

Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing
a guideline on forward capacity allocation (Text with EEA relevance)

TITLE II

REQUIREMENTS FOR TERMS, CONDITIONS AND METHODOLOGIES

CHAPTER I

Forward capacity calculation

Section 1

General requirements

Article 8

Capacity calculation regions

For the purposes of this Regulation the capacity calculation regions shall be those established pursuant to Article 15 of Regulation (EU) 2015/1222.

Article 9

Capacity calculation time frames

All TSOs in each capacity calculation region shall ensure that long-term cross-zonal capacity is calculated for each forward capacity allocation and at least on annual and monthly time frames.

Section 2

Capacity calculation methodology

Article 10

Capacity calculation methodology

1 No later than six months after the approval of the common coordinated capacity calculation methodology referred to in Article 9(7) of Regulation (EU) 2015/1222, all TSOs in each capacity calculation region shall submit a proposal for a common capacity calculation methodology for long-term time frames within the respective region. The proposal shall be subject to consultation in accordance with Article 6.

2 The approach used in the common capacity calculation methodology shall be either a coordinated net transmission capacity approach or a flow-based approach.

Status: Point in time view as at 26/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II. (See end of Document for details)

3 The capacity calculation methodology shall be compatible with the capacity calculation methodology established for the day-ahead and intraday time frames pursuant to Article 21(1) of Regulation (EU) 2015/1222.

4 The uncertainty associated with long-term capacity calculation time frames shall be taken into account when applying:

- a a security analysis based on multiple scenarios and using the capacity calculation inputs, the capacity calculation approach referred to in Article 21(1)(b) and the validation of cross-zonal capacity referred to in Article 21(1)(c) of Regulation (EU) 2015/1222; or
- b a statistical approach based on historical cross-zonal capacity for day-ahead or intraday time frames if it can be demonstrated that this approach may:
 - (i) increase the efficiency of the capacity calculation methodology;
 - (ii) better take into account the uncertainties in long-term cross-zonal capacity calculation than the security analysis in accordance with paragraph 4(a);
 - (iii) increase economic efficiency with the same level of system security.

5 All TSOs in each capacity calculation region may jointly apply the flow-based approach for long-term capacity calculation time frames on the following conditions:

- a the flow-based approach leads to an increase of economic efficiency in the capacity calculation region with the same level of system security;
- b the transparency and accuracy of the flow-based results have been confirmed in the capacity calculation region;
- c the TSOs provide market participants with six months to adapt their processes.

6 Where a security analysis based on multiple scenarios is applied for developing the capacity calculation methodology in a capacity calculation region, the requirements for the capacity calculation inputs, the capacity calculation approach and the validation of cross-zonal capacity as provided for in Article 21(1) of Regulation (EU) 2015/1222, except Article 21(1)(a)(iv) where relevant, shall apply.

7 When developing the capacity calculation methodology, the requirements for the fallback procedures and the requirement provided for in Article 21(3) of Regulation (EU) 2015/1222 shall be taken into account.

Article 11

Reliability margin methodology

The proposal for a common capacity calculation methodology shall include a reliability margin methodology which shall meet the requirements set out in Article 22 of Regulation (EU) 2015/1222.

Article 12

Methodologies for operational security limits and contingencies

The proposal for a common capacity calculation methodology shall include methodologies for operational security limits and contingencies which shall meet the requirements set out in Article 23(1) and (2) of Regulation (EU) 2015/1222.

Status: Point in time view as at 26/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II. (See end of Document for details)

Article 13

Generation shift keys methodology

The proposal for a common capacity calculation methodology shall include a methodology to determine generation shift keys which shall meet the requirements set out in Article 24 of Regulation (EU) 2015/1222.

Article 14

Methodology for remedial actions

If remedial actions are taken into account in the long-term capacity calculation, each TSO shall ensure that those remedial actions are technically available in real time operation and meet the requirements set out in Article 25 of Regulation (EU) 2015/1222.

Article 15

Cross-zonal capacity validation methodology

The proposal for a common capacity calculation methodology shall include a cross-zonal validation methodology which shall meet the requirements set out in Article 26 of Regulation (EU) 2015/1222.

Article 16

Methodology for splitting long-term cross-zonal capacity

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

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

- a it shall meet the hedging needs of market participants;
- b it shall be coherent with the capacity calculation methodology;
- c it shall not lead to restrictions in competition, in particular for access to long-term transmission rights.

Status: Point in time view as at 26/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II. (See end of Document for details)

Section 3

Common grid model

Article 17

Generation and load data provision methodology

1 No later than six months after the approval of the generation and load data provision methodology established for the day-ahead and intraday time frames referred to in Article 9(6) of Regulation (EU) 2015/1222, all TSOs shall jointly develop a proposal for a single generation and load data provision methodology for delivering the generation and load data required to establish the common grid model for long-term time frames. The proposal shall be subject to consultation in accordance with Article 6. The methodology shall take into account and complement the generation and load data provision methodology according to Article 16 of Regulation (EU) 2015/1222.

2 When developing the generation and load data provision methodology, the requirements set in Article 16 of Regulation (EU) 2015/1222 shall apply.

Article 18

Common grid model methodology

1 No later than six months after the approval of the common grid model methodology established for the day-ahead and intraday time frames referred to in Article 9(6) of Commission Regulation (EU) 2015/1222, all TSOs shall jointly develop a proposal for a common grid model methodology for long-term time frames. The methodology shall be subject to consultation in accordance with Article 6.

2 The common grid model methodology shall take into account and complement the common grid model methodology developed pursuant to Article 17 of Regulation (EU) 2015/1222. The methodology shall enable the establishment of the common grid model for long-term capacity calculation time frames in capacity calculation regions where security analysis based on multiple scenarios pursuant to Article 10 is applied.

3 When developing the common grid model methodology, the requirements set in Article 17 of Regulation (EU) 2015/1222 shall apply.

Article 19

Scenarios

1 All TSOs in capacity calculation regions, where security analysis based on multiple scenarios pursuant to Article 10 is applied, shall jointly develop a common set of scenarios to be used in the common grid model for each long-term capacity calculation time frame.

2 When developing the common set of scenarios, the relevant requirements set in Article 18 of Regulation (EU) 2015/1222 shall apply.

Status: Point in time view as at 26/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II. (See end of Document for details)

Article 20

Individual grid model

When developing the individual grid model for a long-term capacity calculation time frame in capacity calculation regions, where security analysis based on multiple scenarios pursuant to Article 10 is applied, each TSO shall apply the requirements set in Article 19 of Regulation (EU) 2015/1222.

Section 4

Capacity calculation process

Article 21

General provisions

1 The process of merging the individual grid models established in accordance with Article 27 of Regulation (EU) 2015/1222 shall apply when merging the individual grid models into a common grid model for each long-term time frame. No later than six months after the approval of the generation and load data provision methodology for long-term time frames referred to in Article 17 and the common grid model methodology for long-term time frames referred to in Article 18, all TSOs in each capacity calculation region shall jointly develop operational rules for long-term capacity calculation time frames supplementing the rules defined for the operation to merge the individual grid models pursuant to Article 27 of Regulation (EU) 2015/1222.

2 The coordinated capacity calculators established in Article 27 of Regulation (EU) 2015/1222 shall calculate long-term cross-zonal capacities for their capacity calculation region. For this purpose, no later than six months after the approval of the capacity calculation methodology for long-term time frames referred to in Article 10, all TSOs in each capacity calculation region shall jointly develop operational rules for long-term capacity calculation time frames supplementing the rules defined for the operation of the coordinated capacity calculators pursuant to Article 27 of Regulation (EU) 2015/1222.

3 The relevant requirements set in Article 27 of Regulation (EU) 2015/1222 shall apply for long-term capacity calculation time frames.

Article 22

Creation of a common grid model

The process and requirements set in Article 28 of Regulation (EU) 2015/1222 for creating a common grid model shall apply when creating the common grid model for long-term capacity calculation time frames in capacity calculation regions, where security analysis based on multiple scenarios pursuant to Article 10 is applied.

Status: Point in time view as at 26/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II. (See end of Document for details)

Article 23

Regional calculations of long-term cross-zonal capacities

1 Where TSOs apply the statistical approach pursuant to Article 10, the process for the calculation of long-term cross-zonal capacity shall include at least:

- a a selection of historical day-ahead or intraday cross-zonal capacity data sets from a single period or a set of periods and order the data into a duration curve;
- b a calculation of capacity corresponding to the risk level for the selected data set;
- c a calculation of long-term cross-zonal capacity to be offered to forward capacity allocation taking into account a margin to reflect the difference between historical cross-zonal capacity values and forecasted long-term cross-zonal capacity values;
- d common rules to take into account available information about planned outages, new infrastructure and generation and load pattern for the long-term capacity calculation time frames.

2 Where TSOs apply the security analysis based on multiple scenarios pursuant to Article 10, the requirements set in Article 29 of Regulation (EU) 2015/1222, except Article 29(4) where relevant, shall apply to long-term capacity calculation time frames in capacity calculation regions.

3 Each coordinated capacity calculator shall split the calculated long-term cross-zonal capacity for each forward capacity allocation by applying the methodology for splitting cross-zonal capacity pursuant to Article 16.

4 Each coordinated capacity calculator shall submit the calculated long-term cross-zonal capacity and the splitting of long-term cross-zonal capacity for validation to each TSO within the relevant capacity calculation region pursuant to Article 24.

Article 24

Validation and delivery of cross-zonal capacity and split cross-zonal capacity

1 Each TSO shall validate the results of the calculation for long-term cross-zonal capacity on its bidding zone borders or critical network elements for each long-term capacity calculation time frame pursuant to Article 15.

2 Each TSO shall validate the results of the calculation for splitting of long-term cross-zonal capacity on its bidding zone borders or critical network elements pursuant to Article 16.

3 Each TSO shall send its capacity validation and validated splitting of this capacity for each forward capacity allocation to the relevant coordinated capacity calculators and to the other TSOs of the relevant capacity calculation regions.

4 Validated splitting of long-term cross-zonal capacity shall be provided by each coordinated capacity calculator for the execution of forward capacity allocation pursuant to Article 29.

5 TSOs shall, upon request, provide to their regulatory authorities a report detailing how the value of long-term cross-zonal capacity for a specific long-term capacity calculation time frame has been obtained.

Status: Point in time view as at 26/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II. (See end of Document for details)

Article 25

Coordinated curtailment of cross-zonal capacity

1 TSOs shall coordinate curtailments of already allocated long-term cross-zonal capacity, if the curtailments concern a time frame of more than 48 hours ahead of the start of the delivery day. In case of curtailment of long-term transmission rights, including nominations in respect of such rights, within 48 hours ahead of the start of the delivery day, TSOs in each capacity calculation region shall apply the day-ahead and intraday capacity calculation process as referred in Article 29 of Regulation (EU) 2015/1222.

2 If a TSO needs to curtail already allocated long-term cross-zonal capacity, it shall send a request to the responsible coordinated capacity calculator to launch the coordinated calculation of necessary curtailments of long-term cross-zonal capacity for the capacity calculation region. The TSO shall support its request with all relevant information.

3 The coordinated capacity calculator shall provide the updated cross-zonal capacity to the relevant TSOs for validation.

4 Each TSO shall validate the updated cross-zonal capacity on its bidding zone borders or critical network elements pursuant to Article 24.

5 The coordinated capacity calculator shall provide the validated updated cross-zonal capacity to the relevant TSOs and single allocation platform to perform curtailment pursuant to Article 53.

Section 5

Biennial report on capacity calculation

Article 26

Biennial report on capacity calculation and allocation

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

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

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

- a the capacity calculation approach used;
- b statistical indicators on reliability margins;
- c statistical indicators of cross-zonal capacity, where appropriate for each capacity calculation time frame;
- d quality indicators for the information used for the capacity calculation;
- e where appropriate, proposed measures to improve capacity calculation;

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

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

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

CHAPTER 2

Bidding zones

Article 27

General provisions

1 The bidding zones applicable to day-ahead and intraday trading shall apply to forward capacity calculation and allocation.

2 Where a bidding zone border no longer exist, holders of long-term transmission rights on this bidding zone border shall be entitled to reimbursement by the concerned TSOs based on the initial price paid for the long-term transmission rights.

CHAPTER 3

Forward capacity allocation

Section 1

General provisions

Article 28

General principles

The allocation of forward capacity shall take place in a way which:

- (a) uses the marginal pricing principle to generate results for each bidding zone border, direction of utilisation and market time unit;
- (b) allocates no more than the offered long-term cross-zonal capacity in accordance with Article 39;
- (c) is repeatable.

Status: Point in time view as at 26/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II. (See end of Document for details)

Article 29

Input and results

- 1 The single allocation platform shall use the following inputs for determining the allocation of forward capacity in accordance with paragraph 2:
 - a validated splitting of long-term cross-zonal capacity submitted by each coordinated capacity calculator and capacities associated with returned long-term transmission rights pursuant to Article 43;
 - b bids submitted by market participants.
- 2 For each forward capacity allocation, the single allocation platform shall simultaneously determine at least the following results for each bidding zone border, direction of utilisation and market time unit:
 - a the volume of allocated long-term transmission rights expressed in MW;
 - b the price of long-term transmission rights pursuant to Article 40;
 - c the execution status of bids.
- 3 The single allocation platform shall ensure that auction results are accurate.
- 4 Each TSO shall ensure that the auction results are consistent with the inputs provided to the single allocation platform in accordance with paragraph 1.

Section 2

Options for cross-zonal transmission risk hedging

Article 30

Decision on cross-zonal risk hedging opportunities

- 1 TSOs on a bidding zone border shall issue long-term transmission rights unless the competent regulatory authorities of the bidding zone border have adopted coordinated decisions not to issue long-term transmission rights on the bidding zone border. When adopting their decisions, the competent regulatory authorities of the bidding zone border shall consult the regulatory authorities of the relevant capacity calculation region and take due account of their opinions.
- 2 Where long-term transmission rights do not exist on a bidding zone border at the entry into force of this Regulation, the competent regulatory authorities of the bidding zone border shall adopt coordinated decisions on the introduction of long-term transmission rights no later than six months after the entry into force of this Regulation.
- 3 The decisions pursuant to paragraphs 1 and 2 shall be based on an assessment, which shall identify whether the electricity forward market provides sufficient hedging opportunities in the concerned bidding zones. The assessment shall be carried out in a coordinated manner by the competent regulatory authorities of the bidding zone border and shall include at least:
 - a a consultation with market participants about their needs for cross-zonal risk hedging opportunities on the concerned bidding zone borders;
 - b an evaluation.

Status: Point in time view as at 26/09/2016.

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4 The evaluation referred to in paragraph 3(b) shall investigate the functioning of wholesale electricity markets and shall be based on transparent criteria which include at least:

- a an analysis of whether the products or combination of products offered on forward markets represent a hedge against the volatility of the day-ahead price of the concerned bidding zone. Such product or combination of products shall be considered as an appropriate hedge against the risk of change of the day-ahead price of the concerned bidding zone where there is a sufficient correlation between the day-ahead price of the concerned bidding zone and the underlying price against which the product or combination of products are settled;
- b an analysis of whether the products or combination of products offered on forward markets are efficient. For this purpose, at least the following indicators shall be assessed:
 - (i) trading horizon;
 - (ii) bid-ask spread;
 - (iii) traded volumes in relation to physical consumption;
 - (iv) open interest in relation to physical consumption.

5 In case the assessment referred to in paragraph 3 shows that there are insufficient hedging opportunities in one or more bidding zones, the competent regulatory authorities shall request the relevant TSOs:

- a to issue long-term transmission rights; or
- b to make sure that other long-term cross-zonal hedging products are made available to support the functioning of wholesale electricity markets.

6 In case the competent regulatory authorities choose to issue a request as referred to in paragraph 5(b), the relevant TSOs shall develop the necessary arrangements and submit them to the competent regulatory authorities' approval no later than six months after the request by the competent regulatory authorities. Those necessary arrangements shall be implemented no later than six months after approval by the competent regulatory authorities. The competent regulatory authorities may extend the implementation time upon request from the relevant TSOs by a period of no more than 6 months.

7 Where regulatory authorities decide that long-term transmission rights shall not be issued by the respective TSOs or that other long-term cross-zonal hedging products shall be made available by the respective TSOs, Articles 16, 28, 29, 31 to 57, 59 and 61 shall not apply to the TSOs of the bidding zone borders.

8 Upon a joint request of the TSOs on a bidding zone border or at their own initiative, and at least every 4 years, the competent regulatory authorities of the bidding zone border shall perform, in cooperation with the Agency, an assessment pursuant to paragraphs 3 to 5.

Article 31

Regional design of long-term transmission rights

1 Long-term cross-zonal capacity shall be allocated to market participants by the allocation platform in the form of physical transmission rights pursuant to the UIOSI principle or in the form of FTRs — options or FTRs — obligations.

2 All TSOs issuing long-term transmission rights shall offer long-term cross-zonal capacity, through the single allocation platform, to market participants for at least annual and

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monthly time frames. All TSOs in each capacity calculation region may jointly propose to offer long-term cross-zonal capacity on additional time frames.

3 No later than six months after the entry into force of this Regulation, TSOs in each capacity calculation region where long-term transmission rights exist shall jointly develop a proposal for the regional design of long-term transmission rights to be issued on each bidding zone border within the capacity calculation region.

No later than six months after the coordinated decisions of the regulatory authorities of the bidding zone border to introduce long-term transmission rights pursuant Article 30(2), TSOs of the concerned capacity calculation region, shall jointly develop a proposal for the regional design of long-term transmission rights to be issued on each bidding zone border within the concerned capacity calculation region.

Regulatory authorities of Member States in which the current regional design of long-term transmission rights is part of a TSO cross-border re-dispatch arrangement for the purpose of ensuring that operation remains within operational security limits may decide to maintain physical long-term transmission rights on its bidding zone borders.

4 The proposals referred to in paragraph 3 shall include a time schedule for implementation and at least the description of the following items specified in the allocation rules:

- a type of long-term transmission rights;
- b forward capacity allocation time frames;
- c form of product (base load, peak load, off-peak load);
- d the bidding zone borders covered.

5 The proposals shall be subject to consultation in accordance with Article 6. For the proposed long-term transmission rights to be issued, each TSO shall duly consider the result of the consultation.

6 The allocation of physical transmission rights and FTRs — options in parallel at the same bidding zone border is not allowed. The allocation of physical transmission rights and FTRs — obligations in parallel at the same bidding zone border is not allowed.

7 A review of long-term transmission rights offered on a bidding zone border may be launched by:

- a all regulatory authorities of the bidding zone border, at their own initiative; or
- b all regulatory authorities of the bidding zone border based upon a recommendation from the Agency or joint request by all TSOs of the concerned bidding zone border.

8 All TSOs in each capacity calculation region shall be responsible for undertaking the review as provided for in paragraph 9.

9 Each TSO involved in the review of long-term transmission rights shall:

- a assess the offered long-term transmission rights taking into account the characteristics in paragraph 4;
- b if considered necessary, propose alternative long-term transmission rights, taking into account the result of the assessment in subparagraph (a);
- c carry out a consultation in accordance with Article 6 regarding:
 - (i) the results of the assessment of the offered long-term transmission rights;
 - (ii) if applicable, the proposal for alternative long-term transmission rights.

Status: Point in time view as at 26/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II. (See end of Document for details)

10 Following the consultation referred to in paragraph 9(c) and within three months of the issuance of the decision to launch a review, the TSOs of the capacity calculation region concerned shall jointly submit a proposal to the competent regulatory authorities to maintain or amend the type of long-term transmission rights.

Article 32

Physical transmission rights

1 Each physical transmission right holder shall be entitled to nominate all or part of its physical transmission rights pursuant to Article 36.

2 Where the physical transmission rights holders do not make a nomination by the deadline specified in the nomination rules, they shall be entitled to obtain remuneration in accordance with Article 35.

Article 33

Financial transmission rights — options

1 Holders of FTRs — options shall be entitled to obtain remuneration in accordance with Article 35.

2 The implementation of FTRs — options shall be subject to the application of day-ahead price coupling in accordance with Articles 38 to 50 of Regulation (EU) 2015/1222.

Article 34

Financial transmission rights — obligations

1 Holders of FTRs — obligations shall be entitled to receive or obliged to pay the financial remuneration pursuant to Article 35.

2 The implementation of FTRs — obligations shall be subject to the application of day-ahead price coupling according to Articles 38 to 50 of Regulation (EU) 2015/1222.

Article 35

Principles for long-term transmission rights remuneration

1 The relevant TSOs performing the allocation of transmission rights on a bidding zone border through the single allocation platform shall remunerate the long-term transmission rights holders in case the price difference is positive in the direction of the long-term transmission rights.

2 The holders of FTRs — obligations shall remunerate the relevant TSOs through the single allocation platform allocating transmission rights on a bidding zone border in case the price difference is negative in the direction of the FTRs — obligations.

3 The remuneration of long-term transmission rights in paragraphs 1 and 2 shall comply with the following principles:

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Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II. (See end of Document for details)

- a where the cross-zonal capacity is allocated through implicit allocation or another method resulting from a fallback situation in the day-ahead time frame, the remuneration of long-term transmission rights shall be equal to the market spread;
- b where the cross-zonal capacity is allocated through explicit auction in the day-ahead time frame, the remuneration of long-term transmission rights shall be equal to the clearing price of the daily auction.

4 In case allocation constraints on interconnections between bidding zones have been included in the day-ahead capacity allocation process in accordance with Article 23(3) of Regulation (EU) 2015/1222, they may be taken into account for the calculation of the remuneration of long-term transmission rights pursuant to paragraph 3.

Section 3

Nomination procedures for physical transmission rights

Article 36

General provisions for physical transmission rights nomination

1 Where TSOs issue and apply physical transmission rights on bidding zone borders, they shall enable physical transmission rights holders and/or their counterparties to nominate their electricity exchange schedules. Physical transmission rights holders may authorise eligible third parties to nominate their electricity exchange schedules on their behalf in line with the nomination rules in accordance with paragraph 3.

2 No later than 12 months after the entry into force of this Regulation, all TSOs issuing physical transmission rights on a bidding zone border shall submit to the relevant regulatory authorities' approval a proposal for nomination rules for electricity exchange schedules between bidding zones. The proposal shall be subject to consultation in accordance with Article 6. Nomination rules shall contain at least the following information:

- a the entitlement of a physical transmission rights holder to nominate electricity exchange schedules;
- b minimum technical requirements to nominate;
- c description of the nomination process;
- d nomination timings;
- e format of nomination and communication.

3 All TSOs shall progressively harmonise the nomination rules on all bidding zone borders on which physical transmission rights are applied.

4 Physical transmission rights holders, their counterparties where applicable or an authorised third party acting on their behalf shall nominate all or part of their physical transmission rights between bidding zones in compliance with the nomination rules.

5 In case allocation constraints on interconnections between bidding zones have been included in the day-ahead capacity allocation process in accordance with Article 23(3) of Regulation (EU) 2015/1222, they shall be taken into account in the proposal for nomination rules referred to in paragraph 2.

Status: Point in time view as at 26/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II. (See end of Document for details)

Section 4

Processes and operation

Article 37

Terms and conditions for participation in the forward capacity allocation

1 Market participants shall be registered with the single allocation platform and meet all eligibility requirements under the harmonised allocation rules before being entitled to participate in the auctions or transfer their long-term transmission rights. The eligibility requirements shall comply with the principles of non-discrimination and transparency.

2 Following a market participant's request for registration, the single allocation platform shall notify the market participant whether it fulfils all eligibility requirements and is entitled to participate in the auctions or transfer its long-term transmission rights from a specified date.

3 Market participants shall fully comply with the harmonised allocation rules. They shall keep all information relating to their participation up to date and notify the single allocation platform of any changes to this information without delay.

4 The single allocation platform shall be entitled to suspend or withdraw a market participant's right to participate in the auctions or transfer its long-term transmission rights following a breach of its contractual obligations under the harmonised allocation rules.

5 The suspension or withdrawal of the right of the market participant to participate in the auctions or transfer its long-term transmission right pursuant to the harmonised allocation rules shall not exonerate a market participant or the single allocation platform from their obligations deriving from long-term transmission rights allocated and paid before the suspension or withdrawal.

Article 38

Submission of input data to the single allocation platform

Each TSO shall ensure that validated splitting of long-term cross-zonal capacity is submitted to the single allocation platform prior to the publication of the auction specification in accordance with Article 39.

Article 39

Operation of the forward capacity allocation

1 No later than the time specified in the harmonised allocation rules for each forward capacity allocation, an auction specification containing at least the following information shall be defined and published on the single allocation platform:

- a date and time of gate opening and gate closure of the auction;
- b validated splitting of long-term cross-zonal capacity and type of the long-term transmission rights that will be auctioned;
- c format of bids;
- d date and time of publication of auction results;
- e the period during which auction results can be contested.

Status: Point in time view as at 26/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II. (See end of Document for details)

2 The published long-term cross-zonal capacity shall not be modified during a period prior to the gate closure of the auction. The harmonised allocation rules shall specify that period.

3 Each market participant shall submit its bids to the single allocation platform prior to the gate closure time and in accordance with the conditions set out in the auction specification.

4 The single allocation platform shall ensure the confidentiality of submitted bids.

Article 40

Pricing of the long-term transmission rights

The price of long-term transmission rights for each bidding zone border, direction of utilisation and market time unit shall be determined based on the marginal price principle and expressed in euro per megawatt. In case the demand for the long-term cross-zonal capacity for a bidding zone border, direction of utilisation and market time unit is lower or equal to the offered long-term cross-zonal capacity, the price shall be zero.

Article 41

Financial requirements and settlement

1 The single allocation platform shall provide invoicing or self-billing procedures for the settlement of debits or credits resulting from the allocation of long-term transmission rights, the return of long-term transmission rights and the remuneration of long-term transmission rights. The harmonised allocation rules shall specify those procedures.

2 In order to participate in the auctions, a market participant shall have sufficient collaterals to secure bids and allocated long-term transmission rights in accordance with the conditions set out in the harmonised allocation rules.

Article 42

Establishment of fallback procedures

1 In the event that forward capacity allocation is unable to produce results, the default fallback procedure shall be the postponement of the forward capacity allocation.

2 All TSOs in each capacity calculation region shall be entitled to implement alternative coordinated fallback solutions. In such cases, all TSOs in each capacity calculation region shall develop a coordinated proposal for reliable fallback procedures.

Article 43

Return of long-term transmission rights

1 Long-term transmission rights holders may return their long-term transmission rights to the relevant TSOs through the single allocation platform for subsequent forward capacity allocation.

Status: Point in time view as at 26/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II. (See end of Document for details)

2 Long-term transmission rights holders willing to return their long-term transmission rights for subsequent forward capacity allocation shall notify this, directly or indirectly through a third party, to the single allocation platform as set out in the harmonised allocation rules.

3 Long-term transmission rights holders who return their long-term transmission rights shall be remunerated, directly or indirectly through a third party, by the relevant TSOs through the single allocation platform. Such remuneration shall be equal to the price resulting from the auction where the long-term transmission rights are reallocated.

Article 44

Transfer of long-term transmission rights

1 Long-term transmission rights holders shall be entitled to transfer all or part of their long-term transmission rights to other market participants in accordance with the harmonised allocation rules.

2 The rules on admissibility and a list of market participants registered with the single allocation platform and eligible to transfer long-term transmission rights shall be published on the single allocation platform.

3 Long-term transmission rights holders shall notify the transfer of long-term transmission rights, directly or indirectly through a third party, to the single allocation platform in accordance with the harmonised allocation rules.

4 Market participants acquiring those long-term transmission rights shall confirm, in accordance with the harmonised allocation rules, directly or indirectly through a third party, to the single allocation platform the notification sent by the previous long-term transmission rights holder.

Article 45

Delivery of results

1 The single allocation platform shall notify the TSOs responsible for the bidding zone border to which the long-term transmission rights are associated, the market participants and the long-term transmission rights holders about the result of the forward capacity allocation within the time frame provided in the auction specification.

2 The single allocation platform shall inform market participants about the execution status and clearing prices of their bids.

Article 46

Initiation of fallback procedures

1 In the event that the single allocation platform is unable to deliver either the auction specification in accordance with Article 39 or part or all of the results of the forward capacity allocation within the time frame specified in the harmonised allocation rules, the TSOs responsible on the bidding zone border shall implement the fallback procedures established pursuant to Article 42.

Status: Point in time view as at 26/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II. (See end of Document for details)

2 As soon as a failure to deliver the items referred to in paragraph 1 is identified, the single allocation platform shall notify the TSOs responsible on the bidding zone border. The single allocation platform shall notify market participants that fallback procedures may be applied.

Article 47

Publication of market information

1 At least the following information for each bidding zone border and direction of utilisation shall be published on the single allocation platform:

- a auction specification in accordance with Article 39;
- b an indicative auction calendar setting out the type of long-term transmission rights to be offered and the dates when those long-term transmission rights shall be offered to market participants;
- c forward capacity allocation results in accordance with Article 29;
- d number of market participants in each auction;
- e list of eligible market participants for the transfer of long-term transmission rights;
- f the single allocation platform's contact details.

2 The relevant TSOs shall publish, through the single allocation platform, the information required referred to in paragraph 1 in accordance with the timing set out in the auction specification and in Regulation (EU) No 543/2013.

3 The single allocation platform shall ensure that historical data for a period of not less than five years is made publicly available.

CHAPTER 4

Single allocation platform

Article 48

Establishment

1 All TSOs shall ensure that the single allocation platform is operational and complies with the functional requirements specified in Article 49 within 12 months after the approval of the proposal for a common set of requirements and for the establishment of the single allocation platform. The competent regulatory authorities may extend this period upon request from the relevant TSOs due to delays relating to public procurement procedures by a period of no more than 6 months.

2 Forward capacity allocations on Direct Current interconnectors shall take place on the single allocation platform no later than 24 months after the approval as referred to in paragraph 1.

Status: Point in time view as at 26/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II. (See end of Document for details)

Article 49

Functional requirements

1 Within six months after the entry into force of this Regulation, all TSOs shall submit to all regulatory authorities a common proposal for a set of requirements and for the establishment of the single allocation platform. The proposal shall identify different options for the establishment and governance of the single allocation platform, including the development by TSOs or by third parties on their behalf. The proposal by TSOs shall cover the general tasks of the single allocation platform provided for in Article 50 and the requirements for cost recovery in accordance with Article 59.

2 The functional requirements for the single allocation platform shall at least include:

- a the expected bidding zone borders to be covered;
- b the technical availability and reliability of provided services;
- c the operational processes;
- d the products to be offered;
- e the forward capacity allocation time frames;
- f the allocation methods and algorithms;
- g the principles of financial settlement and risk management of allocated products;
- h a harmonised contractual framework with market participants;
- i the data interfaces.

Article 50

General tasks

The relevant TSOs shall use the single allocation platform, at least, for the following purposes:

- (a) the registration of market participants;
- (b) providing a single point of contact to market participants;
- (c) the operation of auction procedures;
- (d) the financial settlement of allocated long-term transmission rights with market participants, including management of collaterals;
- (e) the cooperation with a clearing house, if required by the common rules for the implementation of FTRs — obligations pursuant to Article 34;
- (f) the organisation of a fallback procedure pursuant to Article 42 and 46;
- (g) enabling the return of long-term transmission rights pursuant to Article 43;
- (h) facilitating the transfer of long-term transmission rights pursuant to Article 44;
- (i) the publication of market information pursuant to Article 47;
- (j) providing and operating interfaces for data exchange with market participants.

Status: Point in time view as at 26/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II. (See end of Document for details)

CHAPTER 5

Harmonised allocation rules

Article 51

Introduction of harmonised allocation rules

1 Within six months after the entry into force of this Regulation, all TSOs shall jointly develop a proposal for harmonised allocation rules for long-term transmission rights pursuant to Article 52(2). The proposal shall be subject to consultation in accordance with Article 6. This proposal shall include regional and bidding zone border specific requirements if developed by the TSOs of each capacity calculation region pursuant to Article 52(3).

2 Once the regional requirements have entered into force, they shall prevail over the general requirements defined in the harmonised allocation rules. In case the general requirements of the harmonised allocation rules are amended and submitted to all regulatory authorities' approval, the regional requirements shall also be submitted to regulatory authorities' approval of the concerned capacity calculation region.

Article 52

Requirements for the harmonised allocation rules

1 The requirements for the harmonised allocation rules for long-term transmission rights shall cover physical transmission rights, FTRs — options and FTRs — obligations. TSOs shall consider and duly take into account specificities related to the different types of products.

2 The harmonised allocation rules for long-term transmission rights shall follow the principles of non-discrimination and transparency and at least contain the following general requirements:

- a harmonised definitions and scope of applications;
- b a contractual framework between the single allocation platform and the market participants including provisions on the applicable law, the applicable language, confidentiality, dispute resolution, liability and *force majeure*;
- c harmonised UIOSI provisions in case of physical transmission rights pursuant to Article 32;
- d a description of the types of long-term transmission rights which are offered, including the remuneration principles pursuant to Article 35;
- e principle description of the applicable nomination rules pursuant to Article 36;
- f harmonised provisions on eligibility and entitlement, suspension and renewal and costs of participation pursuant to Article 37;
- g a description of the forward capacity allocation process including at least provisions on auction specification, submission of bids, publication of auction results, contestation period and fallback procedures pursuant to Articles 37, 38, 39, 42, 43 and 44;
- h harmonised provisions on financial requirements and settlement pursuant to Article 41;
- i harmonised provisions for the return of long-term transmission rights pursuant to Article 43;
- j harmonised provisions for notification of transfer of long-term transmission rights pursuant to Article 44;
- k provisions on firmness and compensation rules pursuant to Article 53 and Article 55;

Status: Point in time view as at 26/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II. (See end of Document for details)

- 1 harmonised provisions concerning netting policies and financial collaterals for FTRs — obligations, where applicable.
- 3 The harmonised allocation rules may also contain regional or bidding zone border specific requirements in particular for, but without limitation to:
 - a the description of the type of long-term transmission rights which are offered on each bidding zone border within the capacity calculation region pursuant to Article 31;
 - b the type of long-term transmission rights remuneration regime to be applied on each bidding zone border within the capacity calculation region according to the allocation in the day-ahead time frame pursuant to Article 35;
 - c the implementation of alternative coordinated regional fallback solutions pursuant to Article 42;
 - d the regional compensation rules defining regional firmness regimes pursuant to Article 55.

CHAPTER 6

Firmness of allocated cross-zonal capacity

Article 53

General firmness provisions

- 1 All TSOs shall be entitled to curtail long-term transmission rights to ensure operation remains within operational security limits prior to the day-ahead firmness deadline. Where TSOs curtail long-term transmission rights, they shall report this to the respective regulatory authorities and also publish the factual reasons that lead to the curtailment.
- 2 The concerned TSOs on the bidding zone border where long-term transmission rights have been curtailed shall compensate the holders of curtailed long-term transmission rights with the market spread.

Article 54

Definition of caps

- 1 The concerned TSOs on a bidding zone border may propose a cap on the total compensation to be paid to all holders of curtailed long-term transmission rights in the relevant calendar year or the relevant calendar month in case of Direct Current interconnectors.
- 2 The cap shall not be lower than the total amount of congestion income collected by the concerned TSOs on the bidding zone border in the relevant calendar year. In case of Direct Current interconnectors, TSOs may propose a cap not lower than the total congestion income collected by the concerned TSOs on the bidding zone border in the relevant calendar month.
- 3 In case of several interconnectors operated by different TSOs on the same bidding zone border and subject to different regulatory regimes overseen by regulatory authorities, the total congestion income used for calculation of capped compensation pursuant to paragraph 2 may be dissociated between each interconnector. Such a division shall be proposed by the concerned TSOs and approved by the competent regulatory authorities.

Status: Point in time view as at 26/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II. (See end of Document for details)

Article 55

Compensation rules

Where TSOs propose to apply a cap referred to in Article 54, they shall jointly propose a set of compensation rules with regard to the applied cap.

Article 56

Firmness in the event of *force majeure*

1 In the event of *force majeure*, TSOs may curtail long-term transmission rights. Such curtailment shall be undertaken in a coordinated manner following liaison with all TSOs directly affected.

2 The TSO which invokes the *force majeure* shall publish a notification describing the nature of the *force majeure* and its probable duration.

3 In the event of curtailment due to *force majeure* the concerned holders of long-term transmission rights shall receive compensation for the period of that *force majeure* by the TSO which invoked the *force majeure*. In this case, the compensation shall be equal to the amount initially paid for the concerned long-term transmission right during the forward allocation process.

4 The TSO which invokes a *force majeure* shall make every possible effort to limit the consequences and duration of the *force majeure*.

5 Where a Member State has so provided, upon request by the TSO concerned, the national regulatory authority shall assess whether an event qualifies as *force majeure*.

CHAPTER 7

Congestion income distribution

Article 57

Congestion income distribution methodology

1 Within six months after the approval of the methodology for sharing congestion income referred to in Article 9(6) of Regulation (EU) 2015/1222, all TSOs shall jointly develop a proposal for a methodology for sharing congestion income from forward capacity allocation.

2 When developing the methodology referred to in paragraph 1, TSOs shall take into account the methodology for sharing congestion income developed in accordance with Article 73 of Regulation (EU) 2015/1222.

3 When developing the methodology for sharing congestion income from forward capacity allocation, the requirements set in Article 73 of Regulation (EU) 2015/1222 shall apply.

Status: Point in time view as at 26/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II. (See end of Document for details)

CHAPTER 8

Cost recovery

Article 58

General provisions on cost recovery

- 1 Costs incurred by TSOs arising from obligations in this Regulation shall be assessed by all regulatory authorities.
- 2 Costs assessed as reasonable, efficient and proportionate shall be recovered in a timely manner through network tariffs or other appropriate mechanisms as determined by the competent regulatory authorities.
- 3 If requested by regulatory authorities, relevant TSOs shall, within three months of the request, provide information necessary to facilitate the assessment of the costs incurred.

Article 59

Cost of establishing, developing and operating the single allocation platform

All TSOs issuing long-term transmission rights on the single allocation platform shall jointly bear the costs related to the establishment and operation of the single allocation platform. Within six months of entry into force of this regulation, all TSOs shall propose a methodology for sharing these costs, which shall be reasonable, efficient and proportionate, for example on the basis of principles similar to those provided under Article 80 of Regulation (EU) No 2015/1222.

Article 60

Cost of establishing and operating the coordinated capacity calculation process

- 1 Each TSO shall individually bear the costs related to the provision of inputs to the capacity calculation.
- 2 All TSOs shall jointly bear the costs related to the establishment and operation of merging the individual grid models.
- 3 All TSOs in each capacity calculation region shall bear costs of establishing and operating the coordinated capacity calculators.

Article 61

Cost of ensuring firmness and remuneration of long-term transmission rights

- 1 The cost of ensuring firmness shall include costs incurred from compensation mechanisms associated with ensuring firmness of cross-zonal capacities as well as the cost of re-dispatching, countertrading and imbalance associated with compensating market participants and be borne by TSOs, to the extent possible in accordance with Article 16(6)(a) of Regulation (EC) No 714/2009.

Status: Point in time view as at 26/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II. (See end of Document for details)

2 When fixing or approving transmission tariffs or other appropriate mechanism in accordance with Article 37(1)(a) of Directive 2009/72/EC, and having regard to Article 14(1) of Regulation (EC) No 714/2009, regulatory authorities shall consider compensation payments as eligible costs provided that they are reasonable, efficient and proportionate.

3 Within six months after the approval of the methodology for sharing congestion income referred to in Article 57, all TSOs shall jointly develop a methodology for sharing costs incurred to ensure firmness and remuneration of long-term transmission rights. This methodology shall be consistent with the methodology for sharing congestion income from forward capacity allocation as referred to in Article 57.

Status:

Point in time view as at 26/09/2016.

Changes to legislation:

There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1719, TITLE II.