

CORE LT splitting rules



MARKET PARTIES PLATFORM

Linking Energy Markets

EFET

European Federation
of Energy Traders

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Market participants' concerns

- Despite inputs provided during informal consultation and constructive discussion at the CORE CG, proposal on the table does not meet MP views:
 - ✓ TSOs should not withhold cross-zonal capacity calculated as available for cross-border transactions one year ahead of real time for release at a later stage: TSOs should rather make the maximum possible capacity available to the market, as soon as their calculations allow.
 - ✓ Release of capacity at later time horizons (monthly, weekly) should come from recalculations and the gradual easing of constraints initially applied by the TSOs due to uncertainties.
- We do not see why offering the full capacity as soon as calculated is not respecting FCA guideline article 16

Market participants' proposal

- **TSOs to offer all available capacity as soon as possible (i.e. after the year-ahead capacity calculation), while relieving barriers where they still exist to secondary market)**
 - ✓ More capacity allocated + a functioning secondary market = lower risks of capacity hoarding
- The granularity of the products sold year-ahead could for instance be monthly, with the possibility to have “block bids” :
 - ✓ Both MP who only want to buy specific months and MP who want to buy a full year can do so (thanks to block bids in the second case)
 - ✓ Advantage: no arbitrary ex-ante split has to be made → the market determines the most efficient split
 - ✓ If the available capacity is not the same for all months, this can be taken into account
- Additional monthly capacity can be released closer to real time, at the monthly auctions, following capacity (re)calculation process and gradual easing of TSOs constraints as real time gets nearer

Should this approach be infeasible, at least we request the current proposed split (50/50) to be reviewed, in order to increase the percentage for the capacity that is sold during the auctions in Y-1 (in other words, to NOT withhold 50% of the capacity during several months!).

Backup

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.