

Market ESC
Brussels, 3/02/2016



European Federation of Energy Traders

Implementing the FCA GL
in the next EU HAR



Consensus building for the update of the EU HAR

- **We welcome the encouraging pledge of TSOs and NRAs at the last Market ESC to start developing updated HAR to align them as much as possible on the FCA Regulation by September 2016 for the 2017 allocations**
- We expect market participants involvement at an early stage in the implementation process and welcomed the organisation of the FCA SAG (on 21 January)
- We expect information from TSOs and NRAs on their expectations as to the potential pitfalls in this project by mid-February

Timeline for the EU HAR v.2 as a pre-implementation project



- Updated timeline for adoption of the FCA Regulation: **July** 2016
- Timeline for the adoption of updated HAR according to FCA GL:
max 6 months for TSO proposal + max 6 months for NRA approval => legal obligation for updated HAR complying with FCA Regulation: Q3 2017
- **A pre-implementation project is necessary to ensure that 2017 allocation rules are in line with the FCA GL. Target date for retro-planning: mid-September 2016.**
- With EU HAR v.2 sufficiently in line with the FCA GL put in place as a pre-implementation project, the rules can be quickly updated whenever they need to be formally in place with the entry into force of the FCA GL: fewer efforts for the TSOs/NRAs, and fewer disturbance for the market in case of mid-year implementation

Content of the EU HAR v.2

- Certain controversial elements can be left aside until the final HAR approval after entry into force of the FCA GL:
 - FTR obligations: following the SEM decision of 15/12/2015, detailed rules on **FTR obligations can be left aside for the pre-implementation project**
 - CCRs: as a result of a stand-off that is likely to be prolonged on CCRs, **product design can remain the same in EU HAR v.2 to avoid discussing regional product design or the pre-implementation project could use ad-hoc annexes for regional aspects** (like in EU HAR v.1)
- The firmness provisions of the EU HAR v.2 will need to be reviewed:
 - Long-term firmness deadline: all references in the HAR should be removed, especially in art. 58 and 59
 - Operation security: art. 56.1 HAR should be revised along the lines of art. 53.1 FCA and references to Emergency Situations and ensuring system security removed. Similar change should apply to art. 59.1 HAR.
 - Caps: art. 59.2 HAR should be amended along the lines of art. 54 FCA, setting the minimum limit of the cap to total congestion income (not just from yearly and monthly allocations) over the year (not just the month) in both directions at the relevant bidding zone border.
 - NRAs should **ensure that improved firmness does not lead to lower allocated volumes of forward rights by the TSOs**

Thanks for your attention



European Federation of Energy Traders

**Amstelveenseweg 998
1081 JS Amsterdam**

**Tel: +31 (0)20 5207970
Email: secretariat@efet.org
www.efet.org**