introduction of Market Coupling while other rules are to be considered as enduring one as they are linked to the kind of interconnector connecting two bidding zone borders. Updated text of the EU HAR make more clear this framework.

## 2.10 CHAPTER 10 – INVOICING AND PAYMENT

This chapter deals with the processes to be followed by the Allocation Platform in calculating invoiced amounts and issuing invoices to Registered Participants in relation to allocated Long Term Transmission Rights. It also sets out the procedure to be followed by registered participants to settle such invoices together with provisions for dealing with payment disputes and late payments.

One respondent suggested that payments should be made after the Product Period, rather than before. No change was made in respect of this request because it would require the Registered Participant to provide a higher level of collateral since later payments would increase the Registered Participant's outstanding liabilities. The TSOs assessed that it is in the interest of the opening of the market to keep the required level of collateral as low as possible. The proposal would not therefore deliver any benefits for either the Registered Participants or the Allocation Platform so no change was introduced.

## 2.11 CHAPTER 11 – MISCELLANEOUS

Chapter 11 contains the provisions on the general legal framework like duration and amendment process, suspension and termination, liability, confidentiality and other provisions.

A party suggested 'in order to secure legal security and to avoid any possible disorder in connection with already made transactions, the amended Allocation Rules should govern all rights and obligations in connection with Long Term Transmission Rights acquired after the entry into force of such amended Allocation Rules'. For the same reasons as for the first entry into force of the EU HAR (see Chapter 1 above, on article 5), TSOs are of the understanding that the application of amended rules to the rights acquired before the amendment becomes effective is necessary to avoid having two different sets of rules and systems applying for different Registered Participants/rights when the delivery date is after the amendment becomes effective.

Some respondents required a clause on periodic review of the EU HAR. This request was duly considered (see also above under section 1, on periodic review of the annexes) and a new paragraph has been inserted in Article 69 to ensure that rules evolve towards more harmonisation and in line with Market Participants needs. At the same time, such review by the TSOs does not prevent NRAs to exercise any rights given to them by the existing legislation to request a change at any time.

A respondent requested clarification on the rationale for the provision contained in Article 71 on the dispute resolution. Arbitration is the main way of dispute resolution between the Registered Participants and the Allocation Platform unless they jointly agree otherwise, i.e. to follow court proceedings. The Rules of Arbitration of the Chamber of Commerce have been set as the main rules for the arbitration excluding the rules of the emergency arbitrator for interim measures to avoid delays and unjustified high costs for such interim procedures. In the same context and for the same reason of costs, the updated EU HAR provides for the arbitration with one arbitrator unless one party requests three. Thus, interim measures should follow the applicable governing law and be requested in front of any competent court. No change has been requested and thus, made to this regard.

## ANNEX 1 - THE DETAILED COMMENTS RECEIVED BY ENTSO-E ON THE MAIN BODY OF THE EU HAR DURING THE PUBLIC CONSULTATION HELD FROM 2 MARCH 2015 TILL 31 MARCH 2015

Organisation	Article	Comment
EFET	Article 1	The HAR, and Article 1.1, should include buy-back of transmission rights.
EFET	Article 12	We understood from the workshop on 18 March 2015 that settlement will in any case occur through a Dedicated Business Account. This article is unclear as it implies that other settlement arrangements are possible. Please either describe other settlement options or delete the article.
Eesti Energia AS (www.energia.ee/en)	Article 13	<p>Comment: The terms and conditions for access to and use of the Auction Tool must ensure data security and integrity. However, fore mentioned objectives must not create excessive IT costs to Registered Participants for access to and use of the Auction Tool.</p> <p>Proposed new wording: "By signing the Participation Agreement the market participant accepts the applicable Information System Rules, as amended from time to time and published on the website of the Allocation Platform. Information System Rules and any amendment thereto shall provide access to and use of the Auction Tools within minimal and reasonable IT costs to Registered Participant (including any adaption costs regarding amendments)."</p>
SSE	Article 13	"Information System Rules" - These must be approved by the NRA(s).
EFET	Article 14	Delete the word 'claim' in the fourth line. It is vague and not useful.
EFET	Article 16	Art. 16.1 (a) should read: (a) the Registered Participant has signed and delivered a completed form included in the Information System Rules identifying the person(s) for which the user account in the Auction Tool shall be established; and

		<p>“person(s)”: multiple individuals within a Registered Participant (trading entity) should be entitled to have access to the user account in the Auction Tool.</p>
VERBUND Trading GmbH	Article 16	<p>A registred participant should be allowed to identify more persons for whom the user account in the Auction Tool shall be established.</p>
Eesti Energia AS (www.energia.ee/en)	Article 17	<p>Comment: In order to preserve uniform nature of Allocation Rules and avoid any possible unilateral actions by Allocation Platform we suggest that introduction of any additional rules shall be subject to approval of the relevant NRA.</p> <p>We propose either to delete article 17 or explicitly stipulate that such additional rules shall be approved by the relevant NRA.</p>
SSE	Article 18	<p>"Each market participant shall ensure that it complies with national and European legislation, including requirements of any relevant competent authority, and obtained all necessary authorisations in connection with its participation in Auctions or in transfer and the use of Long Term Transmission Rights." This should be amended to:-</p> <p>"Each market participant AND ALLOCATION PLATFORM shall ensure that it complies with national and European legislation, including requirements of any relevant competent authority, and obtained all necessary authorisations in connection with its participation in Auctions or in transfer and the use of Long Term Transmission Rights."</p>
Dong Energy	Article 19	<p>Article 19.2</p> <p>We think it is a very good thing to be able to use bank guarantees and not only cash deposit.</p>
SSE	Article 19	<p>(1) "Registered Participants shall provide collaterals in order to secure payments to the Allocation Platform resulting from Auctions of Long Term Transmission Rights and, where applicable, potential other payments falling due under the additional financial terms in accordance with Article 17." AS noted under Article 17 above, this is incompatible with Article 8(7) of Regulation 714/2009. This should be amended to:-</p>

		"Registered Participants shall provide collaterals in order to secure payments to the Allocation Platform resulting from Auctions of Long Term Transmission Rights."
VERBUND Trading GmbH	Article 19	Can a Rating of a Company be taken into consideration for the amount deposited as collaterals?

EDF SA	Article 2	<p>Initial text:</p> <p>1)</p> <p>Long Term Firmness Deadline</p> <p>Proposed amendment:</p> <p>To be deleted (at least for PTRs)</p> <p>Comments:</p> <p>The notion of Long Term Firmness Deadline proposed in the document and separating a first period from a second one with different level of firmness does not seem to be in line with ACER guidelines. In EDF opinion, full physical firmness (or at least full financial firmness) should be ensured to transmission right holders after the nomination deadline of PTRs in order to guarantee the effectiveness of long term transmission rights as hedging tools.</p> <p>2)</p>
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		<p><b>Initial text:</b></p> <p>Physical Transmission Right means a right entitling its holder to physically transfer a certain volume of electricity in a certain period of time between two Bidding Zones in a specific direction;</p> <p><b>Proposed amendment:</b></p> <p>Physical Transmission Right means a right entitling its holder to physically transfer a certain volume of electricity in a certain period of time between two Bidding Zones in a specific direction or receive a financial remuneration calculated on the basis of the Day Ahead Market Spread between two Bidding Zones for the respective market time period in a specific direction;</p> <p><b>Comment:</b></p> <p>The definition of PTR should encompass the description of the clause Use-It-Or-Sell-It (UIOSI) since the two modes of use of PTRs (i.e. nomination and reselling) should be treated equally and subject to the same level of firmness.</p>
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<p>Eesti Energia AS (www.energia.ee/en)</p>	<p>Article 2</p>	<p>Paragraph 2. definition "Product Period"</p> <p>Comment: Product period should be a period of time, not only a start and end times and dates.</p> <p>Proposal to define as follows: "Product Period means a period of time commencing on the time and date on which the right to use the Long Term Transmission Right commences and ending on the time and date on which the right to use the Long Term Transmission Right ends;"</p>
<p>Eesti Energia AS (www.energia.ee/en)</p>	<p>Article 2</p>	<p>Paragraph 2. definition "Rights Document"</p> <p>Comment: For avoidance of any doubts, the limitations of the acquired Long Term Allocation Rights, especially in cases of curtailments, must be exhaustively regulated. Currently used term "any possible curtailments" may lead to interpretations which are not consistent with the Allocation Rules.</p> <p>Proposal to define as follows: "Rights Document means, as specified in Article 47, a document containing the information of the maximum amount of allocated Physical Transmission Rights that can be nominated by a market participant per Bidding Zone border per day per hour and per direction or the maximum amount of Financial Transmission Rights Options that will be considered for financial remuneration. The Rights Document shall include the volume of Long Term Transmission Rights initially acquired. Such volume shall be altered only by the subsequent transfers and returns, and curtailments exhaustively regulated in the present Allocation Rules and in its respective annex, which occurred before the issuance of the Rights Document;"</p>

EFET	Article 2	<p>New definitions are introduced which from our point of view are not fully in line with the NC:</p> <p><b>Reduction period</b></p> <p>This is a new definition that allows TSOs to reserve capacity on certain periods due to 'foreseen balancing problems'. It is very unclear what could be considered by the TSOs as a foreseen balancing problem. The reduction periods should strictly relate to line maintenance and outage.</p> <p><b>Force Majeure</b></p> <p>The definition is slightly different from definition in the NC. We do not understand why the same definition is not applied, while the obligation from the 'Network Code' could be substituted with obligation from 'Harmonised Auction Rules'.</p> <p><b>Long Term Firmness Deadline and Day Ahead Firmness Deadline</b></p> <p>We have mentioned above that such concepts create unnecessary complications and the only deadline that should be considered is the Long Term Nomination Deadline. The LT Firmness Deadline should correspond to the LT Nomination Deadline.</p>
EURELECTRIC	Article 2	<p>"Physical Transmission Right means a right entitling its holder to physically transfer a certain volume of electricity in a certain period of time between two Bidding Zones in a specific direction or receive a financial remuneration based on the Day Ahead Market results between two Bidding Zones during a specified period of time in a specific direction;"Definition should be fit for current PTR UIOSI</p>

Electricity Association of Ireland	Article 2	<p>Article 2 (definitions) and Article 58 (Compensation for curtailments to ensure system security).</p> <p>Issue: Existence of a “long term firmness deadline”:-</p> <p>EAI does not agree with the notion of having two time periods where, depending on the period in question, the financial firmness of your transmission rights would be more or less firm. The rationale for two firmness deadlines (the ‘long term’ and the ‘day ahead’) is undermined further with the stipulation that the long term deadline is 2 hours before day-ahead gate closure and the day-ahead deadline is 30 minutes before day-ahead gate closure. Adopting two firmness ‘deadlines’ adds unnecessary complexity and further detail on the expected value of adopting two such deadlines is requested. Ultimately EAI believes that references to long term firmness deadlines should be removed.</p>
EURELECTRIC	Article 2	<p>As already mentioned in the framework of the NC FCA discussions and as reiterated in our key message document attached, we believe the notion of “Long Term Firmness Deadline” separating a first period from a second period where rights would be “more firm” seems inadequate. There should not be different deadlines for firmness as it is contrary to the Framework Guidelines which specify that “Capacities shall be firm”</p>
SSE	Article 2	<p>Definition of TSO. This is different to that used in the RfG NC. The smae (RfG) definition should be used here.</p>
EURELECTRIC	Article 2	<p>The definition of Emergency situation has improved, limited to those situations where redispatching or countertrading is not possible. But according to Article 56, and all over the text, Long Term Transmission rights may be curtailed in the event of emergency before the firmness deadline. This should not be allowed, because redispatching or counter trading do not take place before the Firmness deadline. If this is needed for an a specific zone, it could be included in its specific annex.</p>
Enel SpA	Article 2	<p>Although article 2 limits Emergency Situations when redispatching and countertrading are not possible, draft HAR allow curtailment of Long Term Transmission Rights for Emergency Situations before firmness deadline. This situation should not be allowed because redispatching or countertrading should not take place before Firmness deadline. If this is needed for a specific bidding zone, it should be included in its specific annex.</p>

Edison Spa	Article 2	<p>OLD TEXT: "Physical Transmission Right means a right entitling its holder to physically transfer a certain volume of electricity in a certain period of time between two Bidding Zones in a specific direction;"</p> <p>NEW TEXT: "Physical Transmission Right means a right entitling its holder to physically transfer a certain volume of electricity in a certain period of time between two Bidding Zones in a specific direction or receive a financial remuneration calculated on the basis of the Day Ahead Market Spread between two Bidding Zones for the respective market time period in a specific direction;"</p> <p>-----</p> <p>The definition of PTR should include the description of the clause UIOSI.</p>
Edison Spa	Article 2	TO BE DELITED- Edison deems fundamental to ensure full physical firmness (or at least full financial firmness) to transmission right holders after the nomination deadline in order to guarantee the effectiveness of PTRs/FTRs as hedging tools.
SSE	Article 20	<p>(1) (b) "....a separate financial agreement to be concluded between the Allocation Platform, or where relevant the financial institution and the Registered Participant".</p> <p>This 'separate financial agreement ' should be standard across ALL Allocation Platforms.</p>
IBERDROLA	Article 20	The "separate financial agreement" of paragraph b) is not defined in the Rules. Does it refer to the "additional financial terms" of Article 17? Shall the Participant have to sign a separate agreement regarding financial terms?
Eesti Energia AS (www.energia.ee/en)	Article 21	<p>Paragraph 1.(a)</p> <p>Comment: The template for the Bank Guarantee should be provided by the respective Bank as the latter might have objections to the one provided by the Allocation Platform. We see that the Collateral regulations provided in the Draft Document are sufficient enough and do not need a specific template by each Allocation Platform.</p>

		<p>Proposed new wording: "(a) the Bank Guarantee shall be provided in accordance with these Allocation Rules;" or to delete paragraph 1. (a)."</p>
<p>EFET</p>	<p>Article 21</p>	<p>Art. 21.1 (h):</p> <p>We believe that the bank rating requirement is overly strict, especially considering small market participants or market participants only having access to lower-rating local banks. The cost of securing a bank guarantee in a high-rated bank (possibly abroad) may prove prohibitive for some market participants.</p> <p>The credit rating of market participants themselves could be considered to reduce the requirements on the credit ratings of the bank delivering the guarantee.</p> <p>In any case, ENTSO-E should perform an assessment of the impact of such a requirement and provide rationale for the rating limit it sets.</p> <p>Art. 21.2:</p> <p>We understand a template for bank guarantees will be produced. This is important to secure equivalent pricing conditions from banks.</p> <p>ENTSO-E should propose a draft template as soon as possible and consult market participants on it.</p> <p>Art. 21.3:</p> <p>We suggest not to limit the use of bank guarantees entered fewer than two days before the bidding period closure of an auction to subsequent auctions only. Bank Guarantees delivered after the 2-working-day deadline</p>

		<p>may be accepted provided the Allocation Platform can process it and is able to update the credit limit of the market participant in line with such guarantee.</p> <p>Art. 21.6:</p> <p>This paragraph is redundant with Art. 21.4, we suggest deletion.</p>
SSE	Article 21	<p>(1) (a) "the Bank Guarantee shall be provided in the form of the template that is available on the website of the Allocation Platform and updated from time to time or in a form that substantially follows the template". As we detailed at the HAR workshop on 18th March 2015, it is very important that the format of Bank Guarantees is standardised (on a single format) across ALL Allocation Platforms and across all Member States. This will achieve the lowest cost for the provision of a Bank Guarantee for market participants. If the format between Allocation Platforms is different then banks will assign a different risk profile irrespective of the creditworthiness of the market participant. Using a single standard format across the whole Union will maximise the social benefit in this area.</p>

Electricity Association of Ireland	Article 21	<p>Article 21 – “form of bank guarantees”</p> <p>Art 21(1)(h) provides that the bank issuing the Bank Guarantee or the financial group it belongs to shall have a long term credit rating of not less than A (S&amp;P or Fitch) and A2 (Moody’s). If the bank that issues a guarantee fails to meet this rating at anytime, participants have only 5 working days to submit a new guarantee by a bank with the correct credit rating or else the Allocation Platform can at its own discretion decrease the required rating for a limited period of time.</p> <p>These credit ratings are very high and currently rule out many banks in the Irish market (e.g. AIB, BOI, Danske Bank, Ulster Bank, Permanent TSB). Provision should be made to allow Allocation Platforms to use its own discretion as to the appropriate credit rating required as it can vary greatly from country to country, and there should be no time limitation as to how long that decision stands (they should be entitled to make their own decision on appropriate credit worthiness levels). Otherwise forwards liquidity will be severely undermined which could be detrimental for SEM participants.</p>
VERBUND Trading GmbH	Article 21	<p>Kindly review the very short timing of substitution of bank guarantees.</p> <p>Will there be any templates for bank guarantees?</p>
EUROPEX	Article 21	<p>Art. 21: Form of bank guarantees</p> <p>"It seems it is allowed to use non-fully backed bank guarantees for PTR/FTRs. However, according to section 2.1, point h) in Annex 1 in Regulation No 153/2013 (the EMIR Implementation Act), bank guarantees need to be fully backed from March 2016 for non-financial members of a CCP, when clearing financial instruments.</p> <p>Having different collateral terms for clearing similar financial electricity contracts is discriminatory, creating artificial and unreasonable distortions of the market. We would prefer that bank guarantees was an acceptable form of collateral for all these broadly similar instruments.</p>

		"
Nasdaq	Article 21	<p>(Form Bank Guarantees)</p> <p>"It is crucial to have the same terms for trading and clearing similar financial electricity contracts on a regulated market. Discrimination on collateral requirements is not acceptable as it would create artificial and unreasonable distortion of the market.</p> <p>It seems here that it is allowed to use non-fully backed bank guarantees for PTR/FTRs, which we support. According to section 2.1, point h) in Annex 1 in Regulation No 153/2013 (the EMIR Implementation Act) the bank guarantees need to be fully backed from March 2016 for non-financial members of a CCP, when clearing financial instruments.</p> <p>We would prefer that bank guarantees was an acceptable form of collateral for all these instruments, which are similar.</p> <p>"</p>
EFET	Article 22	<p>Art. 22.1 We acknowledge that the requirements for the validity periods of bank guarantees has been reduced since the first version of the rules. Nonetheless, we suggest to reduce it to 2 weeks (10 or 12 working days) starting from the payment deadline. This solution would reduce costs for market participants and fits with the settlement procedure detailed in Art. 64 (putting no additional risks on allocation platforms).</p>

EFET	Article 23	<p>Art. 23.1:</p> <p>Market participants should be able to access information on their credit limit at any time.</p> <p>Art.23.5:</p> <p>This paragraph should specify that after the auction results are available, the credit limit required is the value of capacity rather than the value of bids.</p>
VERBUND Trading GmbH	Article 23	Will the Registred Participant have any access to Information about his Credit Limit?
Electricity Association of Ireland	Article 28	<p>Article 28 (4)– “capacity allocation timeframe and form of product”</p> <p>While additional forms of products beyond ‘standard products’ can be offered, explicit provision should be made that granular products are an additional form of product that can be offered but that these granular products should be standardised with products offered in connecting markets over a reasonable period of time.</p>
IBERDROLA	Article 28	We prefer that as much capacity as possible is auctioned in the long term.
Eesti Energia AS (www.energia.ee/en)	Article 29	<p>Parahraph 2.</p> <p>Comment: The transaction in wholesale market are directly connected to the transactions in the retail market. The Allocation Rules must therefore take into account the notification periods in retail market that are compulsory in order to change supplier and also leave some time for offers and negotiations. Hence, the publication of the Auction Specification one week or two Working Days before the end of the Bidding Period is not sufficient in order to provide electricity sales agreements in the retail market. As the Registered Participants need to close the retail market deals early in the Autumn, to create an effective and liquid instruments for risk hedging, the relevant transmission capacity products should be in place as a default products and subject for altering only quantity- and price-wise. Also the December is a month full of holidays, the one week notice for yearly Auctions and two day notice for a monthly Auctions of January are not sufficient notice periods to participate in the relevant auctions in a retail market-wise. Two workday notice period of the Auction Specifications do not provide</p>

		<p>to the Registered Participant enough time to get the sufficient collateral, not to mention the compulsory notification periods. We therefore propose longer periods for publishing.</p> <p>Proposed new wording: "2. No later than on the 1st of October the Allocation Platform shall publish the provisional Auction Specification and no later than on the 15th of November the Allocation Platform shall publish the final Auction Specifications of all the Auction products auctioned during the next calendar year. The Allocation Platform may alter the published Auction Specification only quantity- and price-wise for shorter Capacity Allocation timeframe than one calendar year and/or add additional Auction Specifications for additional Auctions buy publishing the relevant final and provisional Auction Specification or the respective amendment no later than one calendar week before the end of the relevant Bidding Period of an Auction. The provisional Auction Specification shall state in particular:"</p>
EURELECTRIC	Article 29	<p>Art. 29.2.e: references to the splitting methodology between timeframes have been deleted in the consultation version of HAR. We understand that the future methodology for splitting that has to be developed according to NC FCA does not exist yet, however there should already be some form of splitting methodology on all borders and we believed it was positive to refer to it in the HAR test.</p>
Electricity Association of Ireland	Article 29	<p>Article 29 – “auction specification”</p> <p>Article 29 (2) states that a provisional version and final version of the Auction Specification (defined as the list of specific characteristics of a particular Auction including nature of offered products and relevant dates) will be published (i) for yearly auctions no later than 1 week before... and (ii) for any other shorter auctions, no later than 2 working days before... the end of the Bidding Period (time period over which you can submit bids).</p> <p>This is very short notice for details that are important to know ahead of bidding into an auction for products. In particular, market participants should at least have provisional notice on issues including for e.g. “form of product”; “Product Period”; “Bidding Period” at the earliest feasible time the platform is able to give such information before the start of the Bidding Period. On SEM interconnectors, this information is currently known</p>

		<p>months in advance and the rules should provide that the timelines that are already in existence should be retained at a minimum. The final Auction Specification is the only detail that should be permitted to be published during the auction itself in accordance with Article 29(3) which provides that final specification (which includes updated information relevant to auction terms of products and final offered capacity) shall be published no earlier than 4 hours after the provisional specification is published. The deadlines outlined in the article should only apply to final specifications.</p>
IBERDROLA	Article 29	<p>Auction specifications should be published as much in advance as possible. The auction dates shall be included in the HAR Rules.</p>
Nasdaq	Article 29	<p>(Auction Specification)</p> <p>In a situation where a TSO choose to auction LTTRs it should not only be limited to auction PTR/FTR products but also be allowed to run auctions for other instruments that are permissible alternatives in FCA NC and can facilitates needs as expressed by market parties.</p>
EFET	Article 30	<p>Art. 30.1:</p> <p>Reasons for Reduction Periods should also be outlined in the Auction Specification announcement.</p>
EURELECTRIC	Article 30	<p>Art. 30.1: In those borders with several lines, maintenance works do not reduce the capacity to zero. Having a baseload product specification in the yearly auctions makes it easier to price the capacity, dramatically facilitates the renegotiation of the capacity in the monthly auctions and allow the TSO to optimally reschedule the maintenance at no cost, closer to real time. Even in those cases when the maintenance would reduce the total capacity slightly below the yearly auction amount, it could be advisable to auction a baseload product, bearing the TSO a small price risk, in order to keep the flexibility to reallocate the maintenance anytime along the year.</p>
Elpedison	Article 30	<p>We believe that a clause for periods where capacity is increased after the monthly auctions should be included. Additional allocation of transmission rights after the completion of monthly auctions, means direct depreciation of</p>

		<p>the already allocated transmission rights.</p> <p>It is obvious that if the traders knew that there will be more capacity available, they would not bid the same amount of money (EUR/MW). We suggest that all available capacity for next month is published before the monthly auctions and of course it remains unchanged.</p>
Eesti Energia AS (www.energia.ee/en)	Article 31	<p>Paragraph 3.</p> <p>Comment: We believe that such rejection is unnecessary, as an erroneous bid made by the Registered Participant might completely exclude the relevant Registered Participant from the relevant Auction.</p> <p>We propose to delete article 31 paragraph 3 and regulate this issue in Art. 31 (4).</p>
Eesti Energia AS (www.energia.ee/en)	Article 31	<p>Paragraph 4.</p> <p>Comment: This paragraph should apply generally to all bids made.</p> <p>Proposed new wording: "4. If a Bid Quantity or a quantity calculated as a sum of the Bid Quantity for several Bids submitted for the same Auction by a Registered Participant exceeds the relevant Offered Capacity, the Bids with the lowest Bid Price will be rejected one by one until the total allowed Bid Quantity is lower or equal than the Offered Capacity."</p>
Electricity Association of Ireland	Article 31	<p>Article 31 – “Bids Submission”</p> <p>Provision should be included here for bid compilation rules to be allowed to apply on a border by border discretionary basis (e.g. via Annexes).</p>

Dong Energy	Article 36	Article 36.2e  Should be omitted. We do not think that it should be public information who wins capacity. We do not see that any value is added to publish this, and it discloses to some part what positions an individual party has.
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EDF SA	Article 37	<p>Article 37.2Initial text:The Registered Participant may contest the Auction results within the deadline set out in therelevant Auction Specification but no later than two (2) Working Days after the provisional Auction results have been notified to the Registered Participant.Proposed amendment:The Registered Participant may contest the Auction results within the deadline set out in therelevant Auction Specification but no later than one (1) Working Days after the provisional Auction results have been notified to the Registered Participant.Article 37.3Initial text:The contestation shall be notified to the Allocation Platform and headed as “contestation”.Proposed amendment:The contestation shall be notified to the Allocation Platform and headed as “contestation”. The Allocation Platform shall communicate the contestation to Registered Participants.Art. 37.5Initial text:The Allocation Platform shall notify its decision on the contestation to the Registered Participant no later than two (2) Working Days after the receipt of the contestation.Proposed amendment:The Allocation Platform shall notify its decision on the contestation to the Registered Participant no later than one (1) Working Days after the receipt of the contestation.Article 37.6Initial text:At the end of the fourth (4) Working Day after the publication of the provisional Auction Results and unless an Auction is cancelled due to erroneous results, the provisional Auction results shall be considered as final and binding with no further notification.Proposed amendment:At the end of the second (2) Working Day after the publication of the provisional Auction Results and unless an Auction is cancelled due to erroneous results, the provisional Auction results shall be considered as final and binding with no further notification.Comment:Auction results should be binding after maximum 2 working days, the proposed 4 working days is a too long period. For this reason, we rpropose to reduce the deadline for the contestation of auction results by market participants and for the subsequent decision of the Allocation Platform. Market participants should also be informed of the existence of contestations, through notifications by the Allocation Platform, in order to ensure an adequate level of certainty of decisions taken on the basis of these results.</p>
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Eesti Energia AS ( <a href="http://www.energia.ee/en">www.energia.ee/en</a> )	Article 37	<p>Parapgraph 2.</p> <p>Comment: The Allocation Rules must guarantee the minimum contest period.</p> <p>Proposed new wording: "2. The Registered Participant may contest the Auction results within the deadline set out in the relevant Auction Specification, which must not be shorter than one (1) Working Day after the provisional Auction results have been notified to the Registered Participant."</p>
SSE	Article 37	<p>(3) "The contestation shall be notified to the Allocation Platform and headed as "contestation". This should be amended to:-</p> <p>"The contestation shall be notified to the Allocation Platform AND COPIED TO THE NRA(S) and headed as "contestation"."</p>
SSE	Article 37	<p>(5)"The Allocation Platform shall notify its decision on the contestation to the Registered Participant no later than two (2) Working Days after the receipt of the contestation." This should be amended to:-</p> <p>"The Allocation Platform shall notify its decision on the contestation to the Registered Participant AND THE NRA(S) no later than two (2) Working Days after the receipt of the contestation."</p>

Edison Spa	Article 37	<p>OLD TEXT:</p> <p>"2.The Registered Participant may contest the Auction results within the deadline set out in the relevant Auction Specification but no later than two (2) Working Days after the provisional Auction results have been notified to the Registered Participant."</p> <p>NEW TEXT:</p> <p>"2.The Registered Participant may contest the Auction results within the deadline set out in the relevant Auction Specification but no later than one (1) Working Day after the provisional Auction results have been notified to the Registered Participant. Market participants should be made aware of the existence of contestations."</p> <p>OLD TEXT:</p> <p>"5.The Allocation Platform shall reply to the Registered Participant no later than two (2) Working Days after the receipt of contestation."</p> <p>NEW TEXT:</p> <p>"5.The Allocation Platform shall reply to the Registered Participant no later than one (1) Working Day after the receipt of contestation."</p> <p>OLD TEXT:</p> <p>"6. At the end of the fourth (4) Working Day after the publication of the provisional Auction Results and unless an Auction is cancelled due to erroneous results, the provisional Auction results shall be considered as final and</p>
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		<p>binding with no further notification."</p> <p>NEW TEXT:</p> <p>"6. At the end of the second (2) Working Day after the publication of the provisional Auction Results and unless an Auction is cancelled due to erroneous results, the provisional Auction results shall be considered as final and binding with no further notification.</p> <p>-----</p> <p>Results should be binding in a shorter period. This could bring to a reduction of the contestation period and of the decision on the contestation period. Market participants should also be aware of the existence of contestations in order to take decisions that are linked to those results with a certain level of reliability.</p>
EURELECTRIC	Article 38	<p>Art. 38.2: This wording is confusing in those cases when the product returned contains reduction periods (or is a peak product, not baseload). In these cases, it should be possible to return the product "as is".</p> <p>This problem will be reduced if the rules promote standardization of the products and the progressive removal of reduction periods. It will also facilitate secondary trading and will provide TSOs more flexibility to reschedule maintenance periods... at the cost of bearing some (somehow manageable) risk.</p>
Enel SpA	Article 38	<p>The wording contained in article 38.2 could be confusing when the product is a peak product or contains reduction periods: "Returned Long Term Transmission Rights shall be a constant band of whole MW(s) over the specific timeframe of the subsequent Auction. The Auction at which the Long Term Transmission Rights were</p>

		<p>allocated and the subsequent Auction to which the Long Term Transmission Rights are to be returned shall be for the same form of products”. In these cases, it should be possible to return the product “as is”. This problem will be reduced if the rules promote standardization of the products (see previous point) and the progressive removal of reduction periods. These conditions will also facilitate secondary trading and will provide TSOs more flexibility to reschedule maintenance periods.</p>
IBERDROLA	Article 38	<p>Regarding to paragraph 2: Transmission Right Holders shall always have the possibility to return if they want their yearly rights to the Allocation Platform for reallocation at a monthly auction (independently of the reduction periods of their product).</p> <p>Several monthly auctions may be organised to allow the return of different yearly products (one auction for products with reduction periods and other auction for products without reduction periods)</p>
EDF SA	Article 4	<p>Initial text:1. Regional or border specificities may be introduced for one or more Bidding Zone borders. Such regional or border specificities shall be approved by relevant National Regulatory Authorities and be attached as annexes to these Allocation Rules. In case these annexes need to be amended based on a decision of the relevant National Regulatory Authorities, Article 67 shall apply. Proposed amendment:1. Regional or border specificities may be introduced for one or more Bidding Zone borders. Such regional or border specificities shall be approved by relevant National Regulatory Authorities and be attached as annexes to these Allocation Rules. 2 [...]NEW3. Annexes related to Regional or border specificities shall be reviewed on a yearly basis;4. In case these annexes need to be amended based on a decision of the relevant National Regulatory Authorities, Article 67 shall apply.Comments:Regional or border specific derogations to the general auction rules should be considered as transitory arrangements. Therefore, regular reviews of border specific annexes should be foreseen in order to check whether the specificities that led to their introduction still require an ad hoc treatment or not.</p>

Eesti Energia AS (www.energia.ee/en)	Article 4	<p>Paragraph 1.</p> <p>Comment: In order to avoid any possible unilateral actions of Allocation Platform we suggest to specify that such specificities may be come effective only after the approval of relevant NRA is provided.</p> <p>Proposed new wording: "1. Regional or border specificities may be introduced for one or more Bidding Zone borders. The precondition of such regional or border specificities and any amendment to such specificities to become effective is the approval of the relevant National Regulatory Authorities. After such approval the regional or border specificities shall be attached as annexes to these Allocation Rules. In case these annexes need to be amended based on a decision of the relevant National Regulatory Authorities, Article 67 shall apply."</p>
EFET	Article 4	<p>Regional specificities and regional annexes should be part of a specific "Transitional Arrangements" title. This is the (harmonisation) logic of the Network Code. We don't think that regional specificities should be an integral part of the enduring rules. The objective in the medium to long term should be full harmonisation.</p>
SSE	Article 4	<p>(1) "Regional or border specificities may be introduced for one or more Bidding Zone borders. Such regional or border specificities shall be approved by relevant National Regulatory Authorities and be attached as annexes to these Allocation Rules." This is incompatible with Article 8(7) of Regulation 714/2009.</p>
EURELECTRIC	Article 4	<p>Art. 4.1: Regular reviews for border specific annexes should be foreseen in order to check whether the specificities that lead their introduction still require an ad hoc treatment or not.</p>
VERBUND Trading GmbH	Article 4	<p>The objective of harmonized allocation rules is full harmonization in the medium to long term. Regional or border specificities should be seen just as transitional provisions and not as part of the final rules.</p>
Enel SpA	Article 4	<p>Even though the NRAs are competent on Regional specificities, we would like the HAR to be more proactive towards harmonization. Thus, specificities should be granted by European Commission and relevant National Regulatory Authorities, in addition their application should only be allowed for a limited period of time. Though this is concept is somehow included in the Annex (e.g. Annex 6), we think that it should also be included in the main text of HAR.</p>

Edison Spa	Article 4	<p>OLD TEXT: "1. Regional or border specificities may be introduced for one or more Bidding Zone borders. Such regional or border specificities shall be approved by relevant National Regulatory Authorities and be attached as annexes to these Allocation Rules. In case these annexes need to be amended based on a decision of the relevant National Regulatory Authorities, Article 67 shall apply.</p> <p>NEW TEXT:</p> <p>"1. Regional or border specificities may be introduced for one or more Bidding Zone borders. Such regional or border specificities shall be approved by relevant National Regulatory Authorities and be attached as annexes to these Allocation Rules.</p> <p>2. [...]</p> <p>3. Annexes related to Regional or border specificities shall be reviewed on a yearly basis.</p> <p>4. In case these annexes need to be amended based on a decision of the relevant National Regulatory Authorities, Article 67 shall apply."</p> <p>-----</p> <p>Regional or border specific derogations to the general auction rules should be considered as transitory arrangements. A clear process should be defined to ensure that border specific annexes are temporary measures and will be periodically (on an yearly basis) reviewed in order to check whether specificities are still required or should be deleted.</p>
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<p>EUROPEX</p>	<p>Article 41</p>	<p>Transfer of LTTRs</p> <p>Art. 41(1) Notice Board</p> <p>Europex text proposal: "A notice board shall only be established if similar or more elaborated solutions are not provided by commercial entities.</p> <p>The notice board shall then be organised at arm's length from the Allocation Platform's transfer notification systems and on the same basis as for entities providing similar services. It shall facilitate only the exchange of information between the Registered Participants regarding their interest in buying and/or selling Long Term Transmission Rights. No agreements may be concluded via this notice board. Use of the notice board is free of charge."</p> <p>Comment:</p> <p>"Although Europex welcomes the fact the notice board does not seem to be exclusive we do not consider it is an Allocation Platform's role to organise or facilitate the secondary market of long term transmission rights. The fact the service is offered for free while it has underlying costs, is considered unfair competition to the (potential) providers of such facilitation services.</p> <p>A notice board should be established only if the market (exchanges, brokers,...) doesn't provide adequate solutions for facilitating the secondary market of Long Term Transmission Rights.</p> <p>Such notice board should then be organised at arm's length from the TSOs' registration systems and on the</p>
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		<p>same basis as for entities providing similar services."</p>
<p>EUROPEX</p>	<p>Article 43</p>	<p>Transfer of Long Term Transmission Rights (LTTRs)</p> <p>Art. 43 - Legal consequences of the transfer</p> <p>Europex text proposal: "All rights and obligations resulting from these Allocation Rules, with exception of the payment obligation of the original Long Term Transmission Right holder regarding the allocation of Long Term Transmission Right pursuant to Article 62(1), shall be transferred together with the Long Term Transmission Right."</p> <p>Comment: HAR should not establish a monopoly for organising auctions and a secondary market for long term transmission rights or other similar products. We expect that all financial instruments can be introduced on a platform preferred by the market participants with hedging needs. The current proposal would however monopolize the LTTR hedging markets, which are currently under free competition, and this seems an unintended and negative consequence.</p>

Nasdaq	Article 43	<p>(Legal Consequences on the Transfer)</p> <p>All rights and obligations resulting from these Allocation Rules, shall be transferred together with the Long Term Transmission Right. HAR should not establish a monopoly for organising auctions and a secondary market for long term transmission rights or other similar products. We expect that all financial instruments can be introduced on a platform preferred by the market participants with hedging needs. The current proposal would however monopolize the LTTR hedging markets, which are currently under free competition, and this seems an unintended and negative consequence.</p>
Nasdaq	Article 44	<p>(1 - Notice board)</p> <p>"Although Nasdaq welcomes the fact the notice board does not seem to be exclusive we do not consider it is an Allcoaction Platform's role to organise or facilitate the secondary market of long term transmission rights. The fact the service is offered for free while it has underlying costs, is considered unfair competition to the (potential) providers of such facilitation services.</p> <p>A notice board should be established only if the market (exchanges, brokers,...) doesn't provide adequate solutions for facilitating the secondary market of Long Term Transmidssion Rights.</p> <p>Such notice board should then be organised at arm's length from the TSOs' registration systems and on the same basis as for entities providing similar services."</p>
EFET	Article 45	<p>Art. 45.5:</p> <p>This paragraph should be deleted.</p> <p>As a matter of principle, there should there be no reservation of cross-zonal capacity for balancing purposes by any party, whether by TSOs or market participants.</p>

		Besides, it is not the place for the HAR to introduce rules that will have an impact on the balancing market.
EURELECTRIC	Article 45	Art. 45.3: DA and balancing should not be mix in 1 product such as suggest in this paragraph. This should be split in two products with two differents values. Indeed, the current proposition introduce a biais regarding the timevalue and this "all in one" product could clearly have a significant impact on the DA market.
VERBUND Trading GmbH	Article 45	In case of full harmonization, will this possibility of reserving Capacity for the Exchange of balancing energy be extended to all Cross Zonal Borders?
EUROPEX	Article 45	<p>Reservation of cross-zonal capacity for exchanging balancing energy</p> <p>Art. 45 (3) and (5) - General principles</p> <p>Europex text proposal: "3. In case the Registered Participant does not nominate its Physical Transmission Rights, the Allocation Platform shall make the underlying Cross Zonal Capacity of the non-nominated Physical Transmission Rights available for the relevant daily allocation. The Physical Transmission Right holders who do not nominate their Physical Transmission Rights for physical use of their rights or has not reserved its Physical Transmission Rights for the exchange of balancing energy shall be entitled to receive remuneration in accordance with Article 48.</p> <p>5. In case the Long Term Transmission Rights holder reserves its Physical Transmission Rights for the exchange of balancing energy, such Cross Zonal Capacity shall be excluded from the application of the Use It Or Sell It principle. The process of notification of such reservation where applicable shall be subject to the relevant rules as published by the responsible Allocation Platform."</p> <p>Comment:</p> <p>"As already expressed in the several consultations on the draft network code on electricity balancing, Europex is</p>

		<p>opposed to any reservation of cross-zonal capacity for the exchange of balancing energy.</p> <p>There are concerns that such set up might have negative implications like:</p> <ul style="list-style-type: none"> <li>a) price effects on other market timeframes;</li> <li>b) lack of transparency of valuation methods used for capacity reservations;</li> <li>c) overall reduced predictability and transparency of Day Ahead and Intraday markets."</li> </ul>
Nasdaq	Article 45	<p>( 3 &amp; 5 - General principles)</p> <p>"As already expressed in the several consultations on the draft network code on electricity balancing, Europex is opposed to any reservation of cross-zonal capacity for the exchange of balancing energy.</p> <p>There are concerns that such set up might have negative implications like:</p> <ul style="list-style-type: none"> <li>a) price effects on other market timeframes;</li> <li>b) lack of transparency of valuation methods used for capacity reservations;</li> <li>c) overall reduced predictability and transparency of Day Ahead and Intraday markets."</li> </ul>

<p>IBERDROLA</p>	<p>Article 46</p>	<p>The options listed in paragraph 1 should be harmonized and included in these Rules.</p> <p>Harmonization of nomination rules is key for the achievement of the internal energy market.</p> <p>ACER expressed it in its Recommendation of the FCA network code (22 may 2014): "The Network Code should introduce a deadline to ensure that Nomination Rules are harmonised within a reasonable period of time"</p> <p>Examples of harmonization regarding nomination should be:</p> <ul style="list-style-type: none"> <li>-harmonized nomination deadlines</li> <li>-harmonized content of the Rights Document</li> <li>-harmonized deadline to sending the Rights Document</li> <li>-harmonized nomination options according to paragraph 1</li> </ul>
<p>Eesti Energia AS (<a href="http://www.energia.ee/en">www.energia.ee/en</a>)</p>	<p>Article 48</p>	<p>Paragraph 1.(a)</p> <p>Comment: The regulated price adjustment is not by its nature a general rule and applies only in specific cases (as stated in the paragraph's last sentence: "If applicable /.../"). Also, costs of transmission losses are usually included in transmission tariffs. Therefore such price adjustments should not be regulated in Allocation Rule's main document but instead in the respective regional or border specific annex.</p> <p>Proposed new wording: "(a) in case of day-ahead Implicit Allocation, the price shall be the Market Spread at the concerned Bidding Zone border for the concerned hourly period only in case the price difference is positive in the direction of the Long Term Transmission Rights of the day-ahead Implicit Allocation in which that Cross Zonal Capacity was reallocated, and 0€/MWh, otherwise."</p>

<p>Eesti Energia AS (<a href="http://www.energia.ee/en">www.energia.ee/en</a>)</p>	<p>Article 48</p>	<p>Paragraph 3.</p> <p>Comment: The regulation for cancelling an Auction should be exhausting in order to guarantee firm and liquid gross-border electricity market. If despite of the aforementioned such cancellations are allowed the remuneration price should be the Marked Spread or Marginal Price, whichever is higher, in order to motivate the TSOs not to execute such cancellations.</p> <p>Proposed new wording: "3. In case daily allocation does not take place or it is cancelled for any other reason than the one of the triggering events specified in CHAPTER 9, the remuneration of Long Term Transmission Rights' holders for non-nominated Long Term Transmission Rights in the case of Physical Transmission Rights or for the total amount of Long Term Transmission Rights in the case of Financial Transmission Rights Options in accordance with paragraph 1 of this Article shall be based on the Market Spread as described in paragraph 1a of this Article or Marginal Price of the Auction, whichever is higher, based on the Long Term Transmission Right(s) initially allocated."</p>
<p>Eesti Energia AS (<a href="http://www.energia.ee/en">www.energia.ee/en</a>)</p>	<p>Article 48</p>	<p>Paragraph 3.</p> <p>Comment: The regulation for cancelling an Auction should be exhausting in order to guarantee firm and liquid gross-border electricity market. If despite of the aforementioned such cancellations are allowed the remuneration price should be the Marked Spread or Marginal Price, whichever is higher, in order to motivate the TSOs not to execute such cancellations.</p> <p>Proposed new wording: "3. In case daily allocation does not take place or it is cancelled for any other reason than the one of the triggering events specified in CHAPTER 9, the remuneration of Long Term Transmission Rights' holders for non-nominated Long Term Transmission Rights in the case of Physical Transmission Rights or for the total amount of Long Term Transmission Rights in the case of Financial Transmission Rights Options in accordance with paragraph 1 of this Article shall be based on the Market Spread as described in paragraph 1a of this Article or Marginal Price of the Auction, whichever is higher, based on the Long Term Transmission Right(s) initially allocated."</p>

EFET	Article 48	<p>Art. 48.1 (a)</p> <p>Delete the last sentence 'If applicable this price shall be adjusted to reflect transmission losses on interconnections between Bidding Zones, where these losses are included in the day-ahead Cross Zonal Capacity allocation process.'</p> <p>Transmission rights should be remunerated at market spread without adjustments or taking account of allocation constraints/losses.</p> <p>Art. 48.2:</p> <p>Delete this paragraph.</p> <p>Transmission rights remuneration should only differ from the principles in paragraph 1 in case of Force Majeure.</p>
VERBUND Trading GmbH	Article 48	<p>Eventually except in cases of Force Majeure, the principle of remuneration should be the Market Spread resp. the Marginal Price of the daily allocation only, no Transmission losses, amounts of daily offered capacity ecc.</p>
EUROPEX	Article 48	<p>Curtailment of LTTRs</p> <p>Art. 48 (2) -Remuneration of Long Term Transmission Rights holders for non-nominated Physical Transmission Rights and Financial Transmission Rights Options</p> <p>Europex text proposal: "The remuneration described in paragraph 1 shall not cover the cases where less daily Offered Capacity is available than the non-nominated amount of Long Term Transmission Rights in the case of Physical Transmission Rights or less than the total amount of the Long Term Transmission Rights in the case of Financial Transmission Rights Options. The difference between the non-nominated amount of Long Term Transmission Rights and the daily Offered Capacity in the case of Physical Transmission Rights and the total amount of Long Term Transmission Rights in the case of Financial Transmission Rights Options shall be remunerated in accordance with CHAPTER 9."</p>

		<p>Comment:</p> <p>"This article creates an artificial incentive for the holders of PTRs to nominate them in order to avoid not being fully compensated in case of non-nominated PTRs' curtailment. This could result on market parties' side in a useless increase of the complexity of the day-ahead processes. Such incentive would also reduce the capacity made available to the market coupling mechanism which could damage the liquidity on the markets to be coupled through the single day-ahead coupling, with a possible impact on transparency, on the quality of the day-ahead price formation and the efficiency of generation and demand dispatch."</p>
<p>IBERDROLA</p>	<p>Article 48</p>	<p>In paragraph 1.c), the price for the Long Term Transmission Rights remuneration for allocation other than Implicit Allocation or Explicit Allocation in the daily allocation timeframe (such as pro rata allocation) shall be the day-ahead market spread.</p> <p>In paragraph 2, the price for the Long Term Transmission Rights remuneration where less daily Offered Capacity is available than the non-nominated amount of Long Term Transmission Rights in the case of PTRs or less than the total amount of the Long Term Transmission Rights in the case of FTR Options shall be the day-ahead market spread.</p> <p>Long Term Transmission Right Holders shall be informed immediately of this situation.</p> <p>In paragraph 3, the price for the Long Term Transmission Rights remuneration in case daily allocation does not take place or it is cancelled for any other reason than the one of the triggering events specified in CHAPTER 9, the remuneration of Long Term Transmission Rights' holders for non-nominated Long Term Transmission Rights in the case of PTRs or for the total amount of Long Term Transmission Rights in the case of FTR Options shall be the day-ahead market spread.</p>

Edison Spa	Article 48	<p>OLD TEXT:"3. In case daily allocation does not take place or it is cancelled for any other reason than the one of the triggering events specified in CHAPTER 9, the remuneration of Long Term Transmission Rights' holders for non-nominated Long Term Transmission Rights in the case of Physical Transmission Rights or for the total amount of Long Term Transmission Rights in the case of Financial Transmission Rights Options in accordance with paragraph 1 of this Article shall be based on the Marginal Price of the Auction in which the Long Term Transmission Right was initially allocated."NEW TEXT:In case daily allocation does not take place or it is cancelled for any other reason than the one of the triggering events specified in CHAPTER 9, the remuneration of Long Term Transmission Rights' holders for non-nominated Long Term Transmission Rights in the case of Physical Transmission Rights or for the total amount of Long Term Transmission Rights in the case of Financial Transmission Rights Options shall be in accordance with paragraph 1."-----Failure of day-ahead shadow auctions/daily auctions (in case of no market coupling) due to malfunctioning of the Allocation Platform should bring to market spread remuneration and should not be treated as curtailment.</p>
Nasdaq	Article 48	<p>(2) -Remuneration of Long Term Transmission Rights holders for non-nominated Physical Transmission Rights and Financial Transmission Rights Options</p> <p>"This article creates an artificial incentive for the holders of PTRs to nominate them in order to avoid not being fully compensated in case of non-nominated</p> <p>PTRs' curtailment. This could result on market parties' side in a useless increase of the complexity of the day-ahead processes. Such incentive would also reduce the capacity made available to the market coupling mechanism which could damage the liquidity on the markets to be coupled through the single day-ahead coupling, with a possible impact on transparency, on the quality of the day-ahead price formation and the efficiency of generation and demand dispatch.</p> <p>"</p>

Eesti Energia AS (www.energia.ee/en)	Article 49	<p>Paragraph 1.</p> <p>Comment: In order to guarantee the firm nature of the Auctions an Allocation Platform must present its maximum effort to execute the necessary procedures to conduct an Auction.</p> <p>Proposed new wording: "1. The Allocation Platform shall organize a fallback procedure in the following cases of failure of a standard process:"</p>
Eesti Energia AS (www.energia.ee/en)	Article 49	<p>Paragraph 2.(c)</p> <p>Comment: The use of fallback procedures should not lead to cancellations or other similar actions of the same nature.</p> <p>Proposed new wording: "(c) another ad hoc fallback procedure if considered appropriate by the Allocation Platform to overcome the technical obstacles. In any case, the relevant Auction can not be cancelled unless expressly stated otherwise in the Allocation Rules."</p>
EFET	Article 49	<p>Art. 49.2 (c)</p> <p>The term 'another ad hoc fallback procedure' is quite vague considering that the HAR will be a contract.</p> <p>Consider specifying which ad hoc fallback procedures are envisaged or deleting.</p>
IBERDROLA	Article 49	<p>Regarding to paragraph 3, it is very important that the Allocation platform inform Registered Participants of possible deviations from the standard processes and the application of a fallback procedure via email too.</p> <p>Regarding to paragraph 4, Registered Participants don't have to be obliged by the Rules to inform the Allocation Platform of any observed problem.</p>

EDF SA	Article 5	<p>Article 5.2 to be clarified</p> <p>Comments:</p> <p>The interpretation of the added section (" but with the delivery date after the entry into force of these Allocation Rules") should be further clarified in order for market participants to be aware of possible changes of rules of transmission rights already allocated. As a general principle, retro-active changes should be treated with great caution.</p>
Eesti Energia AS (www.energia.ee/en)	Article 5	<p>Paragraph 2.</p> <p>Comment: In order to secure legal security and avoid any possible disorder in connection with already made transactions the Allocation Rules should govern all rights and obligations in connection with Long Term Transmission Rights acquired after the entry into force of these Allocation Rules.</p> <p>Proposed new wording: "2. These Allocation Rules (including any regional or border specificities and any amendments to Allocation Rules and to such specificities if any) shall govern all rights and obligations in connection with Long Term Transmission Rights acquired after the entry into force of these Allocation Rules and any relevant amendment(s)."</p>
EFET	Article 5	<p>The provision in Art. 5.3 should be part of Art. 67.</p>
Electricity Association of Ireland	Article 5	<p>3. Article 5 – “effective date and application”</p> <p>Art 5(2) states that these rules shall govern all rights and obligations in connection with long term transmission rights “acquired before the entry into force of these Allocation Rules but with the delivery date after the entry into</p>

		force of these Allocation Rules". EAI emphasises the need for explicit notice of the date at which a market participant's access to one type of transmission right ceases and another begins. Depending on the type of transmission right (e.g. FTR option or FTR obligation) it can affect the value of capacity and market participants need to know, with as much notice as possible, what this value is before buying transmission rights. The Allocation Rules should not be permitted to retrospectively erode the value of transmission rights purchased prior to implementation of a new type of transmission right.
EURELECTRIC	Article 5	<p>Art. 5.2: The interpretation of the added section should be clarified. Assuming that these HAR enter into force in the course of 2015, how would be treated a product for delivery year 2015 ? Would the HAR not apply? Would they apply for the delivery days after their entry into force?</p> <p>As a general principle, retro-active changes should be treated with great caution."</p>
Edison Spa	Article 5	To be clarified -Market participants need to be clearly aware of possible changes of rules concerning transmission rights already allocated. As a general principle, retro-active changes should be treated with great caution.
IBERDROLA	Article 50	Regarding to paragraph 1.d) the identification process for the Registered Participant required for the Allocation Platform to enter data on its behalf has to be clearly detailed on these Rules.
IBERDROLA	Article 51	Regarding to paragraph 4, the Allocation Platform shall inform all Registered Participants, without undue delay, of the postponement by notification published in the Auction Tool and on the webpage of the Allocation Platform and by e-mail.

EDF SA	Article 53	<p>Article 53.3</p> <p>Initial text:</p> <p>In case the fallback procedure for data exchange cannot be implemented as necessary to enable the registration of the return of Long Term Transmission Rights, all requests for Long Term Transmission Rights return already submitted shall be automatically cancelled and the Allocation Platform may not be held responsible for the failure of the fallback procedure</p> <p>Proposed amendment:</p> <p>In case the fallback procedure for data exchange cannot be implemented as necessary to enable the registration of the return of Long Term Transmission Rights, all requests for Long Term Transmission Rights return already submitted shall be automatically cancelled.</p> <p>Comment:</p> <p>This addition seems too broad and should be deleted or narrowed down. We believe that HAR should not set rules on the responsibility of the Allocation Platform in case of failure of the fallback procedure.</p>
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Edison Spa	Article 53	<p>OLD TEXT:</p> <p>"3. In case the fallback procedure for data exchange cannot be implemented as necessary to enable the registration of the return of Long Term Transmission Rights, all requests for Long Term Transmission Rights return already submitted shall be automatically cancelled and the Allocation Platform may not be held responsible for the failure of the fallback procedure."</p> <p>NEW TEXT:</p> <p>"3. In case the fallback procedure for data exchange cannot be implemented as necessary to enable the registration of the return of Long Term Transmission Rights, all requests for Long Term Transmission Rights return already submitted shall be automatically cancelled."</p> <p>-----</p> <p>HAR should not set rules on the responsibility of the Allocation Platform in case of failure of the fallback procedure.</p>
EDF SA	Article 54	See comment to Article 53.3
EURELECTRIC	Article 54	Art. 54.3: DA and balancing should not be mix in 1 product such as suggest in this paragraph. This should be split in two products with two differents values. Indeed, the current proposition introduce a biais regarding the timevalue and this "all in one" product could clearly have a significant impact on the DA market.
EDF SA	Article 55	See comment to Article 53.3

EDF SA	Article 56	<p>Article 56.1</p> <p>Initial text:</p> <p>Curtailment may be applied on allocated Long Term Transmission Rights including, where the case may be, on nominated Physical Transmission Rights.</p> <p>Proposed amendment:</p> <p>Curtailment may be applied on allocated Long Term Transmission Rights.</p> <p>Comment:</p> <p>Full physical firmness (or at least full financial firmness) should be ensured to transmission right holders after the nomination deadline (or LTFD for FTR Options) in order to guarantee the effectiveness of PTRs/FTRs as hedging tools.</p> <p>Article 56.3</p>
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		<p><b>Initial text:</b></p> <p>Long Term Transmission Rights shall not be curtailed after the Day Ahead Firmness Deadline except in the case of Force Majeure or Emergency Situation.</p> <p><b>Proposed amendment:</b></p> <p>Long Term Transmission Rights shall not be curtailed after the nomination for PTR and Long Term Firmness Deadline for FTRs Options except in the case of Force Majeure.</p> <p><b>Comment:</b></p> <p>Full physical firmness (or at least full financial firmness) should be ensured to transmission right holders after the nomination deadline (or LTFD for FTR Options) in order to guarantee the effectiveness of PTRs/FTRs as hedging tools.</p> <p>As clearly expressed by ACER, Emergency Situations cannot be treated in the same way as Force Majeure when it comes to remuneration of PTRs and FTRs and firmness rules. This approach would consistently decrease the level of firmness of long term transmission rights to the detriment of the functioning of forward market since Emergency Situations encompass a much broader range of contingencies the less clearly defined from a legal point of view than Force Majeure while more under the control of TSOs.</p>
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<p>Eesti Energia AS (<a href="http://www.energia.ee/en">www.energia.ee/en</a>)</p>	<p>Article 56</p>	<p>Paragraph 1.</p> <p>Comment: Allocation Rules must not undermine the terms and conditions already effective regarding the firmness of the border specific capacity.</p> <p>Proposed new wording: "1. Long Term Transmission Rights irrespective of the Product Period may be curtailed in the event of Force Majeure, an Emergency Situation or to ensure System Security according to applicable legislation. If border specific auction rules are in place and effective at the time of the enforcement of these Allocation Rules and such border specific auction rules provide firmness of the relevant capacity in a higher level, then such border specific auction rules shall prevail and the relevant Allocation Platform shall comply to such preexisting border specific auction rules regarding the firmness of the relevant capacity."</p>
<p>EFET</p>	<p>Article 56</p>	<p>Art. 56.1</p> <p>The paragraph should read: 'Long Term Transmission Rights irrespective of the Product Period may be curtailed in the event of Force Majeure, or Emergency Situation according to applicable legislation.'</p> <p>The mention 'to ensure system security' is redundant. Ensuring System Security should only trigger the possibility to curtail in case of Emergency Situation. (After all, TSOs' mandate is to ensure system security all the time).</p> <p>Art. 56.2:</p> <p>Curtailed of nominated transmission rights should only be permitted in case of Force Majeure. The level of firmness of nominated rights should be the same as the level of firmness for the implicit allocation.</p> <p>Art. 56.3:</p>

		<p>Delete 'or Emergency Situation'.</p> <p>Curtailment after the Day Ahead Firmness Deadline should only be authorised in case of Force Majeure.</p>
EURELECTRIC	Article 56	<p>"We understand that until the provisions of future FCA code are settled and enter into force there might be a need to accommodate different levels of firmness on different borders.</p> <p>However, we believe the core part of HAR should set the highest standard and have exemptions included in the annexes rather than the other way round."</p>
EURELECTRIC	Article 56	<p>Art. 56.1: Comments previously raised by EURELECTRIC:</p> <p>The ACER Framework Guidelines provide the exemption from general firmness principle only in the case of force majeure.</p> <p>This means that, except in case of Force Majeure, nominated rights should not be curtailed and non-nominated rights should receive their full normal remuneration.</p> <p>EURELECTRIC has already presented its view explaining why such curtailment could either be replaced by cross-border redispatch or would not have any positive impact for the system. It should therefore only be performed in case of Force Majeure. The total compensation could potentially be capped based on congestion income but, in this case, congestion should be calculated over a whole year as recommended by ACER and should encompass both forward and day-ahead congestion income.</p> <p>We will not reiterate our views regarding this issue in our answer to this consultation for the sake of readability,</p>

		but our comments still hold.
VERBUND Trading GmbH	Article 56	Curtailed of transmission rights should generally be only possible in cases of Force Majeure or in Emergency Situation (to secure System Stability). After the Day Ahead Nomination Deadline, transmission rights should be curtailed in cases of Force Majeure only.
IBERDROLA	Article 56	Regarding to paragraph 2, after the nomination deadline Transmission Rights should be firm and uncapped.
IFIEC Europe	Article 56	IFIEC would like to underline the need to make a maximum volume of interconnector capacity available to the grid, in order to stimulate as much as possible cross-border trade and market integration. Ideally, this capacity is made available as firm capacity, but IFIEC appreciates all non-firm capacity made available in an adequate way to market parties.

Edison Spa	Article 56	<p>OLD TEXT:</p> <p>"1. Curtailment may be applied on allocated Long Term Transmission Rights including, where the case may be, on nominated Physical Transmission Rights."</p> <p>NEW TEXT:</p> <p>"1. Curtailment may be applied on allocated Long Term Transmission Rights."</p> <p>-----</p> <p>Edison deems fundamental to assure full physical firmness after the nomination deadline and calls compensation for reductions of held capacities based on day-ahead market spread.</p>
Edison Spa	Article 56	<p>OLD TEXT:"3. Long Term Transmission Rights shall not be curtailed after the Day Ahead Firmness Deadline except in the case of Force Majeure or Emergency Situation."NEW TEXT:"3. Long Term Transmission Rights shall not be curtailed after the nomination for PTR and Long Term Firmness Deadline for FTRs Options except in the case of Force Majeure."-----Full physical firmness should be ensured to transmission right holders after the nomination deadline in order to guarantee the effectiveness of PTRs as hedging tools. We consider fundamental, as also clearly stated by ACER, that no reference to emergency situation would be foreseen in the compensation scheme, as only Force Majeure should trigger compensation of the initial price paid. Emergency refers to a broad range of contingencies not clearly defined/harmonised on legal level.</p>
Dong Energy	Article 57	<p>Article 57.6</p> <p>We do not think nominated PTRs should be favoured ahead of non nominated PTRs in case of curtailment. The rules try to make FTR Options and PTRs treated equally, the same should apply to handling of curtailment after LTF deadline. Both should ideally be fully firm after Long Term Firmness deadline.</p>

EDF SA	Article 57	<p>Article 57.6</p> <p>Initial text:</p> <p>After the Long Term Firmness Deadline and before the Day Ahead Firmness Deadline, non-nominated Physical Transmission Rights shall be curtailed before nominated Physical Transmission Rights.</p> <p>Proposed amendment:</p> <p>To be deleted.</p> <p>Comment:</p> <p>EDF is opposed to any discrimination between nominated and non nominated PTRs in terms of compensation in case of curtailment. Market participants should be free to exercise their nomination rights without any undue distortion coming from different regulatory regimes (e.g. priority curtailment of non-nominated PTRs, etc.). We do not consider that the firmness regime imposed by these rules should be an incentive for market participants to nominate or opt for compensation in line with UIOSI. This is another regulatory distortion as market participants' decisions on the use of capacity, at least in some instances, could be influenced by such rule which may have negative effects on market coupling and the overall efficiency of the electricity market. For these reasons, EDF supports the equal treatment of nominated and non-nominated capacity rights if technically possible.</p>
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EFET	Article 57	<p>Art. 57.3:</p> <p>The reason for curtailment should be included in the notification mentioned in Art. 57.2 to ensure timeliness of disclosure of the triggering events. This is currently often a problem, information on the reason for curtailment is often not disclosed unless requested by market participants.</p> <p>Art. 57.5:</p> <p>Delete this paragraph: non-nominated rights cannot be curtailed. They are given back to the TSO and the market participant should get compensation based on Art. 48. This Article only makes sense in case of Force Majeure.</p>
EURELECTRIC	Article 57	<p>Art. 57.6: "There should not be any difference of treatment between nominated and non-nominated rights: nominated rights should be physically firm and non nominated rights should be financially firm, except in case of force majeure.</p> <p>"</p>
VERBUND Trading GmbH	Article 57	<p>Will the reasons of curtailment be also published automatically?</p> <p>No curtailing of non nominated capacities but Treatment as in Art. 48.</p>
IBERDROLA	Article 57	<p>Regarding to paragraph 6, after the nomination deadline Transmission Rights should be firm and uncapped.</p>
Edison Spa	Article 57	<p>paragraph 6- TO BE DELITED.</p> <p>There should be no discrimination in case of curtailment between nominated and non nominated PTRs. Firmness rules should not create an incentive to nominate or opt for compensation in line with the UIOSI approach.</p>
Nasdaq	Article 57	<p>(5) - Process and notification of curtailment</p>

		See comment on article 48(2).
Nasdaq	Article 57	<p>(6) - Process and notification of curtailment</p> <p>This article creates an incentive for the holders of PTRs to nominate them in order to avoid not being fully compensated in case of non-nominated PTRs' are not re-sold through a daily allocation process. Such incentive would reduce the capacity made available to the market coupling mechanism and could damage the liquidity on the day-ahead power exchanges, with possible impact on the quality of the day-ahead price formation and the efficiency of generation and demand dispatch.</p>
EDF SA	Article 58	<p>Article 58.1</p> <p>Initial text:</p> <p>1. In cases of curtailment to ensure System Security, the Allocation Platform shall publish on its website and take the following deadlines into account for the calculation of compensation for curtailed Long Term Transmission Rights :</p> <p>(a) the Long Term Firmness Deadline which is set at the deadline for final submission of nominations of Physical Transmission Rights for each Bidding Zone border which shall be the ones described in the respective Nomination Rules in the case of Physical Transmission Rights and two (2) hours before the respective Day Ahead Market Gate Closure Time in the case of Financial Transmission Rights Options; and</p> <p>(b) the Day Ahead Firmness Deadline which for the purpose of these Allocation Rules is set thirty (30) minutes before the respective Day Ahead Market Gate Closure Time.</p> <p>Proposed amendment:</p>

		<p>1. In cases of curtailment to ensure System Security, the Allocation Platform shall publish on its website and take into account for the calculation of compensation for curtailed Long Term Transmission Rights the nominations of Physical Transmission Rights for each Bidding Zone border. Nominations shall be the ones described in the respective Nomination Rules in the case of Physical Transmission Rights and Long Term Firmness Deadline, two (2) hours before the respective Day Ahead Market Gate Closure Time, in the case of Financial Transmission Rights Options.</p> <p>Comment:</p> <p>Nomination for PTRs and Long Term Firmness Deadline for FTRs should be the unique deadline reference for the calculation of the amount of compensation in case of curtailment of allocated transmission rights.</p>
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EDF SA	Article 58	<p>Article 58.3(a)Initial text:The compensations calculated according to paragraph 2 which occurred within one calendar month shall be further subject to the following caps:(a) for curtailments before the Long Term Firmness Deadline:the cap shall be determined as the Congestion Income from the allocation of Long Term Transmission Rights in the month of curtailment at the respective Bidding Zone border or subset of interconnectors of the Bidding Zone border in both directions,and where applicable for each interconnection, deducting all remunerations paid according to Article 40 and Article 48 and compensations paid according to Articles 59 to 60 and where applicable Article 61 for the considered month;Proposed amendment:The compensations for curtailments before the nomination or Long Term Firmness Deadline calculated according to paragraph 2 which occurred within one calendar month shall be further subject to a cap determined as the Congestion Income from the allocation of Long Term Transmission Rights and day-ahead transmission rights in the month year of curtailment at the respective Bidding Zone border or subset of interconnectors of the Bidding Zone border in both directions,and where applicable for each interconnection, deducting all remunerations paid according to Article 40 and Article 48 and compensations paid according to Articles 59 to 60 and where applicable Article 61 for the considered month;Comment:Full physical firmness (or at least full financial firmness) should be ensured to transmission right holders after the nomination deadline in order to guarantee the effectiveness of PTRs/FTRs as hedging tools. Before nomination, financial firmness of held capacities should be guaranteed whereas a possible cap to compensation should be calculated as the difference between congestion income from forward and day-ahead capacity allocation over the whole year and in all directions and the amount to be paid by the TSOs for remuneration and compensation of transmission rights. The remuneration (Use-it-or-sell-it) and reimbursement of transmission right holders in case of curtailment at the initial price paid in the long-term auctions (or at the price of the explicit day-ahead auction where capacity is resold) should be limited to cases of Force Majeure or on borders where market coupling has not been implemented yet.</p>
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<p>EDF SA</p>	<p>Article 58</p>	<p>Article 58.3(b)</p> <p>Initial text:</p> <p>(b) for curtailments after the Long Term Firmness Deadline and before the Day Ahead Firmness Deadline, the cap shall be determined as the Congestion Income from the allocation of Long Term Transmission Rights and day-ahead transmission rights in the month of the curtailment at the respective Bidding Zone border or subset of interconnectors of the Bidding Zone border in both directions and where applicable for each interconnection, deducting all remunerations paid according to Article 40 and Article 48 and compensations paid according to Articles 59 to 60 and where applicable Article 61 for the considered month</p> <p>Proposed amendment:</p> <p>To be deleted</p> <p>Comment:</p> <p>Full physical firmness (or at least full financial firmness) should be ensured to transmission right holders after the nomination deadline (or LTFD for FTR Options) in order to guarantee the effectiveness of PTRs/FTRs as hedging tools. Therefore, compensations for curtailment after these deadlines should not be subject to cap.</p>
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EDF SA	Article 58	<p>Article 58.4(a)</p> <p>Initial text:</p> <p>The cap is applied in two steps as follows:</p> <p>(a) first, the Allocation Platform shall compensate the holders of Long Term Transmission Rights which are curtailed after the Long Term Firmness Deadline. When the cap described in paragraph 3(b) of this Article is reached, the compensations of curtailed Long Term Transmission Rights after the Long Term Firmness Deadline shall be reduced on a pro rata basis based on the volume of compensation of allocated Long Term Transmission Rights for each Registered Participant.</p> <p>Proposed amendment:</p> <p>The cap is applied in two steps as follows:</p> <p>(a) first, the Allocation Platform shall compensate the holders of Long Term Transmission Rights which are curtailed after nomination or the Long Term Firmness Deadline</p> <p>Comment:</p> <p>Full physical firmness (or at least full financial firmness) should be ensured to transmission right holders after the</p>
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		<p>nomination deadline (or LTFD for FTR Options) in order to guarantee the effectiveness of PTRs/FTRs as hedging tools. Therefore, compensations for curtailment after these deadlines should not be subject to cap.</p>
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<p>EDF SA</p>	<p>Article 58</p>	<p>Article 58.4(b)</p> <p>Initial text:</p> <p>(b) second, if the cap described in paragraph 3(b) of this Article is not reached after compensations in accordance with paragraph 4(a) of this Article, the remaining amount of compensation shall be used for compensation of Long Term Transmission Rights which are curtailed before the Long Term Firmness Deadline. When the cap described in paragraph 3(a) decreased by compensation paid according to paragraph 4(a) of this Article is reached the compensations of curtailed Long Term Transmission Rights before the Long Term Firmness Deadline shall be reduced on a pro rata basis based on the volume of compensation of allocated Long Term Rights for each Registered Participant.</p> <p>Proposed amendment:</p> <p>(b) second, if the cap described in paragraph 3 of this Article is not reached after compensations in accordance with paragraph 4(a) of this Article, the remaining amount of compensation shall be used for compensation of Long Term Transmission Rights which are curtailed before nomination or the Long Term Firmness Deadline. When the cap described in paragraph 3(a) decreased by compensation paid according to paragraph 4(a) of this Article is reached the compensations of curtailed Long Term Transmission Rights before the Long Term Firmness Deadline shall be reduced on a pro rata basis based on the volume of compensation of allocated Long Term Rights for each Registered Participant.</p> <p>Comment:</p>
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		<p>Full physical firmness (or at least full financial firmness) should be ensured to transmission right holders after the nomination deadline (or LTFD for FTR Options) in order to guarantee the effectiveness of PTRs/FTRs as hedging tools. Therefore, compensations for curtailment after these deadlines should not be subject to cap.</p>
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<p>EFET</p>	<p>Article 58</p>	<p>Title: This article should be entitled “Compensation for curtailments due to Emergency Situation to ensure System Security”                  Art. 58.1: The beginning of the paragraph should read: 'In cases of curtailment due to an Emergency Situation to ensure System Security, the Allocation Platform shall publish on its website and take the following deadlines into account for the calculation of compensation for curtailed Long Term Transmission Rights [...]’ (See comment above and in Art. 56)                  Art. 58.2 (a): Delete the sentence 'If applicable this price shall be adjusted to reflect transmission losses on interconnections between Bidding Zones, where these losses are included in the day-ahead Cross Zonal Capacity allocation process;’                  Transmission rights should be remunerated at market spread without adjustments or taking account of allocation constraints/losses.                  Art. 58.3 (a) and (b): The caps should be calculated on yearly congestion income from the LTRs at the concerned bidding zone border. Monthly congestion income caps do not provide any incentive for TSOs to avoid or reduce curtailments.</p>
<p>EURELECTRIC</p>	<p>Article 58</p>	<p>Art. 58.1.a: "two (2) hours before the respective Day Ahead Market Gate Closure Time in the case of Financial Transmission Rights Options" Why 2h ? We think it is too close to DA firmness deadline (does not leave much room for MP to react). Second, it should be harmonized with PTRs for which there are 4h deadline.</p> <p>Art. 58.2.b: The link between an issue in the day-ahead algorithm and curtailment is not obvious. This would reduce the possibility for market parties to hedge themselves.</p> <p>Art. 58.3.a: Notwithstanding the debate on the appropriate length of the period (1 month Vs 1 year), we do not see any reason not to include day-ahead congestion rent in the calculation of total income.</p> <p>It would be more fair to also use yearly auction revenues to face such event which are not Market Participant responsibility. For instance, CR could be accumulated throughout the months if not used in order to have enough</p>

		<p>provision to reimburse MP in case of curtailment.</p>
<p>Electricity Association of Ireland</p>	<p>Article 58</p>	<p>ii. Article 58 (3) and (4) (Compensation for curtailments to ensure System Security). Issues: Caps on curtailment compensation:-</p> <p>EAI reiterates the ACER Framework Guidelines’ provisions that capacity should be firm; that TSOs should ensure that enough re-dispatching/ countertrading means are available for ensuring firmness; and that congestion rents should be used for guaranteeing firmness of allocated capacity. Capacity holders must also be compensated for curtailment (except in Force Majeure) and any caps on such compensation should only be as a “derogation” to the general compensation rule.</p> <p>The caps for compensation in this Article again differentiate depending on the time period at when curtailment occurs. Compensations for curtailment happening in a particular month will be capped: a) for curtailments before the Long Term Firmness deadline, at the congestion income from allocation of long term transmission rights in that particular month; and b) for curtailments after the Long Term Firmness but before the Day Ahead Firmness deadlines, at the congestion income from allocation of long term transmission rights plus congestion from day-ahead transmission rights allocation in that month.</p> <p>These “monthly” caps are extremely arbitrary and could have significant knock-on negative effects on forwards liquidity in electricity markets. For e.g., if an interconnector goes on outage for part of/ an entire month, then transmission rights holders’ compensation would be capped at “0” given that the interconnector cannot possibly</p>

		<p>earn congestion income if it is not even in operation over a particular month. This situation must not be permitted to arise. Any adopted caps must at least be done on a yearly basis and take into account both congestion income from allocation of long-term and day-ahead transmission rights.</p>
VERBUND Trading GmbH	Article 58	<p>Remuneration at Market Spread or Marginal Price of Capacity (see above).</p> <p>The cap should be calculated on the yearly congestion income from the LTR at the respective bidding Zone border.</p>
Enel SpA	Article 58	<p>The Long-Term Firmness Deadline for Financial Transmission Rights Options is set two hours before the respective Day Ahead Market Gate Closure Time, on the contrary Long Term Firmness Deadline should be set at the Day-Ahead Firmness Deadline.</p> <p>In addition, the compensation cap introduced at article 58 should be scraped and rules in case of curtailment should be as follow:</p> <ul style="list-style-type: none"> <li>- Before the Day-ahead Firmness deadline, Long term transmission rights may be curtailed only in the event of Force Majeure, and compensation should be at the price paid.</li> <li>- After the Day-ahead Firmness deadline: Long term transmission rights may be curtailed only in the event of Force Majeure, and emergency and compensation should be at market spread.</li> </ul>
IBERDROLA	Article 58	<p>Regarding to paragraph 3, caps may be only allowed before the Long Term Firmness Deadline and if duly justified and approved by regulators.</p>

		Such caps if applied should include the total congestion income arising from all timeframes over the calendar year.
Edison Spa	Article 58	<p>3-b) TO BE DELETED.</p> <p>Full physical firmness (or at least full financial firmness) should be ensured to transmission right holders after the nomination deadline (or LTFD for FTR Options) in order to guarantee the effectiveness of PTRs/FTRs as hedging tools. Therefore, compensations for curtailment after these deadlines should not be subject to cap.</p>
Edison Spa	Article 58	<p>OLD TEXT:</p> <p>"1. In cases of curtailment to ensure System Security, the Allocation Platform shall publish on its website and take the following deadlines into account for the calculation of compensation for curtailed Long Term Transmission Rights :</p> <p>(a) the Long Term Firmness Deadline which is set at the deadline for final submission of nominations of Physical Transmission Rights for each Bidding Zone border which shall be the ones described in the respective Nomination Rules in the case of Physical Transmission Rights and two (2) hours before the respective Day Ahead Market Gate Closure Time in the case of Financial Transmission Rights Options; and</p> <p>(b) the Day Ahead Firmness Deadline which for the purpose of these Allocation Rules is set thirty (30) minutes before the respective Day Ahead Market Gate Closure Time."</p> <p>NEW TEXT:</p> <p>"1. In cases of curtailment to ensure System Security, the Allocation Platform shall publish on its website and take the following deadline into account for the calculation of compensation for curtailed Long Term Transmission Rights:</p> <p>- Nominations of Physical Transmission Rights for each Bidding Zone border which shall be the ones described</p>

		<p>in the respective Nomination Rules in the case of Physical Transmission Rights and Long Term Firmness Deadline, two (2) hours before the respective Day Ahead Market Gate Closure Time, in the case of Financial Transmission Rights Options;"</p> <p>-----</p> <p>Nomination for PTRs and Long Term Firmness Deadline for FTRs should be the unique time reference for the calculation of the amount of compensation in case of curtailment of allocated transmission rights.</p>
Edison Spa	Article 58	<p>OLD TEXT:</p> <p>"3. The compensations calculated according to paragraph 2 which occurred within one calendar month shall be further subject to the following caps:</p> <p>(a) for curtailments before the Long Term Firmness Deadline:</p> <p>the cap shall be determined as the Congestion Income from the allocation of Long Term Transmission Rights in the month of curtailment at the respective Bidding Zone border or subset of interconnectors of the Bidding Zone border in both directions, and where applicable for each interconnection, deducting all remunerations paid according to Article 40 and Article 48 and compensations paid according to Articles 59 to 60 and where applicable Article 61 for the considered month;"</p> <p>NEW TEXT:</p> <p>"3. The compensations for curtailments before the nomination or Long Term Firmness Deadline calculated according to paragraph 2 which occurred within one calendar month shall be further subject to the following cap:</p>

		<p>-the cap shall be determined as the Congestion Income from the allocation of Long Term Transmission Rights and day-ahead transmission rights in the year of curtailment at the respective Bidding Zone border or subset of interconnectors of the Bidding Zone border in both directions, and where applicable for each interconnection, deducting all remunerations paid according to Article 40 and Article 48 and compensations paid according to Articles 59 to 60 and where applicable Article 61 for the considered month;"</p> <p>-----</p> <p>Full physical firmness should be ensured to transmission right holders after the nomination deadline in order to guarantee the effectiveness of PTRs as hedging tools. Before nomination, financial firmness of held capacities should be guaranteed whereas a possible cap to compensation cap to compensation could be foreseen based on congestion income from both long term and day-ahead capacity allocation over the whole year. Compensation of transmission right holders in case of curtailment at the initial price paid in the long-term auctions should be limited to cases of Force Majeure.</p>
Edison Spa	Article 58	<p>OLD TEXT:"4. (b) second, if the cap described in paragraph 3(b) of this Article is not reached after compensations in accordance with paragraph 4(a) of this Article, the remaining amount of compensation shall be used for compensation of Long Term Transmission Rights which are curtailed before the Long Term Firmness Deadline. When the cap described in paragraph 3(a) decreased by compensation paid according to paragraph 4(a) of this Article is reached the compensations of curtailed Long Term Transmission Rights before the Long Term Firmness Deadline shall be reduced on a pro rata basis based on the volume of compensation of allocated Long Term Rights for each Registered Participant."NEW TEXT:"4. (b) second, if the cap described in paragraph 3 of this Article is not reached after compensations in accordance with paragraph 4(a) of this Article, the remaining amount of compensation shall be used for compensation of Long Term Transmission Rights which are curtailed before nomination or the Long Term Firmness Deadline. When the cap described in paragraph 3 decreased by compensation paid according to paragraph 4 (a) of this Article is reached the compensations of curtailed Long Term Transmission Rights before the Long Term Firmness Deadline shall be reduced on a pro rata basis based on the volume of compensation of allocated Long Term Rights for each Registered Participant."-----Full physical firmness should be ensured to transmission right holders after the nomination deadline in order to guarantee the effectiveness of PTRs as hedging tools. Therefore, compensations for curtailment after these deadlines should not be subject to cap.</p>

<p>EDF SA</p>	<p>Article 59</p>	<p>Article 59.1</p> <p>Initial text:</p> <p>In the case of Force Majeure or Emergency Situation before the Day Ahead Firmness Deadline, holders of curtailed Long Term Transmission Rights shall be entitled to receive a reimbursement equal to the price of the Long Term Transmission Rights set during the Long Term Transmission Rights Allocation Process, which for each affected hour and Registered Participant shall be calculated as:</p> <p>Proposed amendment:</p> <p>In the case of Force Majeure, holders of curtailed Long Term Transmission Rights shall be entitled to receive a reimbursement equal to the price of the Long Term Transmission Rights set during the Long Term Transmission Rights Allocation Process, which for each affected hour and Registered Participant shall be calculated as:</p> <p>Comment:</p> <p>As clearly expressed by ACER, Emergency Situations cannot be treated in the same way as Force Majeure when it comes to remuneration of PTRs and FTRs and firmness rules. This approach would consistently decrease the level of firmness of long term transmission rights to the detriment of the functioning of forward market since Emergency Situations encompass a much broader range of contingencies the less clearly defined from a legal point of view than Force Majeure while more under the control of TSOs. The remuneration (Use-it-</p>
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		<p>or-sell-it) and reimbursement of transmission right holders in case of curtailment at the initial price paid in the long-term auctions (or at the price of the explicit day-ahead auction where capacity is resold) should be limited to cases of Force Majeure or on borders where market coupling has not been implemented yet.</p>
<p>EFET</p>	<p>Article 59</p>	<p>Title and Art. 59.1:</p> <p>Delete any mention of 'Emergency Situation'.</p> <p>This article should only apply to Force Majeure. Emergency Situation cases are described in Art. 58. There is no reason why Emergency Situation and Force Majeure would result in a similar firmness and compensation regime.</p>
<p>IBERDROLA</p>	<p>Article 59</p>	<p>Regarding to paragraph 1, the Rules should allow for reimbursement of the initial price only in case of Force Majeure.</p> <p>Regarding to paragraph 1.b), we don't understand when marginal price of the initial auction cannot be identified.</p>

Edison Spa	Article 59	<p>OLD TEXT:</p> <p>"1. In the case of Force Majeure or Emergency Situation before the Day Ahead Firmness Deadline, holders of curtailed Long Term Transmission Rights shall be entitled to receive a reimbursement equal to the price of the Long Term Transmission Rights set during the Long Term Transmission Rights Allocation Process, which for each affected hour and Registered Participant shall be calculated as:"</p> <p>NEW TEXT:</p> <p>"1.In the case of Force Majeure, holders of curtailed Long Term Transmission Rights shall be entitled to receive a reimbursement equal to the price of the Long Term Transmission Rights set during the Long Term Transmission Rights Allocation Process, which for each affected hour and Registered Participant shall be calculated as:"</p> <p>-----</p> <p>Edison considers fundamental, as also clearly stated by ACER, that no reference to emergency situation would be foreseen in the compensation scheme after nomination (or Long Term Firmness Deadline LTFD), as only Force Majeure could bring to suspension of full physical firmness (curtailment after nomination –LTFD) and could trigger a special compensation treatment (compensation at the initial price paid). Emergency refers to a broad range of contingencies not clearly defined/harmonized on a legal level and that could bring to higher uncertainty on the products allocated.</p>
Eesti Energia AS ( <a href="http://www.energia.ee/en">www.energia.ee/en</a> )	Article 6	<p>Paragraph 3.(b)</p> <p>Comment: In order to preserve uniform nature of Allocation Rules and avoid any possible unilateral actions by Allocation Platform we suggest that introduction of any additional rules shall be subject to approval of the relevant NRA.</p> <p>We propose either to delete article 6 paragraph 3. (b) or explicitly stipulate that such additional terms shall be</p>

		approved by the relevant NRA.
Eesti Energia AS ( <a href="http://www.energia.ee/en">www.energia.ee/en</a> )	Article 6	<p>Paragraph 4.</p> <p>Comment: This paragraph is redundant as the Allocation Rules shall already establish the rights and obligations of the Parties after signing the relevant agreement and therefore there is no need to emphasize that the market participants have to fulfil these Rules in any case.</p> <p>We propose to delete article 6 paragraph 4.</p>
IFIEC Europe	Article 6	<p>IFIEC appreciates the proposal that it is no longer necessary to be a BRP in order to participate in the auctions. In general, IFIEC insists on low entry barriers for participation in the interest of a higher number of potential participants and thus more competitive results.</p>
EDF SA	Article 60	<p>Initial text:</p> <ol style="list-style-type: none"> <li>1. In the event of Force Majeure after the Day Ahead Firmness Deadline, holders of curtailed Long Term Transmission Rights shall be entitled to receive a reimbursement equal to the price of the Long Term Transmission Rights set during the Long Term Transmission Rights Allocation Process as described in Article 59.</li> <li>2. In an Emergency Situation after the Day Ahead Firmness Deadline, holders of curtailed Long Term Transmission Rights shall be entitled to compensation equal to the price difference of relevant markets as described in Article 58(2).</li> </ol> <p>Proposed amendment:</p>

		<p>To be deleted.</p> <p>Comment:</p> <p>Nomination for PTRs and Long Term Firmness Deadline for FTRs should be the unique deadline reference for the calculation of the amount of compensation in case of curtailment of allocated transmission rights.</p>
Edison Spa	Article 60	<p>TO BE DELITED:</p> <p>Nomination for PTRs and Long Term Firmness Deadline for FTRs should be the unique time reference for the calculation of the amount of compensation in case of curtailment of allocated transmission rights.</p>
EFET	Article 61	<p>Regional specificities and regional annexes should be part of a specific “Transitional Arrangements” title. This is the (harmonisation) logic of the Network Code. We don’t think that regional specificities should be an integral part of the enduring rules. The objective in the medium to long term should be full harmonisation.</p>
VERBUND Trading GmbH	Article 61	<p>Since the objective of the harmonized allocation rules should be full harmonization, the individual compensation should be only seen as a transitorial provision (see above).</p>
Dong Energy	Article 64	<p>Article 64.1</p> <p>We think that payment after Product Period (as in current rules) should be kept.</p>

Eesti Energia AS (www.energia.ee/en)	Article 67	<p>Paragraph 4. Comment: In order to secure legal security and avoid any possible disorder in connection with already made transactions the amended Allocation Rules should govern all rights and obligations in connection with Long Term Transmission Rights acquired after the entry into force of such amended Allocation Rules. Proposed new wording: "4. The amended Allocation Rules shall govern all rights and obligations in connection with Long Term Transmission Rights acquired after the entry into force of such amended Allocation Rules. In case Financial Transmission Rights Options are introduced at a respective Bidding Zone border replacing Physical Transmission Rights, transitional arrangements may be introduced in a regional or border specific annex with regards to the return of already acquired Physical Transmission Rights according to CHAPTER 5 and with regards to the right to nominate such Physical Transmission Rights according to CHAPTER 7 after the amendment takes place."</p>
EURELECTRIC	Article 69	<p>Art. 69.4: "The rationale for this new provision should be justified.</p> <p>"</p>
IBERDROLA	Article 70	<p>Regarding to paragraph 1.d), it seems to be a wording mistake: "the Allocation Platform has reasonable grounds to believe that..."</p>
Eesti Energia AS (www.energia.ee/en)	Article 8	<p>Paragraph 1.</p> <p>Comment: In order to avoid any possible conflicts between the amendments done by Allocation Platform and these Allocations Rules the relevant amendments should be subject to approval of the relevant NRA.</p> <p>We propose to modify Art. 8 (1) as follows: "1. The form of the Participation Agreement and the requirements for its completion shall be published by the Allocation Platform and may be amended from time to time by the Allocation Platform without changing any terms and conditions specified in these Allocation Rules unless otherwise stated in these Allocation Rules. If any unilateral modifications or additions are made by the Allocation Platform to the minimum requirements as stated in Art. 8 (2) of the Allocation Rules, such modifications and additions shall be approved by NRA before becoming effective."</p>

SSE	Article 8	(3) "Nothing in these Allocation Rules shall prevent the Allocation Platform and the Registered Participant from agreeing in the Participation Agreement additional rules, out of the scope of these Allocation Rules, including but not limited to the participation in day-ahead or Intraday Explicit Allocation or any fall-back process for day-ahead Implicit Allocation" The 'Participation Agreement' is defined in Article 2. Any additional 'rules' within a 'Participation Agreement' means that cross border trade will be affected and, as such this agreement would be incompatible with Article 8(7) of Regulation 714/2009.
Dong Energy	General	In general, we suggest that well functional established regional financial instruments (as the Nordic EPAD/system price set-up) should be able to coexist with new instruments in Europe. The effect on existing financial instruments should be carefully analysed with respect to need and liquidity. In addition, long term capacity should be as firm as possible, preferably total firmness.

EDF SA	General	<p>EDF welcomes this ENTSO-E consultation on its “Draft Allocation Rules for Forward Capacity Allocation”. As acknowledged by ENTSO-E, the elaboration and implementation of these rules is an important step for the early implementation of the European network code on Forward Capacity Allocation (FCA NC) with the aim to promote the development of liquid and competitive forward markets across Europe and to provide market participants with the ability to hedge their risk associated with cross-border electricity trading.</p> <p>Ensuring the liquidity and the correct functioning of forward electricity markets is a milestone towards the implementation of the Electricity European Target Model and an essential prerequisite for market participants to hedge against the uncertainty of electricity prices in the short term. In particular, the allocation of long-term transmission rights facilitates cross-border competition in the forward market by allowing market participants to hedge against price differentials emerging in national markets, thus becoming an essential component of their asset or portfolio risk management strategies.</p> <p>Cross-border hedging allows market players to take part in international trades, to geographically extend their activities while managing their exposition to both volume and price risks. It also benefits to TSOs through an upfront valorisation of the natural hedging contribution of interconnections, thus generating additional revenues for TSOs (congestion incomes) which can be used to finance new infrastructures, to provide resources for ensuring firmness of the allocated rights or to decrease network tariffs. For these reasons, EDF supports the need to set harmonized Forward Capacity Allocation rules at European scale as a valuable instrument to facilitate the equal access to electricity markets for all European players irrespective of their location, with positive effects in terms of liquidity and efficiency of wholesale markets.</p> <p>Nevertheless, EDF has some general concerns with regards to the current harmonization process. While there is clearly an intention from ENTSO-E to go a step further towards the implementation of the FCA Network Code requirements, we feel that this opportunity may have not been perceived as such by some TSOs. In most cases, the progress compared to the current situation seems to be limited since regional and border specific Annexes reflect the existing situation on different regions and borders rather than introduce narrow derogations to the main harmonised rules. EDF does not advocate for a complete harmonisation of auction rules if this produces a step back in the quality of services or products available. Yet, we expected to see harmonised rules and a higher degree of firmness on most of the borders. Unfortunately this does not seem to be the case, therefore we ask for further efforts towards a harmonisation of auction rules in line with the needs expressed by market participants and the clear guidelines provided by institutional bodies, such as ACER.</p>
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	<p>Firmness regime</p> <p>EDF acknowledges that TSOs are required to strike the right balance between the maximization of the available cross-border capacity and the need to secure network operations. At the same time, firmness of allocated long-term transmission rights (both physical - PTR - and financial - FTR Options) is needed to guarantee to market participants the effectiveness of their long-term hedging strategies. Therefore, EDF shares ACER's approach on firmness of long-term transmission rights expressed in the CACM Framework Guidelines and afterwards in its Opinion and Recommendation on the FCA Network Code (respectively n. 24/2013 and n. 02/2014).</p> <p>ACER Framework Guidelines envisage derogations to the general firmness principles, i.e. compensation based on day-ahead market spread, essentially before nomination (through caps on compensations) or in case of Force Majeure. The notion of Long Term Firmness Deadline proposed in the document and separating a first period from a second one with different levels of firmness does not seem to be in line with ACER guidelines, at least as regards PTRs. In EDF opinion, full physical firmness (or at least full financial firmness) should be ensured to transmission right holders after the nomination deadline in order to guarantee the effectiveness of PTRs as hedging tools. Before nomination, financial firmness of held capacities should be guaranteed whereas a possible cap on compensations should be calculated per border as the difference between the congestion income from forward and day-ahead capacity allocation over the whole year and in all directions and the amount to be paid by the TSOs for remuneration and compensation of transmission rights. The remuneration (Use-it-or-sell-it) and reimbursement of transmission right holders in case of curtailment at the initial price paid in the long-term auctions should be limited to cases of Force Majeure. On the borders where market coupling has not been implemented yet the marginal price resulting from the day-ahead explicit capacity auction should be considered equivalent to the market spread and should be used for remuneration (UIOSI) and compensation (to the extent market spread is used as a compensation).</p> <p>Furthermore, as clearly expressed by ACER, Emergency Situations cannot be treated in the same way as Force Majeure when it comes to compensation of PTRs and FTRs. This approach would consistently decrease the level of firmness of long term transmission rights to the detriment of the functioning of forward market since Emergency Situations encompass a much broader range of contingencies the less clearly defined from a legal point of view than Force Majeure. Unlike Force Majeure, we believe that System Security and Emergency Situations are in the hands of TSOs who should control and manage these situations with as less as possible</p>
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	<p>interference in the market. With the existing level of firmness of the allocated rights, it appears that the burden, at least financial, of ensuring System Security falls on market participants while the latter have no means to anticipate or control these external market interferences.</p> <p>Finally, EDF is against any discrimination between the firmness level of nominated and non-nominated PTRs with regards to compensation in case of curtailment. Market participants should be free to exercise their nomination rights without any undue distortion coming from different regulatory regimes (e.g. priority curtailment of non-nominated PTRs, etc.). We do not consider that the firmness regime imposed by these rules should be an incentive for market participants to nominate or opt for compensation in line with UIOSI. This is another regulatory distortion as market participants' decisions on the use of capacity, at least in some instances, could be influenced by such rule which may have negative effects on market coupling and the overall efficiency of the electricity market. For these reasons, we support the equal treatment of nominated and non-nominated capacity rights if technically possible.</p> <p>The structure of HAR</p> <p>The harmonisation of forward capacity allocation rules as well as associated processes proposed by ENTSO-E in this consultation should not lead to any regression from existing practices and standards, especially as regards firmness of long-term transmission rights. Concerning this issue, ENTSO-E should found its harmonization efforts on the best practices currently in force at European level and on the guidelines (i.e. Framework Guidelines, Opinion and Recommendations) provided by ACER for the elaboration of the FCA Network Code. This approach is the best suited to reach the objectives envisaged by ENTSO-E to promote liquidity and competition in forward markets and to provide market participants with efficient hedging tools.</p> <p>For these reasons, we believe that new Harmonized Auction Rules (HAR) should reflect the current rules in force in the Central West Region, at least as regards firmness regimes, being the ones ensuring the highest standards consistent with ACER guidelines. If these rules cannot be fully implemented on some European borders as from 2016, particular derogations could be included in the national border specific annexes for a first transitional period. Thus, EDF suggests reversing the current approach of ENTSO-E which seems aimed to harmonize rules for forward capacity allocation by introducing a rather low level of firmness that is strengthened, if need be, on</p>
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	<p>some borders through the provisions set in the annexes (e.g. in case of CWE).</p> <p>In our view, ENTSO-E should further work closely with TSOs to harmonise the firmness regime in as many as possible borders. It should be also highlighted that in some cases the current version of the Annexes is very similar to the general rules with differences mainly related to language and wording while, in other cases, the differences related to the firmness regime are so small that is difficult to understand why they could not be overcome. For example when different coefficients for compensation are applied by different TSOs (100% and 110%) etc.</p> <p>PTR and FTR options</p> <p>EDF understands the inclusion of FTR Options in the scope of HAR. These products are envisaged in ACER Framework Guidelines and in the FCA draft Network Code. Nevertheless, their swift introduction, starting from 2016, to replace PTR in the CWE region does not seem adequately justified by the actual needs of market players (see answer to open questions). EDF does not see any real benefits with the introduction of FTRs. Being a market participant with generation and supply portfolio in different countries, we appreciate the opportunity given by PTRs to allow physical flows from one country to another. With PTRs market participants are able to manage in a better way the risk associated with the physical delivery of power to customers. Whereas in the forward timeframe this risk is better managed with PTRs, in the short term the decisions are made in line with UIOSI, taking into account market conditions.</p> <p>Even though this is partly out of the scope of this consultation, we wish to draw attention on the potential impact of financial regulation (MIFID) on PTRs and FTRs. In our view both PTRs and FTRs (options) are transmission rights that are made available by TSOs based on the physical conditions of the network. In fact, the volume of allocated rights is limited to the volume of allocated capacity. Regardless of how they are named (physical or financial), these transmission capacity rights are, in terms of the volume, 100% associated with the (available) physical transmission capacity. The difference is in the optionality they provide: PTRs provide the option to transport a certain volume of electricity between two areas or to sell the capacity right back to the TSO (UIOSI), while FTRs (options) entitle right holders to receive a financial compensation equal to the price differential between two bidding zones. In both cases, transmission right holders are compensated at the price the capacity</p>
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		<p>right is resold/made available to the market (e.g. in case of market coupling equal to the price differential emerging in the day-ahead markets concerned with minimum price being zero). This inherent physical nature makes it difficult to label these products as financial instruments even if, both PTRs and FTRs, are considered to be financially settled (which in reality is resale). Taking also into consideration the recent ACER Recommendation n. 01/2015, the treatment of long-term transmission rights under financial regulation should be further clarified, especially when assessing the implementation of FTRs which, because of their appellation, can be misunderstood as financial instruments.</p>
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<p>EFET</p>	<p>General</p>	<p>The European Federation of Energy Traders (EFET) welcomes the opportunity to provide comments on the ENTSO-E consultation on draft Harmonised Allocation Rules for Forward Capacity Allocation. We appreciate the intention of ENTSO-E to start up an early implementation of the network code/guideline on Forward Capacity Allocation (FCA NC) with a view to improve the quality of services and quality of the allocated transmission rights. This is turn would improve the efficiency and increase the liquidity and competitiveness forward market across Europe.</p> <p>As highlighted at many occasions, forward capacity allocation is vital for market participants to hedge their long term positions and make sure that they are not exposed to short term price volatility and imbalance costs. On the other hand allocation of long term rights to market participants provides long term signals to the TSOs regarding potential congestion on certain cross-border points. This provides an indication to the TSOs regarding forward market activities and could potentially help in forecasting congestion additional revenues that TSOs receive as a congestion income.</p> <p>EFET supports the development of a set of harmonised rules for forward capacity allocation for all cross-border points, however we have major concerns with the quality of these rules. The existence of the 18 specific annexes undermines the whole process and its harmonisation goal.</p> <p>The progress compared to the current situation seems to be limited and in several cases undermined by a regional/border specific Anex. Our expectation was that the harmonised rules would be fully in line with the FCA NC and ACER's recommendations, whereas annexes would be either part of transitional arrangements or specific cases where NC requirements could not be met. We expected to see harmonised rules and a higher or improved degree of firmness on most of the borders, if not all.</p> <p>We are conscious that full harmonisation is difficult at this stage, but we do not understand the rationale of having so many different firmness regimes presented in the Annexes. We urge TSOs to take a step further in</p>
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		<p>harmonising the rules and annexes, in the direction of better quality of allocated rights (i.e. enhanced firmness).</p> <p>Issues on the Main document and Annexes:</p> <p>Our views expressed on the main document of HAR is valid also for all the Annexes. If we are making a step towards early implementation, this should be the case for all TSOs. EFET's position is that HAR should be fully (or as much as possible) in line with the draft NC FCA and ACER's recommendation and some specific issues would be drafted separately in the Annexes. The main body of HAR is still far from the NC FCA requirements (including ACER's recommendation) and so are the annexes, so we are really struggling to see efforts by the TSOs for an early implementation of the NC.</p> <p>Firmness regime and curtailments of the allocated rights:</p> <p>Our main concerns relate to firmness of the allocated rights outlined in the main document and specific annexes. As outlined by EFET in many occasions, transmission rights allocated to the market participants serve as effective long-term hedging strategies and as such can only be effective if they are fully firm. The level of firmness in HAR and Annexes is lower than what is foreseen in the FCA NC and the related ACER's recommendation (no. 24/20013 and 02/20014).</p> <p>a. Remuneration of the transmission rights in normal network conditions</p>
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	<p>Remunerations for the PTRs UIOSI where the rights are not nominated should always be based on market spread in case of market coupling or based on the price of the day-ahead allocation for specific border profile. Unfortunately this does not seem to be the case for Hungarian-Romanian cross-border and the CEE borders.</p> <p>b. Equal treatment of transmission rights and curtailment due to System Security (SS) and Emergency Situation (ES)</p> <p>EFET considers that the quality of the transmission rights under Emergency Situation should be treated in the same way as System Security. To the extent that the TSOs have full control over the means to anticipate and manage the network difficulties, which is the case in both cases (SS and ES), we don't see the need for a differential treatment with regards to firmness under SS or ES network conditions. Actually This is crucial point that undermines the firmness of the transmission rights due to the risks that are anticipated and managed by the TSOs.</p> <p>EFET believes that only in case of Force Majeure (FM) should the full firmness of the rights be suspended and a special treatment be necessary. This is due to the fact that the risks of such network conditions cannot be anticipated by the TSOs. Our view on firmness refers to the normal conditions of the network and cases under declared System Security and Emergency Situation.</p> <p>c. Concept of the long-term firmness deadline and day-ahead firmness deadline</p> <p>There is a set of several firmness regimes in the main document and Annexes around the curtailment of capacity before and after the long-term firmness deadline and day-ahead firmness deadline, as well as depending on</p>
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	<p>network conditions, System Security, Emergency Situation or Force Majeure.</p> <p>EFET view is that the allocated long term transmission rights should be fully firm before and after the nomination. Conditions of the network under System Security and Emergency Situation are anticipated and managed by the TSOs. Therefore, except in the cases of Force Majeure (where compensation should be the initial price paid), the compensation for curtailment should be the full market spread in case of market coupling (or the price of the day-ahead allocation for specific border in case of explicit capacity allocation). This compensation could be subject to a yearly income cap.</p> <p>d. Application of caps on compensation of curtailment under System Security and Emergency Situation</p> <p>EFET recognises the risk that TSOs may have in case the compensation for the curtailed rights is done without a cap. It is important to note once again that for market participants, long-term capacity rights represent hedging instruments and therefore an investment. The use of congested network is not free of charge and congestion costs are an important market signal. The congestion income naturally goes to the TSOs as the main body managing congestion in real time, short and long term. The congestion incomes should primarily be used by the TSOs to relieve the congestion and ensure the firmness of transmission capacity rights.</p> <p>Compensation for curtailment of the allocated rights in case of System Security and Emergency Situation should be subject to a cap. The cap should be calculated on yearly congestion income at the concerned bidding zone border. Monthly congestion income caps do not provide any incentive for TSOs to avoid or reduce curtailments.</p> <p>e. Nominated and non-nominated rights</p>
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		<p>There has been specific concerns expressed regarding the firmness of nominated vs. non-nominated PTRs (with UIOSI). The view of EFET is that in the context of System Security and Emergency Situation, PTRs should be treated without discrimination. Upon the deadline for UIOSI for the nominated rights, the TSOs should ensure the full physical firmness while the non-nominated rights should be compensated in line with point (c) above. In the cases where physical firmness cannot be ensured due to specific conditions on the network, the transmission rights may be curtailed without discrimination against the compensation under (c) above.</p> <p>In case of Force Majeure the priority of curtailment should be given to non-nominated rights.</p>
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<p>VERBUND Trading GmbH</p>	<p>General</p>	<p>1. Objective: The objective is the full harmonization - the regional Annexes should be seen as a transitorial solution only.</p> <p>2. Firmness: Curtailment of transmisson rights should generally be only possible in cases of Force Majeure or in Emergency Situation (to secure System Stability). After the Day Ahead Nomination Deadline, transmission rights should be curtailed in cases of Force Majeure only.</p> <p>3. Remuneration: The principle of remuneration should be the Market Spread resp. the Marginal Price of the daily allocation only. Caps should be calculated on the yearly cóngestion income on LTR at the respective borders.</p>
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<p>EURELECTRIC</p>	<p>General</p>	<p>General Remarks• The harmonisation of allocation and nomination rules as well as associated processes pursued by ENTSO-E harmonized allocation rules should not lead to any regression from existing standards, especially as regards firmness of long term transmission rights. ENTSO-E should set harmonized allocation rules for forward capacity allocation inspired by the best practices currently in Force at European level and by the guidelines provided by ACER during the elaboration of the FCA Network Code in order for transmission rights to be efficient hedging products for long term price risks in electricity markets. This approach is beneficial to reduce barriers to the access to electricity markets with positive impacts in terms of liquidity and integration between national markets. For this reason, we believe that ENTSO-E should adapt HAR to the most advanced rules in force in the CWE regions, at least as regards firmness regimes, as these are mostly in line with the objectives envisaged by ACER guidelines and favourable to the efficiency of transmission rights as efficient hedging products. If these rules cannot be fully implemented on some European borders immediately after the entry into force of HAR, specific derogations for a limited period of time and subject to the approval of NRAs could be included in the annexes to reduce the firmness of the allocated PTR or FTR. Thus, we propose to reverse the current approach of ENTSO-E aimed to harmonize auction rules with low level of firmness which is strengthened on some borders through the provisions set in the annexes (e.g. in case of central west)• Even though the NRAs are competent on Regional specificities (article 4), we would like the HAR to be proactive towards harmonization. The specificities shall be limited to a specific period of time, allowing extensions after approval by European Commission and the relevant National Regulatory Authorities. Though this is somehow included in the Annexes (e.g. Annex 6 to the harmonised Allocation Rules for Forward Capacity Allocation Border specific annex for the border France-Spain: “This annex may be reviewed yearly by the National Regulatory Authorities” ) we believe that this must also be included in the Rules. • Although we support measures aiming at favouring the good functioning of the markets, the implementation of FTR should be carefully assessed with an analysis of their potential impact and risks on market players and consequently on the market liquidity and access. FTRs should only be introduced if there is a benefit over PTRs. Moreover, financial regulation could be a disadvantage for FTRs introduction. Indeed, it is still unclear how FTR would be treated according to the recently approved European financial regulation (e.g. EMIR, MiFID I versus MiFID II for products launched in 2016 etc) since their identification as financial instruments may have burdensome impacts on market participants with negative effects on electricity market access. The stabilisation of the MiFID II rules is being done currently so we suggest TSOs to take this opportunity to further design and clarify the features of the FTR. With the implementation of market coupling many market players already use PTRs as financial hedging tools without exercising the right to nominate, so the implementation of FTR does not seem so urgent under an operational point of view. However, we recommend TSO to progress on the definition and clarification of these products, in order to be ready in case some price formation issues are encountered. • Allocation harmonization shall be made not only on the forward timeframe but also on other timeframes (day-ahead, intraday, shadow auctions). In parallel, harmonization of</p>
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	<p>nomination rules and splitting rules (sharing the capacity among different timeframes) are also necessary for the achievement of the Internal Energy Market. Firmness</p> <ul style="list-style-type: none"> <li>• Compensation for curtailment to ensure system security (art. 59):             <ul style="list-style-type: none"> <li>o The notion of “Long Term Firmness Deadline” (LTFD) separating a first period from a second one where rights would be « more firm » seems inadequate and should thus be removed: rights should be physically firm after nomination deadline and financially firm before. Furthermore, the nomination deadline of PTRs has to be the same for all borders.</li> <li>o The proposal in HAR rules (Art. 58.1.a) to set the LTFD for FTRs two hours before the respective Day-Ahead Gate Closure Time is unacceptable. It is too close to the Day-Ahead Firmness Deadline (DAFD). In any cases, the LTFD should be set at the DAFD. The same level of firmness has to be set for FTRs, therefore the firmness deadline should be the same as the harmonised nomination deadline for PTRs.</li> <li>o All rights reduced should be compensated, regardless of whether they have been nominated or not (not nominating does not mean that the product is not needed, it means the holder wants to sell the product at the market spread). All compensations should be at the full day-ahead market spread and the monthly cap should be removed or, at least, be replaced by a yearly cap. Indeed the firmness regime foreseen for curtailment before LTFD to ensure system security is not in line with ACER recommendations since the cap on compensation is calculated taking into account only the monthly congestion income and not the total congestion income arising from all timeframes over the calendar year.</li> <li>o As underlined also by ACER in its Recommendations , full firmness of Transmission Rights without any cap on compensation has to be ensured after the Long Term Firmness Deadline (i.e. nomination of PTRs) in order to guarantee the efficiency of these hedging products.</li> </ul> </li> <li>• Remuneration for non-nominated PTRs (art. 47):             <ul style="list-style-type: none"> <li>• In the cases of: allocation other than implicit or explicit, less daily offered capacity is available than non-nominated PTRs (same case for FTRs) and daily allocation does not take place or it is cancelled for any other reason than the one of the triggering events specified in CHAPTER 9, the remuneration should be the day-ahead market spread.</li> <li>• Compensation for curtailment in case of Force Majeure and Emergency situation (art. 56.1; 56.3; 59; 60):                 <ul style="list-style-type: none"> <li>o Financial firmness provisions should not be the same in case of Force Majeure and Emergency Situations. Article 59 proposes a similarly low level of financial firmness in case of Force Majeure and Emergency situations. This goes against the prescriptions of the Framework Guidelines and is recalled in ACER’s opinion. Emergency situation is much broader and less clearly defined from a legal point of view than Force Majeure, going against the Framework guidelines on this issue would induce significant level of risk in the capacity rights. We therefore believe that compensation at initial auction price should only be the rule in case of Force Majeure. The provisions of article 60 should be removed altogether.</li> </ul> </li> </ul> </li> <li>• Bank Guarantees             <ul style="list-style-type: none"> <li>• Article 21 sets too restrictive rating criteria for bank guarantees. The requirement for the guarantor bank to have such high credit ratings as A (S&amp;P; Fitch) or A2 (Moody’s) may limit the range of banks useable by parties which might exclude smaller market participants. Those banks that parties can use to provide credit cover in their national energy markets/ currently for interconnector trading, should be considered as qualifying banks. We however welcome the introduction of the possibility to temporarily lower them which is a</li> </ul> </li> </ul>
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		<p>compromise that could work in most cases. Products • While maximizing the capacity auctioned in the long term, 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. The Transmission Right Holders shall always have the possibility to return if they want their yearly rights to the Allocation Platform for reallocation at a monthly auction (independently of the reduction periods of their product). Several monthly auctions may be organised to allow the return of different yearly products (one auction for products with reduction periods and other auction for products without reduction periods)</p>
SSE	General	<p>In respect of the Annex 1 'List of Bidding Zones' we have considered this in the context of EU law. We have concluded that your proposal(s) are a clear breach of Article 8(7) of Regulation 714/2209 as your proposal(s) will</p>

		affect cross border trade.
Electricity Association of Ireland	General	<p>The Electricity Association of Ireland (“EAI”) welcomes the opportunity to respond to ENTSO-E’s consultation on the Draft Allocation Rules for Forward Capacity Allocation (“the Consultation”), dated 2 March 2015.</p> <p>The EAI is concerned with a number of issues within the Consultation, in the context of their impact on Irish Single Electricity Market (“SEM”) participants. These issues concern in particular financial firmness proposals and the special provisions provided for the SEM-GB border transmission rights as outlined in Annex 12 to the Consultation. EAI’s concerns in order of priority include:</p> <ul style="list-style-type: none"> <li>• Firmness (Articles 2, 58 and Annex 12): EAI believes that the reference to two firmness deadlines is unnecessary and should be removed. Caps on curtailed rights under the Framework Guidelines are intended only to apply as a derogation to the general compensation for curtailment rule – the proposed monthly caps are arbitrary and given that they could outturn at zero depending on the interconnectors’ availability, the caps could significantly negatively impact forwards liquidity in SEM (and in the new market intended to replace SEM from October 2017). Any caps should at least be based on yearly long—term and day ahead congestion income earned;</li> <li>• Annex 12 (Articles 6-8, regarding reductions in remuneration): The addition of a scenario for “Capacity Shortages” for which curtailment caps should also apply, is far too broad and undermines the value of transmission rights and forwards liquidity. The scenario should be removed;</li> <li>• Article 5 (Effective date and application): Technical constraints, e.g. ramping should not be permitted to impinge on transmission rights’ revenue considering that TSOs are best placed to manage such capabilities. Long notice of transmission rights that will apply on interconnectors is required before their auctioning. The value of previously bought transmission rights should not be eroded on implementation of a new type of right;</li> <li>• Article 21 (Form of Bank Guarantee): Credit ratings are too high and could ultimately limit access to transmission rights / forwards liquidity. Allocation platforms should be permitted discretion to apply their own credit worthiness requirements for an unlimited period of time;</li> </ul>

		<ul style="list-style-type: none"> <li>• Article 28 (Capacity allocation timeframe and form of product): Granular products should be permitted to be offered and over time these products should be standardised with products offered in connecting markets;</li> <li>• Article 29 (Auction specification): The notice for provision of the ‘provisional’ and ‘final’ auction specification is too short. Timelines currently used on interconnectors should continue at a minimum. This Article’s timelines should only apply in the case of final auction specifications;</li> <li>• Article 31 (Bids submission): Borders should have discretion to apply bid compilation rules.</li> </ul>
Enel SpA	General	<p>Enel welcomes the opportunity to express its view on Harmonised Allocation Rules (HAR). In fact, forward capacity allocation is a fundamental piece of the future market design, especially in context in which long term signals will play an important role in decarbonising the economy and assuring security of supply.</p>
EUROPEX	General	<p>The number of annexes introducing specific treatment on some borders shows how challenging the harmonisation of allocation rules might be. Detailed rules harmonisation should not be an objective as such, as it imposes changes that might divert resources from more important priorities, with little added value. ENSTO-E should consider reviewing what main components of the model should be harmonised first, considering what aspects bring more benefits to the market.</p> <p>Reviews of the Allocation Rules for Forward Capacity Allocation should be foreseen, so that any change to the FCA NC would be reflected (e.g. following the introduction of new products that would be made available by TSOs).</p>

IBERDROLA	General	<p>Allocation harmonization shall be made not only on the forward timeframe but also on other timeframes (day-ahead, intraday, shadow auctions). In parallel, harmonization of nomination rules and splitting rules (sharing the capacity among different timeframes) is also necessary for the achievement of the Internal Energy Market.</p> <p>Harmonized allocation rules should not lead to any regression from existing practices, especially as regards firmness of long term transmission rights.</p> <p>In order to achieve a real harmonization, Regional specific annexes shall be allowed only for a limited period of time and shall be yearly assessed.</p>
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Edison Spa	General	<p><b>General Remarks</b> Edison welcomes ENTSO-E’s consultation on “Draft Allocation Rules for Forward Capacity Allocation”. The elaboration and implementation of these rules is a cornerstone for the early implementation of the European Network Code on Forward Capacity Allocation (NC FCA). Harmonized rules at European scale are essential to facilitate the equal access to electricity markets for all European players irrespective of their location and to promote the development of liquid and competitive forward markets across Europe. Moreover, Harmonized Forward Capacity Allocation rules, on one hand, are essential to provide market participants with the ability to hedge their risk associated with cross-border electricity trading and the uncertainty of short term electricity prices and, on the other, provide TSOs with signals on potential congestions on certain borders and enable them to collect congestion incomes. Edison appreciates the voluntary effort made by ENTSO-E in order to accelerate the early implementation of the NC FCA and we understand that until the provisions of the future NC FCA are defined and enter into force, different levels of firmness on different borders need to be accommodated. However, the above mentioned need should not undermine the quality of the rules and a clear process should be defined to ensure that border specific annexes are temporary measures and will be periodically (on an yearly basis) reviewed in order to check whether specificities are still required or should be deleted. Moreover, harmonization should affirm a higher or improved degree of firmness for all concerned borders and not make a step backward.</p> <p><b>Firmness regime</b> Edison believes that harmonization in regards to firmness regimes should be in line with ACER’s position (Opinion and Recommendation respectively n. 24/2013 and n. 02/2014) and the current high level of firmness in place in some regions (namely, in the CWE region). Therefore, ENTSO-E’s current approach should be reversed as it appears to set general harmonized rules for forward capacity allocation at a rather low level of firmness strengthened in some circumstances in the specification contained in the annexes. Edison deems fundamental to assure full physical firmness after the nomination deadline and calls for a remuneration of PTR and compensation for reductions of held capacities based on day-ahead market spread. Before nomination financial firmness should be guaranteed and a cap to compensation could be foreseen based on congestion income from both long term and day-ahead capacity allocation over the whole year. Compensation at the initial price paid in the long term auctions should be limited to Force Majeure. Coherently, failure of day-ahead shadow auctions/daily auctions (in case of no market coupling in place) due to malfunctioning of the Allocation Platform, should bring to market spread remuneration and should not be treated as curtailment (contrary to what foreseen in art. 48 paragraph 3 “any other reason than the one of the triggering events specified in CHAPTER 9”). We consider fundamental, as also clearly stated by ACER, that no reference to emergency situation would be foreseen in the compensation scheme after nomination (or Long Term Firmness Deadline LTFD), as only Force Majeure could bring to suspension of full physical firmness (curtailment after nomination –LTFD) and could trigger a special compensation treatment (compensation at the initial price paid). Emergency refers to a broad range of contingencies not clearly defined/harmonized on a legal level and that could bring to higher uncertainty on the products allocated. We also</p>
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		<p>believe that the above-described firmness regime should guarantee a balanced risk sharing between TSOs and capacity users, so the higher degree of firmness envisaged should not entail a decrease of capacity volumes offered by TSOs to the market. Finally, we consider important to ensure no discrimination between nominated and non-nominated PTRs (e.g. priority curtailment of non-nominated PTRs). Firmness rules should not create an incentive to nominate or opt for compensation in line with the UIOSI approach. Other issues Edison deems fundamental to take into consideration the following issues:</p> <ol style="list-style-type: none"><li>1. Article 5 should be further clarified: market participants needs to be clearly aware of possible changes of rules concerning transmission rights already allocated. As a general principle, retro-active changes should be treated with great caution.</li><li>2. Auction results should be binding after maximum 2 working days, 4 working days is a too broad period. Market participants should also be aware of the existence of contestations, through notifications by the Allocation Platform, in order to take decisions that are linked to those results with a certain level of reliability.</li><li>3. The rating criteria for bank guarantees is too restrictive and may limit the range of banks useable by parties or may lead to higher costs. Such high credit ratings as A (S&amp;P; Fitch) or A2 (Moody's) seem unnecessarily high to provide credit cover for products of maximum one year. Those banks that parties can use to provide credit cover in their national energy markets should be considered as qualifying banks.</li></ol>
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IFIEC Europe	General	<p>IFIEC Europe has commented several times in the past few years on the Target Model, the Forward Code, size of bidding zones and several related issues. In our reply to this consultation, we will limit our comments to some specific issues, which does not mean our previous comments on these issues are not valid any more! IFIEC would also like to remind it actively participated in several Stakeholders Groups and Workshops in these issues, where it advanced multiple proposals and positions. IFIEC appreciates ENTSO-E's efforts to take these comments into account</p>
Nasdaq	General	<p>"The number of annexes introducing specific treatment on some borders show how challenging the harmonisation of allocation rules might be. Detailed rules harmonisation should not be an objective as such, as it imposes changes that might divert resources from more important priorities, with little added value. ENSTO-E should consider reviewing what main components of the model should be harmonised first, considering what aspects bring more benefits to the market.</p> <p>Reviews of the Allocation Rules for Forward Capacity Allocation should be foreseen, so that any change to the FCA NC would be reflected (e.g. following the introduction of new products that would be made available by TSOs)."</p>
UPM-Kymmene Oyj	General	<p>The objective of capacity allocation methods for the forward market is described in FG CACM 4.1:</p> <p>"The objective of long-term transmission rights, physical or financial, is to provide market participants with long-term hedging solutions against congestion costs and the day-ahead congestion pricing, compatible with zone delimitation.</p> <p>The CACM Network Code(s) shall foresee that the options for enabling risk hedging for cross-border trading are Financial Transmission Rights (FTR) or Physical Transmission Rights (PTR) with Use-It-Or-Sell-It (UIOSI), unless appropriate cross-border financial hedging is offered in liquid financial markets on both side of an interconnector."</p>

		<p>As an active market participant UPM appreciates well function energy markets.</p> <p>However we are concerned that the proposed model could deteriorate the current well-functioning Nordic area price model.</p> <p>We see a risk that LTTR model could further reduce the market liquidity on forward markets and thus reduce the possibility for market participants to manage their electricity price exposure.</p> <p>NC FCA should leave possibility for NRA to not implement LTTR in case current market provides possibility for cross-border hedging.</p>
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