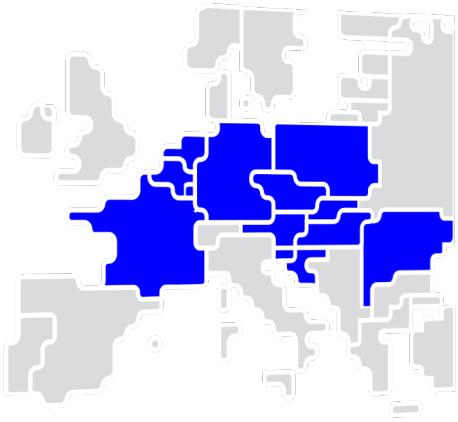
Consultation Report on Core CCR TSOs' methodology for long-term capacity calculation in accordance with article 10 of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation

November 2020



CONTENT

GLOSSARY

All definitions and abbreviations of the Core Long-Term Capacity Calculation Methodology apply accordingly.

1. INTRODUCTION

This document is the consultation report for the Core CCR TSOs' methodology for long-term capacity calculation. The Core CCR TSOs' methodology for long-term capacity calculation is based on article 10 of the FCA Regulation.

Core TSOs would like to thank all participants of the public consultation for their interest in the Core CCR TSOs' long-term capacity calculation methodology.

Via the ENTSO-E Consultation Platform, the public consultation document for the Core CCR TSOs' long-term capacity calculation methodology was available to Core stakeholders from the 16th of September 2020 until the 16th of October 2020. In total, 7 stakeholders submitted their responses in time.

Since the public consultation results should be processed in an anonymised manner, the identity of the respondents is not disclosed in this consultation report. Please note that all responses were, however, shared with the Core National Regulatory Authorities (NRAs) in a non-anonymised manner.

Main views and recurring comments have been summarized in this report. The Core TSOs wish to clarify that the content of this document is intended to summarize the results obtained in the public consultation. The Core TSOs did their best to reply to all comments and concerns.

2. RECEIVED RESPONSES

In this chapter, a summary is provided of all stakeholder responses received via the ENTSO-E Consultation Platform. All contributions can be found in the Annex. All responses are structured in a table showing the stakeholder response, the number of stakeholders asking for a specific adaptation, the action taken by Core TSOs and in addition a Core TSOs answer to the stakeholders' response.

2.1. General Feedback

The following general feedback was received:

Stakeholder response		Number of stakeholder requesting	Action taken	Core TSOs' answer
1.	Three stakeholders argue that the LT CCM should be as realistic as manageable and comprise various situations that may occur in DA/Spot market timeframe. This includes various weather scenarios, outages/revisions of power lines and plants and different developments of renewables and thermal capacities. Calculation should be performed within these different scenarios and the resulting LT capacity should reflect the expected value across all scenarios.	3	See Core TSOs' answer	Core TSOs explain that the different scenarios are covered by the procedure on 8 Yearly Reference Scenarios from ENTSO-E as described in Article 10. The uncertainties of these scenarios will be tackled by the FRM as described in Article 4.
2.	One stakeholder explains that it understood from discussions at Core Consultative Group meetings that the objective is also to use the flow-based approach for the allocation of capacity by 3 to 5 years. In the meantime, an NTC extraction would be performed to allocate capacity at each border. Considering the uncertainties about the capacity calculation model already – and the worries the stakeholder has that a flow-based calculation may not yield very high level of cross-zonal capacity in the forward timeframe – the lack of clear idea how capacity will be allocated in the future significantly adds to market participants concerns with the overall proposal. The stakeholder calls on the TSOs to engage in a dialogue with market participants to help us understand how the future capacity calculation and allocation processes will play out. This should also include all the elements in the new processes that would require an adaptation of tools and systems on market participants' side. On a side note, the stakeholder would like to underline that political agreements on pre-determined levels of capacity at given borders, such as bilateral agreements, are detrimental to the efficiency of capacity	1	See Core TSOs' answer	Core TSOs suggest to all stakeholders to read the minutes of the last CCG meeting (LINK). The LTCCM is a methodology that focuses on the flow-based approach, there is no plan to perform a cNTC extraction by the Core TSOs. Core TSOs will continue the dialogue with market parties during the CCG meetings. The LT CCM that will be submitted to Core NRAs does not allow for any political agreements on pre-determined levels of capacity at given borders.

	calculation and the maximisation of welfare at regional level. The treatment of such agreements, as they exist today, is not ruled in the LTCCM proposal. Should they be allowed to be maintained once the LTCCM comes into force, they should at the very least be listed in the capacity calculation methodology and their impact thoroughly assessed.			
3.	Two stakeholders invite Core TSOs to strive for maximum market integration by applying the 70% minRAM obligation (Regulation 2019/943, article 16) as early as possible, i.e. already in the framework of the long-term capacity calculation and allocation process.	2	See Core TSOs' answer	Core TSOs explain that the 70% rule is not applicable to the long-term timeframe and FCA methodologies.
4.	One stakeholder has underlined at numerous occasions in the past, re-iterates its view that interconnector capacity is paid for by grid users, who therefore are entitled to expect a maximum of cross-border capacity to be made available for the electricity market as soon as possible. The stakeholder therefore strongly invite Core TSOs to make sure the methodology maximizes capacity made available for the market in every timeframe (in this proposal, annually and subsequently monthly). Capacity limitation/withholding for shorter term time frames will reduce the liquidity and the level of market integration in the Core region and therefore go against the principles of European electricity market legislation.	1	See Core TSOs' answer	Core TSOs answer that maximization of cross-zonal capacity is the target of the LTCCM and therefore any limitation to the capacity is subject to a well coordinated process.

2.2. Specific Feedback

The following feedback on specific articles was received:

2.2.1. Whereas

Stakeholder response		Number of stakeholder requesting	Action taken	Core TSOs' answer
1.	Two stakeholder argues that the flow-based approach does not 'by default' lead to an increase of economic efficiency	2	See Core TSOs' answer, Proposal updated	Core TSOs thank the stakeholder for the feedback. The flow-based approach will be implemented following the clearly defined guidance of ACER. Core TSOs acknowledge the challenges of the flow-based approach and have deleted the wording 'by default' in Recital 9.

2.	One stakeholder argues that Core TSOs should have the mandate to provide reliable information to the market participants.	1	See Core TSOs' answer, Proposal updated	Core TSOs agree with this comment and have changed the word 'enables' to 'requires' in Recitcal 11 of the Whereas.
3.	One stakeholder argues that the LT CCM has to be compatible with the DA and ID CCMs approved by ACER in February 2019.	1	See Core TSOs' answer	Core TSOs explain that the recital shows the reference to FCA. The Whereas section provides the framework of the methodology and Core TSOs remind on the requirements of the FCA.

2.2.2. Article 3 Long-Term Capacity Calculation Process

Stakeholder response		Number of stakeholder requesting	Action taken	Core TSOs' answer
1.	One stakeholder comments that article 3(3) seems to be an unnecessary repetition of article 3.2(c)	1	See Core TSOs' answer	Core TSOs explain that article 3.2(c) makes a reference to article 15 of the FCA Regulation (via Article 17 of the LTCCM). The purpose of article 3.3 is to refer to article 24 of the FCA Regulation.

2.2.3. Article 4 Reliability Margin Methodology

Stakeholder response		Number of stakeholder requesting	Action taken	Core TSOs' answer
1.	One stakeholder comments that using the same methodology to determine reliability margins in DA and forward timeframes would be welcome, but using the same exact margins does not seem appropriate: a specific calculation should be performed for each timeframe.	1	See Core TSOs' answer	Core TSOs explain that in the Long-Term timeframe there is not enough statistical data to perform a calculation. There is a different purpose of the timeframes as well because the Long-Term timeframe only wants to show the extreme grid situations and is therefore barely reached in realtime in order to perform the comparison.
2.	Three stakeholders comment that Article 4 (2) should not only focus on higher uncertainties but should also consider the possibility that the level of uncertainty decreases, hence, the stakeholders propose the following amendment: "[...] and to ensure an adequate consideration of the uncertainties in the capacity calculation for the long-term timeframes."	3	See Core TSOs' answer	Core TSOs agree and remove the word 'higher' from Article 4(2).
3.	On article 4 of the proposal, one stakeholder insists on the need to take also into account the thermal or nominal capacity of the different CNEs, not only	1	See Core TSOs' answer	Core TSOs explain that the FRM is a percentage of the Fmax, and the Fmax covers the thermal or nominal capacity.

	historic FRMs, for calculating future reliability margins.			

2.2.4. Article 6 Methodology for Allocation Constraints

Stakeholder response		Number of stakeholder requesting	Action taken	Core TSOs' answer
1.	Four stakeholders oppose external constraints without proper justification.	4	See Core TSOs' answer	Core TSOs need the allocation constraints to maintain system security and the justification is explained in Annex 1 of the methodology.
2.	One stakeholder invites Core TSOs to thoroughly justify all allocation constraints and qualifications as CNEs, and submit them to NRA approval.	1	See Core TSOs' answer	Core TSOs answer that allocation constraints cannot be translated to CNE(s) by definition. All justification for using them are explained in Annex 1 of the methdolology.

2.2.5. Article 7 Methodology For Critical Network Elements and Contingencies

Stakeholder response		Number of stakeholder requesting	Action taken	Core TSOs' answer
1.	Four stakeholders comment that Article 7 (1) The methodology does not provide any condition/methodology for the CNEC selection. Article 7 (3) mentions that zone-to-zone PTDF should be higher than a threshold of 5% while it is 10% for the DA and additionally, it has never been proven that this threshold was optimal. Article 7 (4) mentions that the list of CNE can be updated once a month. Is this a realistic development or rather reasonable approach?	4	See Core TSOs' answer; Proposal updated	Core TSOs acknowledge the comment, Core TSOs shall provide a list of CNEs which will be subject to the CNEC filtering according to Article 7(3). Core TSOs answer that the DA CCM as decided by ACER included a CNEC selection threshold of 5%. Core TSOs question why market parties mention 10%? Due to the fact that the risk level is not the same between LT and DA timeframe, Core TSOs decided to not make a direct reference to the DA CCM CNEC selection and to apply its own CNEC selection process. Core TSOs explain that for each calculation timestamp a new list of CNECs can be provided.
2	One stakeholder comments list of CNE can be updated once a month: the stakeholder opposes this possibility and considers that the list should be validated by all Core NRAs and TSOs.	1	See Core TSOs' answer	Each CNEC will respect the sensitivity threshold that has been validated by Core NRAs. The list of CNECs withhold from the initial pool might change before each computation and the NRA validation is not possible in such short timeframe. Furthermore, this is a coordinated methodology and the

				CNECs considered during computation is coordination between Core TSOs.
3	The stakeholder acknowledges that the PTDF threshold of 5% proposed in the LTCCM is consistent with that of the DA and ID CCMs, and the current practice in CWE flow-based. However, although this 5% criterion is apparently currently being applied, it has never been approved. On the contrary, it was identified as one of the open issues that still need to be resolved. In their Position Paper on CWE Flow-Based Market Coupling of March 2015, the CWE NRAs write the following (in paragraph 9.12 CBCO selection): "The project has proposed the rule of 5% to identify a critical branch (the 5% criterion means that a CBCO, to be selected, has to have at least one zone-to-zone PTDF which exceeds 5%). It is stated in the Approval Package that this rule was assessed inside the project to be efficient. This has nevertheless not been demonstrated to CWE NRAs. If there is room for improving this CB selection rule, this could lead to a higher global welfare. As a matter of fact, a network element not considered as a CB in the Flow-Based methodology cannot limit cross-border exchanges. If an overload is expected on this line, the relevant TSO(s) may have to activate potentially costly remedial actions such as re-dispatching. Moreover, the current rule does not prevent the fact that constraints with very low PTDF are active and may have huge impact on prices. Therefore, CWE NRAs consider that the project has to demonstrate, at the latest when applying for a capacity calculation methodology in the frame of the CACM Regulation, whether the 5% rule is optimal, or what other rule could lead to such optimality. The Flow-Based methodology would have to be adapted consequently." Five years later, this demonstration of the optimality of the 5% criterion has not been provided, and is still not detailed in the proposed LTCCM or its explanatory document.	1	See Core TSOs' answer	Core TSOs answer that this methodology handles the Core LT CCM and cannot answer for the position paper prepared by CWE TSOs.

2.2.6. Article 8 Generation Shift Key Methodology

Stakeholder response		Number of stakeholder requesting	Action taken	Core TSOs' answer
1.	One stakeholder comments that Article 8(1) does not provide a harmonised methodology for GSKs, as required under article 13 FCA Regulation.	1	See Core TSOs' answer	The Core TSOs acknowledge this comment: the GSK method is taken from the Agency's Day-Ahead methodology. Article 8(2) explains that further harmonisation could be possible in line with DA CCM, at this moment the methodologies are harmonised to the extent possible.

2.2.7. Article 9 Methodology for Remedial Actions in Capacity Calculation

Stakeholder response		Number of stakeholder requesting	Action taken	Core TSOs' answer
1.	One stakeholder comments that the process as described in this version of the methodology does not give a role to the coordinated capacity calculator (CCC), contrary to the previous version of the methodology. The stakeholder welcome clarification by the TSOs whether this step has now been abandoned, and why.	1	See Core TSOs' answer; Proposal updated	Core TSOs explain that the application of minRAM is made to consider remedial actions (each kind of remedial action). Usage of remedial actions is not mandatory according to the FCA Regulation. The role of the CCC and application of remedial actions will be detailed during the implentation phase.

2.2.8. Article 10 Scenarios and Calculation Timestamps

Stakeholder response		Number of stakeholder requesting	Action taken	Core TSOs' answer
1.	One stakeholder comments on Article 10(3) that scenarios to be used in the common grid model for the monthly capacity calculation should always be updated – i.e. not only in case of “considerable change”, a concept that is not defined and would likely be applied differently by each TSO. This would allow reflecting the latest changes in market fundamentals and topology, and hence improve the efficiency of monthly capacity calculation.	1	See Core TSOs' answer	Core TSOs mantain the fact that such update should only be performed in case of a considerable changes such as change in gernation pattern following untypical climate and hydrological conditions. Generation pattern is not to be confused by the availablity of an individual power plant which is taken into account each month via the OPC process. Structural updates in the CGM is not supported by operational deparments due to lack of added value as in Long-Term timeframe the goal is to represent limiting conditions. Additionally, Core TSOs highlight that the format of reference scenarios is not part of the methodology and will be defined in the implementation phase.

2.2.9. Article 13 Computation of Power Transfer Distribution Factors

Stakeholder response		Number of stakeholder requesting	Action taken	Core TSOs' answer
1.	Article 13 (3) together with 3.1.1. Explanatory Document mention “the algorithm uses a concept of positive contributors that represents Core internal borders that are positively influenced (PTDF>0)”. What is the reason for dropping negative contributors? Is the procedure coherent with DA CCM?	3	See Core TSOs' answer	Core TSOs explain that netting is not applied in the LT timeframe due to the fact that the relieving flows are not guarenteed over the long time horizon. Consideration of negative PTDFs would allow netting, which is not compatible with the hedging nature of Long Term products (i.e. obtaining rights for both directions on one bidding zone border).

2.2.10. Article 14 Computation of the Available Margins on Critical Network Elements

Stakeholder response		Number of stakeholder requesting	Action taken	Core TSOs' answer
1.	One stakeholder welcome the adoption of a minRAM concept in the LTCCM. The stakeholder nonetheless insists that the definition of the minRAM factor (and its reviews) is approved by the Core NRAs.	1	See Core TSOs' answer	Core TSOs agree and do not have additional comments.
2.	One stakeholder finds that the methodology gives the possibility to have a minRAM imposed to CNECs but does not precise how it would be determined and what would be the governance. The stakeholder welcomes the idea to have an imposed minRAM but considers it should be further clarified and be binding, similarly to the day-ahead timeframe.	1	See Core TSOs' answer; Explanatory document updated	Core TSOs answer that the minRAM factor is to be detailed during implementation and is subject to regular review as described in Article 14. The methodology is designed as such to provide more room for improvement of the minRAM factor.

2.2.11. Article 17 Validation Methodology

Stakeholder response		Number of stakeholder requesting	Action taken	Core TSOs' answer
1.	Five stakeholders oppose the possibility to add constraints and oppose the possibility to correct results individually without proper, detailed justification and disclosure. The LT CCM has to be consistent and transparent. Any deviation from this principle has to be precisely defined, justified and disclosed.	5	See Core TSOs' answer; Proposal updated	Core TSOs answer that this information is provided in the quarterly report. Core TSOs will fulfill the requirements of the transperency platform as described in Article 19(2). Core TSOs agree to delete from Article 17(4) "When performing the steps of the validation, Core TSOs shall consider the operational security limits, but may also consider additional grid

				constraints, grid models, and other relevant information. Therefore, Core TSOs shall use the tools developed by the Core CCC for analysis but may also employ verification tools not available to the Core CCC".
2.	One stakeholder argues that considering that the use of costly remedial actions is excluded from the methodology, it is likely that the validation process will quite often restrict the capacity initially calculated. The "exceptional situations" mentioned in article 15.1 are likely to occur very frequently.	1	See Core TSOs' answer; Explanatory document updated	Core TSOs explain that costly remedial actions are not excluded due to the application of minRAM. Core TSOs want to avoid that the validation step might reduce the cross-zonal capacity by defining the boundaries in which such reduction can be applied.

2.2.12. Article 19 Publication of Data

Stakeholder response		Number of stakeholder requesting	Action taken	Core TSOs' answer
1.	For transparency and coherence reasons, publication structure and detail of LT CCM, all parameters and results, should correspond to DA CCM (e.g. DA CCM Art 22).	2	See Core TSOs' answer	Core TSOs explain that due to different calculation steps, some of the DA calculation parameters are not part of the LT CC and therefore cannot be published.
2.	One stakeholder proposes that the TSO's annually should publish a report on the efficiency and economic results of the long term transmission auctions and its impact on the utilization and development of transmission capacity. This report should be publicly available	1	See Core TSOs' answer	Core TSOs answer that such report is not foreseen by the FCA Regulation, Core TSOs will put available all relevant input data for third parties to perform such analysis.

2.2.13. Article 20 Monitoring and Information to Regulatory Authorities

Stakeholder response		Number of stakeholder requesting	Action taken	Core TSOs' answer
1.	One stakeholder argues that the report for all reductions made during the validation of cross-zonal capacity available to the public as well, for transparency reasons.	1	See Core TSOs' answer	Core TSOs understand this recommendation, yet the FCA Regulation stipulates that the reports are to be shared with Core NRAs and the Agency.

2.2.14. Article 22 Timescale for Implementation

Stakeholder response	Number of stakeholder requesting	Action taken	Core TSOs' answer

1.	Five stakeholders argue that an implementation timeline between 3.5 to 5 years is too long for LT CCM.	5	See Core TSOs' answer	Core TSOs will do their best to minimize the implementation timeline. Yet, there is a dependency on external developments such as: - LT CCM is a new methodology to implemented by all Core TSOs and CCC. The implementation timeline is required for development and implementation at all parties; - FB explicit allocation for LT timeframe is new for all parties for which new IT developments are needed; - Design and development of a new allocation platform is needed at JAO; - Adaptation is needed at market parties side as well; - To allow such changes at Market parties and JAO, // runs will be organized by Core TSOs. To conclude, Core TSOs estimate a timeperiod maximum of 5 years for all parties to adapt themselves to this new explicit Long Term Flow Based Allocation.
2.	One stakeholder opposes the establishment of a new TSO committee during the implementation phase as there already exists a proven allocation method which is also valid during the implementation phase, id est NTC allocation. Any modification of allocation (rules) - if any at all - has to be defined accurately and approved by Core regulators, notably as futures and forwards at least for the year 2023 are already traded and thus any modification constitutes a severe market intervention which distorts price formation.	1	See Core TSOs' answer; Proposal updated	Core TSOs do not foresee the comittee to change any rules on the allocation. The current NTC allocation will remain the norm. The TSO committee has been removed from the methodology.

2.2.15. FB allocation/LTTR/Hedging

Stakeholder response		Number of stakeholder requesting	Action taken	Core TSOs' answer
1.	One stakeholder would like to stress how important long-term transmission rights are for the market integration. They allow market participants to hedge against price spreads, especially for the risks related to the bidding zones with lower liquidity. Basically, DA CCM and LT CCM must lead	1	See Core TSOs' answer	Core TSOs acknowledge the importance of the long-term transmission rights and their role from the aspect of market integration via hedging strategy of market participants. The current LTCC methodology focuses to the Capacity

	to equal levels of capacities in order to obtain reasonable price signals. As long-term markets are to predict the future fulfilment in DA/Spot markets, an appropriate relation between LT and DA capacities is crucial.			Calculation only, but Core TSOs will endeavour to incorporate the market participants views and proposals during the redesigning process of cross border long-term market. The forms of products will be compatible with the LTTR Regional Design (including reduction periods). But this methodology together with other relevant methodologies (e.g. EU HAR) shall be modified in line with the LTCC method, all those shall go through the formal Public Consultation required by FCA, where all the market participants' feedbacks and views will be properly discussed and taken into consideration at the largest possible extent. Moreover Core TSOs plan to consult the status of the development with market participants on a regular basis via the CCG forums.
2.	One stakeholder comments that forward capacity calculation and allocation is critical to allow market participants to hedge their long-term positions across borders and make sure that they are not exposed to short-term price volatility and imbalance costs. Hence, it is vital that the calculation methodology for the forward timeframe is robust. As the stakeholder sees it for the moment, the draft proposal does not show a clear commitment to the first objective listed in article 3 of the Forward Capacity Allocation (FCA) Regulation, i.e. "promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants".	1	See Core TSOs' answer	Core TSOs acknowledge the importance of the long-term transmission rights and their role from the aspect of market integration via hedging strategy of market participants. The current LTCC methodology focuses to the Capacity Calculation only, but Core TSOs will endeavour to incorporate the market participants views and proposals during the redesigning process of cross border long-term market. The forms of products will be compatible with the LTTR Regional Design (including reduction periods). But this methodology together with other relevant methodologies (e.g. EU HAR) shall be modified in line with the LTCC method, all those shall go through the formal Public Consultation required by FCA, where all the market participants' feedbacks and views will be properly discussed and taken into consideration at the largest possible extent. Moreover Core TSOs plan to consult the status of the development with market participants on a regular basis via the CCG forums.
3.	One stakeholder finds that the proposal lacks details about the allocation process. The target model of this proposal, which we understand as including also flow-based capacity allocation, would require significant adaptation on market participants' side from an operational standpoint. In light of all these	1	See Core TSOs' answer	Core TSOs explain that the flow-based approach will be implemented following the clearly defined guidance of ACER. Core TSOs acknowledge the challenges of the flow-based approach. With the Flow Based approach the capacity might be bigger at CCR level and the distribution to the

	uncertainties, some modelling of flow-based capacity calculation and allocation in the Core region could have helped to confirm or refute the assertion of Recital 9. The TSOs have not provided such information to the market. Therefore, we believe that Recital 9 is only aspirational, and fails to provide a justification to the application of a flow-based approach to LTCCM in the Core region, as required by article 10(5) FCA Regulation.			borders is depending on market demand. Core TSOs will elaborate the Flow Based allocation, there is a sufficient time foreseen to develop and implement proper allocation mechanisms to be used by SAP.
4	The proposal for the allocation of capacity is not described in the proposed methodology, however we understand that the LT Capacity Calculation and the LT Capacity Allocation should be consid-ered as a whole. We also understand that there is no certainty yet on how to allocate cross-border rights (how to extract NTC from the previously calculated FB domain). In any case, the stakeholder would like to share the following remark regarding this issue: • The flow-based allocation has merit on a theoretical perspective: having the market interests determining the most optimal NTC extraction is indeed an interesting idea. However, this process would require very important operational and structural changes with respect to the current situation. • Given the reserves we have on the capacity calculation, the stakeholder wonders whether this is not too early to envisage such a solution. This could however be a nice target solution, pro-vided that all the issues/unclarity of the capacity calculation process are solved. As next steps, stakeholder sees the following actions: a) The methodology for allocation therefore needs to be further developed/refined. b) The stakeholder would welcome a recurrent and constructive dialogue with the various stakeholders to refine/discuss the flow-based allocation.	1	See Core TSOs' answer	Core TSOs explain that this LTCCM is a methodology for capacity calculation. The flow based allocation will be designed but not written in this methodology. Core TSOs will consult on a regular basis with market participants during the CCG forums.
5	Forward capacity calculation and allocation is critical to allow market participants to hedge their long-term positions across borders and make sure that they are not exposed to short-term price volatility and imbalance costs. Hence, it is vital that the calculation methodology for the forward timeframe is robust.	1	See Core TSOs' answer	Core TSOs acknowledge the importance of the long-term transmission rights and their role from the aspect of market integration via hedging strategy of market participants. The current LTCC methodology focuses to the Capacity Calculation only, but Core TSOs will endeavour to incorporate the market

	Methodology must be transparent, predictable, not discriminating smaller bidding zones and allocating at least the existing volumes of cross-border capacity for market participants. Any decrease in the volume would lead to detrimental effects on the market. As we see it for the moment, the draft proposal does not show a clear commitment to the first objective listed in article 3 of the Forward Capacity Allocation (FCA) Regulation, i.e. "promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants". In particular, the choice of a flow-based approach for the calculation (and possibly the allocation) of long-term capacity in the Core CCR – instead of the default coordinated net transfer capacity (cNTC) approach – is not justified in the methodology or the explanatory document, as required by article 10(5) FCA Regulation.			participants views and proposals during the redesigning process of cross border long-term market. The forms of products will be compatible with the LTTR Regional Design (including reduction periods). But this methodology together with other relevant methodologies (e.g. EU HAR) shall be modified in line with the LTCC method, all those shall go through the formal Public Consultation required by FCA, where all the market participants' feedbacks and views will be properly discussed and taken into consideration at the largest possible extent. Moreover Core TSOs plan to consult the status of the development with market participants on a regular basis via the CCG forums.
6	The proposed methodology is extremely complex, and requires an in-depth knowledge and understanding of numerous parameters and procedures applied by the different concerned TSO's. The stakeholder does not have access to all this information and thus cannot provide an overall assessment of all the elements of the proposed methodology. We find it important that the TSOs provide a correct analysis of future transmission capacities and balance the sale of Long Term Transmission rights with the interests of the transmission customers.	1	See Core TSOs' answer	Core TSOs acknowledge the importance of the long-term transmission rights and their role from the aspect of market integration via hedging strategy of market participants. The current LTCC methodology focuses to the Capacity Calculation only, but Core TSOs will endeavour to incorporate the market participants views and proposals during the redesigning process of cross border long-term market. The forms of products will be compatible with the LTTR Regional Design (including reduction periods). But this methodology together with other relevant methodologies (e.g. EU HAR) shall be modified in line with the LTCC method, all those shall go through the formal Public Consultation required by FCA, where all the market participants' feedbacks and views will be properly discussed and taken into consideration at the largest possible extent. Moreover Core TSOs plan to consult the status of the development with market participants on a regular basis via the CCG forums.
7	Long-term transmission rights are very important for the market integration as they allow market participants to hedge against price spreads, especially for the risks related to the bidding zones with	1	See Core TSOs' answer	Core TSOs acknowledge the importance of the long-term transmission rights and their role from the aspect of market integration via hedging strategy of market

	lower liquidity. Basically, DA CCM and LT CCM must lead to equal levels of capacities in order to obtain reasonable price signals. As long-term markets are to predict the future fulfilment in DA/Spot markets, an appropriate relation between LT and DA capacities is crucial.			participants. The current LTCC methodology focuses to the Capacity Calculation only, but Core TSOs will endeavour to incorporate the market participants views and proposals during the redesigning process of cross border long-term market. The forms of products will be compatible with the LTTR Regional Design (including reduction periods). But this methodology together with other relevant methodologies (e.g. EU HAR) shall be modified in line with the LTCC method, all those shall go through the formal Public Consultation required by FCA, where all the market participants' feedbacks and views will be properly discussed and taken into consideration at the largest possible extent. Moreover Core TSOs plan to consult the status of the development with market participants on a regular basis via the CCG forums.

ANNEX

Stakeholder responses	
1.	Long-term transmission rights are very important for the market integration as they allow market participants to hedge against price spreads, especially for the risks related to the bidding zones with lower liquidity. Basically, DA CCM and LT CCM must lead to equal levels of capacities in order to obtain reasonable price signals. As long-term markets are to predict the future fulfilment in DA/Spot markets, an appropriate relation between LT and DA capacities is crucial. Furthermore, LT CCM should be as realistic as manageable and comprise various situations that may occur in DA/Spot market timeframe. This includes various weather scenarios, outages/revisions of power lines and plants and different developments of renewables and thermal capacities. Calculation should be performed within these different scenarios and the resulting LT capacity should reflect the expected value across all scenarios. The methodology mentions the possibility for TSOs to apply “additional grid constraints, grid models and other relevant information” but those elements are not defined in the methodology. We oppose such a vague possibility. External constraints for and individual corrections of the CC results have to be prevented; any exemption has to be justified and disclosed. For transparency and coherence reasons, publication structure and detail of LT CCM, all parameters and results, should correspond to DA CCM (e.g. DA CCM Art 22). In detail: Article 4 (2) should not only focus on higher uncertainties but also consider the possibility that the level of uncertainty decreases, hence, we propose the following amendment: “[...] and to ensure an adequate consideration of the uncertainties in the capacity calculation for the long-term timeframes.” Article 6 (1) We oppose the possibility to add external constraints without proper justification and disclosure. Article 7 (1) The methodology does not provide any condition/methodology for the CNEC selection. Article 7 (3) mentions that zone-to-zone PTDF should be higher than a threshold of 5% while it is 10% for the DA and additionally – it has never been proven that this threshold was optimal. Article 13 (3) together with 3.1.1. Explanatory Document mention “the algorithm uses a concept of positive contributors that represents Core internal borders that are positively influenced (PTDF>0)”. What is the reason for dropping negative contributors? Is the procedure coherent with DA CCM? Article 17 (1) and 17 (4) We oppose the possibility to add constraints and we oppose the possibility to correct results individually without proper, detailed justification and disclosure. The LT CCM has to be consistent and transparent. Any deviation from this principle has to be precisely defined, justified and disclosed. Article 22 (2) mentions an implementation period of 3.5 to 5 years which is too vague and too long. 3 years should be the maximum implementation timeframe. Article 22 (3) We oppose the establishment of a new TSO committee during the implementation phase as there already exists a proven allocation method which is also valid during the implementation phase, id est NTC allocation. Any modification of allocation (rules) - if any at all - has to be defined accurately and approved by Core regulators, notably as futures and forwards at least for the year 2023 are already traded and thus any modification constitutes a severe market intervention which distorts price formation.
2	The stakeholder would like to stress how important long-term transmission rights are for the market integration. They allow market participants to hedge against price spreads, especially for the risks related to the bidding zones with lower liquidity. Basically, DA CCM and LT CCM must lead to equal levels of capacities in order to obtain reasonable price signals. As long-term markets are to predict the future fulfilment in DA/Spot markets, an appropriate relation between LT and DA capacities is crucial. Furthermore, LT CCM should be as realistic as manageable and comprise various situations that may occur in DA/Spot market timeframe. This includes various weather scenarios, outages/revisions of power lines and plants and different developments of renewables and thermal capacities. Calculation should be performed within these different scenarios and the resulting LT capacity should reflect the expected value across all scenarios. The methodology mentions the possibility for TSOs to apply “additional grid constraints, grid models and other relevant information” but those elements are not defined in the methodology. We oppose such a vague possibility.

	External constraints for and individual corrections of the CC results have to be prevented; any exemption has to be justified and disclosed. For transparency and coherence reasons, publication structure and detail of LT CCM, all parameters and results, should correspond to DA CCM (e.g. DA CCM Art 22). In detail: Article 4 (2) should not only focus on higher uncertainties but also consider the possibility that the level of uncertainty decreases, hence, we propose the following amendment: "[...] and to ensure an adequate consideration of the uncertainties in the capacity calculation for the long-term timeframes." Article 6 (1) We oppose the possibility to add external constraints without proper justification and disclosure. Article 7 (1) The methodology does not provide any condition/methodology for the CNEC selection. Article 7 (3) mentions that zone-to-zone PTDF should be higher than a threshold of 5% while it is 10% for the DA and additionally, it has never been proven that this threshold was optimal. Article 7 (4) mentions that the list of CNE can be updated once a month. Is this a realistic development or rather reasonable approach? Article 13 (3) together with 3.1.1. Explanatory Document mention "the algorithm uses a concept of positive contributors that represents Core internal borders that are positively influenced (PTDF>0);". What is the reason for dropping negative contributors? Is the procedure coherent with DA CCM? Article 17 (1) and 17 (4) We oppose the possibility to add constraints and we oppose the possibility to correct results individually without proper, detailed justification and disclosure. The LT CCM has to be consistent and transparent. Any deviation from this principle has to be precisely defined, justified and disclosed. Article 22 (2) mentions an implementation period of 3.5 to 5 years which is too vague and too long. 3 years should be the maximum implementation timeframe. Article 22 (3) We oppose the establishment of a new TSO committee during the implementation phase as there already exists a proven allocation method which is also valid during the implementation phase, id est NTC allocation. Any modification of allocation (rules) - if any at all - has to be defined accurately and approved by Core regulators, notably as futures and forwards at least for the year 2023 are already traded and thus any modification constitutes a severe market intervention which distorts price formation.
3.	The stakeholdder welcomes the opportunity to provide comments on the updated draft methodology for long-term capacity calculation (LTCCM) proposed by the TSOs of the Core capacity calculation region (Core CCR). As previously mentioned in stakeholder responses to the Core and other CCRs' LTCCM proposals (*) , forward capacity calculation and allocation is critical to allow market participants to hedge their long-term positions across borders and make sure that they are not exposed to short-term price volatility and imbalance costs. Hence, it is vital that the calculation methodology for the forward timeframe is robust. As we see it for the moment, the draft proposal does not show a clear commitment to the first objective listed in article 3 of the Forward Capacity Allocation (FCA) Regulation, i.e. "promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants". In particular, the choice of a flow-based approach for the calculation (and possibly the allocation) of long-term capacity in the Core CCR – instead of the default coordinated net transfer capacity (cNTC) approach – is not justified in the methodology or the explanatory document, as required by article 10(5) FCA Regulation. Besides, the proposal lacks sufficient details in the description of the capacity calculation methodology itself. This is especially when it comes to the selection of CNE(C)s, but also for the determination of GSKs or the definition of remedial actions. Finally, it is currently unclear how the allocation process will take place. Beyond calculation, we understood from discussions at Core Consultative Group meetings that the objective is also to use the flow-based approach for the allocation of capacity by 3 to 5 years. In the meantime, an NTC extraction would be performed to allocate capacity at each border. Considering the uncertainties about the capacity calculation model already – and the worries we have that a flow-based calculation may not yield very high level of cross-zonal capacity in the forward timeframe – the lack of clear idea how capacity will be allocated in the future significantly adds to market participants concerns with the overall proposal. We call on the TSOs to engage in a dialogue with market participants to help us

	understand how the future capacity calculation and allocation processes will play out. This should also include all the elements in the new processes that would require an adaptation of tools and systems on market participants' side. On a side note, we would like to underline that political agreements on pre-determined levels of capacity at given borders, such as bilateral agreements, are detrimental to the efficiency of capacity calculation and the maximisation of welfare at regional level. The treatment of such agreements, as they exist today, is not ruled in the LTCCM proposal. Should they be allowed to be maintained once the LTCCM comes into force, they should at the very least be listed in the capacity calculation methodology and their impact thoroughly assessed. You will find below our detailed comments on individual articles of the draft methodology. Comments on individual articles: • Recital 9: In accordance with article 10(5) of the FCA Regulation, the CCM applies the flow-based approach to capacity calculation. In capacity calculation regions characterised by meshed networks and physically interdependent bidding zone borders, the flow-based approach by default leads to an increase in economic efficiency with the same level of system security. This is because, when a network element, which is considered in capacity calculation as critical network element is significantly impacted by cross-zonal exchanges on two or more bidding zone borders (which makes those borders interdependent), then it is by default more efficient that requests for cross-zonal exchanges on these interdependent borders equally compete for the capacity of such critical network element. This competition between borders is the intrinsic advantage of the flow-based approach compared to the coordinated net transmission capacity ('NTC') approach. In the latter approach, the capacity of such critical network elements needs to be first split into portions reserved for each of the interdependent borders and then converted into NTC values for each border. These NTCs are then allocated independently on each interdependent border, which essentially limits the competition between interdependent borders for the capacity of such critical network elements. Lack of competition between borders for the capacity of network elements, which these borders are significantly impacting inevitably, leads to loss of economic efficiency in allocating the capacity of such network elements. Recital 9 considers that the flow-based approach to capacity calculation leads "by default" to an increase in economic efficiency with the same level of system security. Should this necessarily be the case, we wonder why the legislator would have put this element as the first condition to the implementation of a flow-based approach in the forward timeframe in article 10(5) FCA Regulation. While the flow-based approach may indeed linked to improved economic efficiency in theory, the practice may be quite different. This is already the case in day-ahead – as shown by the economic indicators in CWE, which show much lower efficiency gains in practice than modelled ex-ante in theory. This would be even truer in the forward timeframe, where significant uncertainties will be taken into account in a flow-based model. Grid models will be much less precise than in day-ahead, and elements like reliability margins or allocation constraints will likely be much more limiting. Finally, the validation process may lead to significant gaps between theoretically calculated and actually allocated capacities. All in all, it is far from certain that with such levels of uncertainty, a flow-based approach to capacity calculation will "by default" yield more economic efficiency than a cNTC approach. Finally, as noted in our introduction, the proposal lacks details about the allocation process. The target model of this proposal, which we understand as including also flow-based capacity allocation, would require significant adaptation on market participants' side from an operational standpoint. In light of all these uncertainties, some modelling of flow-based capacity calculation and allocation in the Core region could have helped to confirm or refute the assertion of Recital 9. The TSOs have not provided such information to the market. Therefore, we believe that Recital 9 is only aspirational, and fails to provide a justification to the application of a flow-based approach to LTCCM in the Core region, as required by article 10(5) FCA Regulation. • Recital 11: The LT CCM enables Core TSOs to provide market participants with reliable information on cross-zonal capacities and import/export limits for year and month ahead allocation in a transparent way and at the same time. This includes regular reporting on specific processes within capacity calculation. The LT CCM therefore contributes to the objective of transparency and reliability of information (article 3(f) of the FCA Regulation). A binding methodology should mandate TSOs to provide reliable information to market participants, not enable them to do so.

	• Recital 18: The LT CCM shall be compatible with the day-ahead and intraday capacity calculation methodologies (article 10 (3) of the FCA Regulation). This recital is a copy-paste of article 10(3) FCA Regulation. When proposing a draft LTTCM – i.e. the document currently under consultation – this document has to be (not shall be) compatible with the day-ahead (DA) and intraday (ID) CCMs approved by ACER in February 2019. The TSOs should prove now, in this methodology and the explanatory document, that all Core CCMs (LT, DA and ID) are compatible. • Article 3.2: The year-ahead and month-ahead capacity calculation process shall consist of three main stages: a. the creation of capacity calculation inputs by the Core TSOs, in accordance with Title 2; b. the capacity calculation process by the CCC, in accordance with Title 3; c. the capacity validation by the Core TSOs in coordination with the CCC, in accordance with Title 4. and article 3.3: In accordance with article 24 of the FCA Regulation, each Core TSOs shall validate the results. It looks like article 3.3 is an unnecessary repetition of article 3.2(c). See more details on the validation process in our reaction to article 17. • Article 4.1: The Core TSOs shall use the latest available FRM from the DA timeframe. The proposal is to use the same reliability margins in the forward timeframe as those of the day-ahead timeframe. According to article 22(2) of the CACM Regulation, referred to in article 11 of the FCA Regulation, "The methodology to determine the reliability margin shall set out the principles for calculating the probability distribution of the deviations between the expected power flows at the time of the capacity calculation and realised power flows in real time." This means that reliability margins serve to cover uncertainty between the time of calculation and the time of delivery. Hence, using the same methodology to determine reliability margins in DA and forward timeframes would be welcome, but using the same exact margins does not seem appropriate: a specific calculation should be performed for each timeframe. • Article 6.1: In case operational security limits cannot be transformed efficiently into ■■max and ■■max pursuant to Article 5, the Core TSOs may transform them into allocation constraints. For this purpose, the Core TSOs may only use external constraints as a specific type of allocation constraint that limits the maximum import and/or export of a given Core bidding zone. and the rest of article 6. We oppose the inclusion in the methodology of a provision opening the possibility for TSOs to include import/export limits in the forward timeframe without proper justification, consultation of other Core TSOs and market participants, and approval by all Core regulators. • Article 7.1: Each Core TSO shall provide a list of critical network elements (CNEs), including by default all cross-zonal network elements and a list of associated contingencies (Cs) of its own control area based on operational experience. The result of the process will be an initial pool of CNECs in all subsequent steps of the common long-term capacity calculation. The article does not include the methodology for the CNE(C) selection, which will therefore remain at national level if the methodology is approved as is. This approach is not coherent with the CNE(C) selection methodology for day-ahead and intraday (article 5), which is harmonised at CCR level for the Core region. German-Luxembourgian bidding zone, by assigning relative weights to each Core TSO's GSK. The German and Luxembourgian TSOs shall agree on these weights, based on the share of the generation in each Core TSO's control area that is responsive to changes in net position, and provide them to the Core CCC. Article 8.1 does not provide a harmonised methodology for GSKs, as required under article 13 FCA Regulation. Should TSOs think that local specificities prevent harmonisation of principles and methodologies, these specificities should be clearly explained. The addition of article 8.2 foreseeing a harmonisation of the methodology for GSKs in the future is not sufficient in relation to the FCA Regulation. The addition of specifications for the determinations of GSKs in Germany and Luxembourg – basically allowing the TSOs or Germany on the one side, and Luxembourg on the other side, to unilaterally define their GSKs – contradicts the principle of article 8.1.e which initially states that the GSK in bidding zones covering multiple TSO areas shall be defined jointly. Considering that the German-Luxembourg bidding zone is the only one covering multiple TSOs, the principle of article 8.1.e seems void.

	• Article 9.1: Each Core TSO may define a set of available RAs, which is located in its control area. For transparency reasons, all Core TSOs have to be informed about this set of RAs in advance. and article 9.2: Only the following RAs are considered: - opening or closing of one or more line(s), cable(s), transformer(s), bus bar coupler(s); - switching of one or more network element(s) from one bus bar to another; - transformer and PST tap adjustment. Article 9.1 leaves entire room to TSOs to define the set of available RAs in their control area, and article 9.2 openly excludes the consideration of costly remedial actions. We believe that costly remedial actions should be systematically considered in the capacity calculation, to the same extent that they are considered in the coordinated security assessment. Where economically efficient, costly remedial actions should be taken in order to allocate the maximum of cross-zonal capacity to the market. Congestion “rents” and redispatch “costs” are both financial redistributions elements that should be considered on an equal footing in order to optimise regional welfare. • Article 9.5: The initial step of the common procedure is a comparison of calculation results by each Core TSO based on its best practice and experience on the combination of the results and the contingencies. This step is followed by improvement of calculation results based on a common set of coordinated remedial actions, in case a Core TSO decides in the initial step that the result is not in line with its best practice and experience. The process as described in this version of the methodology does not give a role to the coordinated capacity calculator (CCC), contrary to the previous version of the methodology. We welcome clarification by the TSOs whether this step has now been abandoned, and why. If not, all the steps should be clearly detailed in the methodology. • Article 10.3: In case of a considerable change, compared to the IGM for the ENTSO-E year-ahead reference scenario, in the grid of a Core TSO, this Core TSO shall update its IGM by incorporating the latest available information as regard to the generation pattern and topology (due to grid element commissioning or decommissioning), while the net position of the bidding zone is maintained unchanged when changing the generation pattern/topology. This updating process with the latest available data is performed in the month-ahead capacity calculation timeframe by Core TSOs as there is no such a process at ENTSO-E level. We think the scenarios to be used in the common grid model for the monthly capacity calculation should always be updated – i.e. not only in case of “considerable change”, a concept that is not defined and would likely be applied differently by each TSO. This would allow reflecting the latest changes in market fundamentals and topology, and hence improve the efficiency of monthly capacity calculation. • Article 14.2: The Core TSOs shall commonly define the minimum RAM factor (Ramr), i.e. a specific percentage value for calculation of minimum RAM in accordance with paragraph 4. The minRAM factor is subject to a regular review by all Core TSOs. We welcome the adoption of a minRAM concept in the LTCCM. We nonetheless insist that the definition of the minRAM factor (and its reviews) is approved by the Core NRAs. • Article 17.1.b: In accordance with article 15 of the FCA Regulation, referring to article 26 of the CACM Regulation, the Core TSOs shall have the right to correct long-term capacity relevant to the Core TSO’s BZBs for reasons of operational security during the validation process. In exceptional situations long-term capacities can be reduced by all Core TSOs. These potential situations are at least: [...] b. when RAs, pursuant to TITLE 2:Article 9, that are needed to ensure the calculated capacity on all CNECs, are not sufficient; See our comments to article 9.1 and 9.2. Considering that the use of costly remedial actions is excluded from the methodology, it is likely that the validation process will quite often restrict the capacity initially calculated. The “exceptional situations” mentioned in article 15.1 are likely to occur very frequently.

	• Article 17.4: When the process of individual verification of the calculated capacities is completed, then the final capacity validation process takes place in a coordinated way, whereby Core TSOs may require a reduction in calculated capacities for reasons of operational security. When performing the steps of the validation, Core TSOs shall consider the operational security limits, but may also consider additional grid constraints, grid models, and other relevant information. Therefore, Core TSOs shall use the tools developed by the Core CCC for analysis but may also employ verification tools not available to the Core CCC. The possible application by individual TSOs of "additional grid constraints, grid models and other relevant information" – none of them defined in this methodology – as part of the validation process leaves far too much room to the TSOs for further restricting capacity. Elements that can restrict capacity should be included in the methodology, not left open for discretionary application at the end of the process by the TSOs. Coming back to our initial comment on Recital 9 and the application of a flow-based methodology: by the time we have reached article 17 of the methodology, we are particularly doubtful that a flow-based approach would be "by default" more efficient than a cNTC approach. Indeed, the theoretical model sees the imposition of the following elements that are likely to skew a calculation that may have "by default" led to mathematical ideal results: - Non-coordinated selection of CNE(C)s - sensitivity threshold for PTDFs set at 5% without justification - imposition of import and export limits - non-harmonised methodology for GSKs - exclusion of costly remedial actions - uncertain grid models that are not updated frequently enough - potential application of "additional grid constraints, grid models, and other relevant information" as part of the validation process • Article 20.5: The Core CCC shall issue a quarterly report on capacity validation to the Core NRAs after approval by the Core TSOs. In each quarterly report, the Core CCC shall provide all the information on the reductions of calculated capacity after coordinated validation of capacities according to Article 17(4). and article 20.6. We recommend making the report for all reductions made during the validation of cross-zonal capacity available to the public as well, for transparency reasons. (*) See the stakeholder responses to consultations on the SWE LTCCM proposal (dated 15 April 2019, available at: https://efet.org/Files/Documents/Downloads/EFET_ENTSO-E%20consult%20SWE%20LTCC_15042019.pdf), the Hansa LTCCM proposal (dated 15 May 2019, available at: https://efet.org/Files/Documents/Downloads/EFET_Hansa_CCM_15052019_final.pdf), the Core LTCCM proposal (dated 10 July 2019, available at: https://efet.org/Files/Documents/Downloads/EFET-MPP_TSOs%20consult%20CORE%20LTCC_10072019-2.pdf), the SEE LTCCM proposal (dated 2 September 2019, available at: https://efet.org/Files/Documents/Downloads/EFET_TSOs%20consult%20SEE%20LTCC_02092019.pdf), the Italy North LTCCM proposal (dated 13 March 2020, available at: https://efet.org/Files/Documents/Downloads/EFET%20response%20to%20Italy%20north%20TSO%20on%20a%20forward%20capacity%20calculation%20methodology.pd and the Baltic LTCCM proposal (dated 24 August 2020, available at: https://efet.org/Files/Documents/Electricity%20Market/Forward%20markets/EFET_response_ACER_consultation_Baltic_CCR_LT_CCM_24082020_final.pdf).
4.	In principle the CA CCM and the LT CCM should be as identical as possible. Long term markets try to predict the situation of the future fulfilment in DA/Spot market, therefore they need a stable, consistent and transparent framework. The LT CCM should be as realistic as possible and represent various situations that may occur in the DA/Spot market timeframe. This includes various weather scenarios, outages/revisions of power lines and plants and different development paths of renewable and thermal capacities.

	The calculation should be performed in different variations/scenarios and the resulting LT capacity should mirror the expectation value across all these scenarios (and not be biased). Article 4 (2.) should not only focus on higher uncertainties but also consider the possibility that the uncertainty may evolve to lower levels, hence we propose to change the sentence to "[...] and to ensure an adequate con-sideration of the uncertainties in the capacity calculation for the long-term timeframes." (delete: higher) Article 7 (3.) What is the argumentation behind the agreed CNEC threshold of significance of 5%? We would have welcomed more explanation and derivation of the threshold in the explanatory document. Is the methodology consistent to the DA CCM? For reasons of transparency and coherence between DA CCM and LT CCM, we think that the frame publication of data like in the DA CCM (e.g. DA CCM Art 22) should be followed in this methodology as well. The parameters and results of the LT CCM should be completely disclosed to public in a useful and transparent form. Regarding Art. 13 (3) of the LT CCM and 3.1.1. (Expl. Doc.) "the algorithm uses a concept of positive contributors that represents Core internal borders that are positively influenced (PTDF>0);". What is the reason for dropping negative contributors? Is the procedure coherent with DA CCM? Article 17 (1) and 17 (4) We oppose the possibility to add constraints and we oppose the possibility to correct results individually without proper, detailed justification and disclosure. The LT CCM has to be consistent and transparent. Article 22 (3) We oppose the establishment of a new TSO committee during the implementation phase as there already exists a proven allocation method which is also valid during the implementation phase, id est NTC allocation. Any modification of allocation (rules) - if any at all - has to be defined accurately and approved by Core regulators, notably as futures and forwards at least for the year 2023 are already traded and thus any modification constitutes a severe market intervention which distorts price formation.
5.	The stakeholder welcomes the opportunity to provide comments on the Core CCR TSOs' amendment proposal to the Core long-term capacity calculation methodology (CCM). Long-term transmission rights are indeed key when it comes to market integration, insofar as they allow market participants to hedge against price spreads, especially for the risks related to the bidding zones with lower liquidity. Overall and as detailed below, the stakeholder considers that the Core TSOs' proposal has merit since it brings new ideas that are in theory interesting in terms of increasing the social welfare but lacks clarity, for instance regarding the CNECs selection. It also lacks justification on the proposed choices, in particular regarding the justification of the choice to opt for a flow-based approach for both the calculation and the allocation of capacity. Finally, the stakeholder observes that no explanation is provided regarding the treatment of political agreements. 1/ Regarding the choice to opt for a flow-based approach for the calculation Recital 9 mentions that in a meshed network, flow-based approach leads by default to an increase in the economic efficiency. As experience in day-ahead capacity calculation conversely shows that the welfare benefits are lower in reality than expected, the stakeholder wonders about the rationale of such a statement and would therefore welcome more information on the elements underlying it. This especially in the light of the 70% rule: the room to find flow based solutions seems limited with that in mind. 2/ Regarding the choice to opt for a flow-based approach for the allocation of capacity The proposal for the allocation of capacity is not described in the proposed methodology, however we understand that the LT Capacity Calculation and the LT Capacity Allocation should be consid-ered as a whole. We also understand that there is no certainty yet on how to allocate cross-border rights (how to extract NTC from the previously calculated FB domain). In any case, stakeholder would like to share the following remark regarding this issue: • The flow-based allocation has merit on a theoretical perspective: having the market interests determining the most optimal NTC extraction is indeed an interesting idea. However, this process would require very important operational and structural changes with respect to the current situation. • Given the reserves we have on the capacity calculation, the stakeholder wonders whether this is not too early to envisage such a solution. This could however be a nice target solution, pro-vided that all the issues/unclarity of the capacity calculation process are solved. As next steps, stakeholder sees the following actions: a) The methodology for allocation therefore needs to be further developed/refined.

	b) The stakeholder would welcome a recurrent and constructive dialogue with the various stakeholders to refine/discuss the flow-based allocation. 3/ Regarding the application of external constraints (article 6.1) The stakeholder opposes the possibility to apply external constraints without proper justification. 4/ Regarding the CNECs selection (article 7.1) The methodology does not provide any condition/methodology for the CNEC selection. • Article 7.3 mentions that zone-to-zone PTDF should be higher than a threshold of 5% while it is 10% for the DA. Such a threshold has additionally never proven to be optimal. • Article 7.4 mentions that the list of CNE can be updated once a month: the MPP opposes this possibility and considers that the list should be validated by all Core NRAs and TSOs. 5/ Regarding the minRAM The methodology gives the possibility to have a minRAM imposed to CNECs but does not precise how it would be determined and what would be the governance. The stakeholder welcomes the idea to have an imposed minRAM but considers it should be further clarified and be binding, similarly to the day-ahead timeframe. 6/ Regarding the application of additional elements The methodology mentions the possibility for TSOs to apply "additional grid constraints, grid models and other relevant information" but those elements are not defined in the methodology. The stakeholder opposes such a vague possibility. 7/ Regarding the foreseen implementation timeline and the transitory measures The stakeholder observes that article 22.2 of the methodology foresees an implementation timeline spreading over a period of 3.5 to 5 years after approval and considers such a range to be too imprecise and too long. Moreover, given the uncertainty on the method for the allocation (included or not?), the period is even more vague. The stakeholder would also like to stress the need to establish clear transitory measures until the full implementation of the new long-term capacity calculation. To that extent, the stakeholder acknowledges that the Core TSOs will pursue the NTC allocation, which in the stakeholder's view questions the need for an ad hoc TSO committee dedicated to settle disputes among TSOs regarding the coordination of long-term capacities. Any modification of allocation rules should anyway be defined and approved by Core regulators, notably as futures and forwards – at least for the year 2023 – are already traded.
6.	The stakeholder would like to support the other stakeholder's position paper on the long-term capacity calculation methodology, which reflects our views on the matter an on specific Articles in detail (as there is limited space to express our views here). Forward capacity calculation and allocation is critical to allow market participants to hedge their long-term positions across borders and make sure that they are not exposed to short-term price volatility and imbalance costs. Hence, it is vital that the calculation methodology for the forward timeframe is robust. Methodology must be transparent, predictable, not discriminating smaller bidding zones and allocating at least the existing volumes of cross-border capacity for market participants. Any decrease in the volume would lead to detrimental effects on the market. As we see it for the moment, the draft proposal does not show a clear commitment to the first objective listed in article 3 of the Forward Capacity Allocation (FCA) Regulation, i.e. "promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants". In particular, the choice of a flow-based approach for the calculation (and possibly the allocation) of long-term capacity in the Core CCR – instead of the default coordinated net transfer capacity (cNTC) approach – is not justified in the methodology or the explanatory document, as required by article 10(5) FCA Regulation. Besides, the proposal lacks sufficient details in the description of the capacity calculation methodology itself, especially when it comes to the selection of CNE(C)s. The LTCCM proposal does not take account of the requirements laid down by ACER in its decision on the DA and ID CCMs for the Core region concerning the removal of internal CNE(C)s from the DA and ID capacity calculation within two years unless properly justified by the TSOs and approved by all CCR NRAs. For consistency reasons once again, we believe the same provision should apply to the LTCC.

	We would like to underline that political agreements on pre-determined levels of capacity at given borders, such as bilateral agreements, are detrimental to the efficiency of capacity calculation and the maximisation of welfare at regional level. The treatment of such agreements, as they exist today, is not ruled in the LTCCM proposal. The possible application by individual TSOs of "additional grid constraints, grid models and other relevant information" – none of them defined in this methodology – as part of the validation process leaves far too much room to the TSOs for further restricting capacity. Elements that can restrict capacity should be included in the methodology, not left open for discretionary application at the end of the process by the TSOs. In a nutshell, we are doubtful that a flow-based approach would be "by default" more efficient than a cNTC approach. Indeed, the theoretical model sees the imposition of the following elements that are likely to skew a calculation that may have "by default" led to mathematical ideal results: - Non-coordinated selection of CNE(C)s - sensitivity threshold for PTDFs set at 5% without justification - imposition of import and export limits - non-harmonised methodology for GSKs - exclusion of costly remedial actions - uncertain grid models that are not updated frequently enough - potential application of "additional grid constraints, grid models, and other relevant information" as part of the validation process
7.	1. The stakeholder thanks the CORE TSOs for being given the opportunity to respond to this proposal. The proposed methodology is extremely complex, and requires an in-depth knowledge and understanding of numerous parameters and procedures applied by the different concerned TSO's. The stakeholder does not have access to all this information and thus cannot provide an overall assessment of all the elements of the proposed methodology. We find it important that the TSOs provide a correct analysis of future transmission capacities and balance the sale of Long Term Transmission rights with the interests of the transmission customers. 2. The stakeholder, as underlined at numerous occasions in the past, re-iterates its view that interconnector capacity is paid for by grid users, who therefor are entitled to expect a maximum of cross-border capacity to be made available for the electricity market as soon as possible. We therefor strongly invite CORE TSOs make sure the methodology maximizes capacity made available for the market in every timeframe (in this proposal, annually and subsequently monthly). Capacity limitation/withholding for shorter term time frames will reduce the liquidity and the level of market integration in the CORE region and therefore go against the principles of European electricity market legislation. 3. The stakeholder particularly invites CORE TSOs to strive for maximum market integration by applying the 70%minRAM obligation (Regulation 2019/943, article 16) as early as possible, i.e. already in the framework of the long-term capacity calculation and allocation process. 4. On article 4 of the proposal, the stakeholder insists on the need to take also into account the thermal or nominal capacity of the different CNEs, not only historic FRMs, for calculating future reliability margins. 5. On article 6 and 7 of the proposal, the stakeholder strongly invites CORE TSOs to thoroughly justify all allocation constraints and qualifications as CNEs, and submit them to NRA approval. 6. On article 19 and 20 of the proposal, the stakeholder proposes that the TSO's annually should publish a report on the efficiency and economic results of the long term transmission auctions and its impact on the utilization and development of transmission capacity. This report should be publicly available 7. On article 22 of the proposal, the stakeholder is deeply disappointed by the implementation timeframe proposed by CORE TSOs (3,5 to 5 years). This is far longer than the "normal" implementation time of European legislation or network codes/guidelines. The stakeholder invites CORE TSOs to apply the methodology, once approved by NRS's, within 1 or 2 years.