

---

# ENTSO-E Harmonised Allocation Rules

Date: 14 January 2015

Time: 10h30 – 16h00

Place: ENTSO-E premises, Brussels

---

## Stakeholder Advisory Group meeting minutes

---

### Participants:

Chair	Kaja Hollstein	ENTSO-E
DT Moderator	David Myska	CAO
Member	Márk Csete	ENTSO-E
Member	Markela Stamati	ENTSO-E
Observer	Torsten Kowalski	ELCOM
Observer	Marie Montigny	CRE
Observer	Christophe Cesson	ACER
Member	Jérôme Le Page	EFET
Member	Michel Ceusters	IFIEC
Member	Inger Kristin Holm	IFIEC
Member	Benjamin Karsten	Statkraft Markets
Member	Javier Alonso Perez	EURELECTRIC
Member	Charlotte Renaud	EURELECTRIC
Member	Arben Kllokoqi	EFET
Member	Julian BOUCHARD	EURELECTRIC

## Welcome and Introduction

Kaja Hollstein gives a welcome speech and thanks the Stakeholder Advisory Group members for the participation and for the comments they submitted on the first draft HAR that ENTSO-E circulated on 3 December. She highlights that this is an important step towards the final version of the HAR. She briefly mentions the next steps and the probable public workshop to be held during the public consultation. She asked the participants if there are comments on the agenda but no issue raised thus the agenda is confirmed.

## Stakeholders general comments and outstanding issues

Kaja asks each association to present their main comments on the HAR so that other participants are also informed about the individual position. This is needed because members did not see each other's comments.

**ACER:** (see slides) presents their main concerns which are the missing elements in the main body of the HAR such as list of concerned borders, FTR options and principles for specific compensation rules. ENTSO-E explains that the list of borders and the specific compensations rules (if any) will be included into the HAR for the public consultation while the FTR option related provisions are also very likely but that still needs to be confirmed. ACER also highlights the need for border specific annexes, especially where the current firmness regime is more market friendly than the one described in the draft HAR. ENTSO-E explains that TSOs will definitely draft border specific annexes depending on the outcome of the ongoing discussion on regional/nation level on the content of these annexes. NRAs would also like to highlight that ENTSO-E should coordinate and monitor the TSOs' work at local and regional level on the short term auction rules and access rules where needed. In reply, ENTSO-E explains that the drafting and consultation of these rules are solely a local/regional TSO task and TSOs are well aware of the necessity to carry out this exercise. Nevertheless, ENTSO-E is doing its best in coordinating and monitoring TSOs to ensure the best possible outcome for the market. ACER also notes that the level of details of the HAR should be improved in the next version. In order to enable NRAs to approve the HAR for the next year, some provisions should be modified. First, the reference to the PTR remuneration, only transmission losses should be mentioned as an element to be considered for setting the price for the remuneration instead of the broad allocation constraints term. ENTSO-E confirms this is going to happen in the next version already. Second, no reference to emergency situation for the compensation scheme before day-ahead firmness deadline; only force majeure should allow for compensation of initial price paid. Third, there seems to be discrimination – in case the cap is reached – due to the priority for curtailing the non-nominated rights before the nominated ones. This should be avoided. Lastly, a clear process should be defined to ensure that border specific annexes will be periodically reviewed and reduced as much as possible. ENTSO-E explains that it is included in the NC FCA and due to the different market structures some border specific annexes could last forever (single interconnector, special product).

**EURELECTRIC:** (see slides) The association is pleased with early implementation work and the involvement of stakeholders in this project – it should take place also in other early implementation projects. As far as the main issues are concerned they are the following ones:

- no step back should be allowed – accompanying documents should be harmonised as much as possible and border specific annexes be temporary and harmonised as much as possible. Preference for a main body of HAR setting the highest standards with border specific annexes allowing locally for lower standards rather than the other way round ;
- Firmness: financial firmness up to a specific moment – as from this moment physical firmness is necessary – emergency situation should not influence firmness;
- Compensation for firmness: always market spread and for the entire congestion income – not only forward income –
- Products should progressively be made standard as standard products are easier to price, will foster liquidity in the secondary market and leave the TSO the freedom to optimise (reschedule) the maintenance. Reduction periods should thus be progressively removed. ENTSO-E explains that the decision on the products correspond to the NRA and will not be included in the HAR.
- Difficulty to trace back the rights to the “initially paid price” after some returns or secondary trading had taken place.
- Bank guarantees: existing banks used for credit cover should not be excluded

**EFET** also highly appreciates the early engagement of stakeholders. Main concerns of the associations are:

- transitional arrangements are necessary because no step back is accepted. Certain level of firmness should be kept and be included in the main doc and other deviations should be in the annexes. Big amount of annexes are jeopardizing the harmonisation. Aim should be that as many borders as possible to apply the main firmness regime
- Allocation constraints should be removed

- Force majeure to be distinguished from emergency situations
- Curtailment compensation should be market spread – cap should be not for the allocated period but for the whole year
- Collaterals: aggregated collaterals in one is supported, however, rating is too high in comparison to current one at least for CAO. In certain countries local players work with local banks with lower rating. In addition, bank guarantee validity seems to be long (60 days is too long period)

**IFIEC** looks at the final objective of the internal market. Accordingly, their remarks:

- Move as quickly as possible but some missing incentives in the HAR
- Credit cover: seems to limit the possibilities of participants because of the limited number / types of collateral. In addition the market participants should be able to choose at which bank the bank account is opened and should not be restricted by the allocation body.
- Transparency needed on volumes allocated to participants and how many rights are transferred between them – order between bidding zones and forward allocation – how should the forward market and the market coupling in bidding zones be aligned?
- Extremely worried about the Nordic markets. It is essential that liquidity of market is ensured through CfDs and is against long term capacity allocation.
- The importance of transparency objectives (publication of several items in order to allow to assess the functioning of the allocation: how many # participants, concentration of capacity allocation, etc...)
- The importance of easy access (f.e. via third party or for smaller players) to create a liquid environment.
- The question if these general rules could also include:
  - an alignment of different auction timings
  - minimum requirements on number of auctions per type/ Timing throughout the year / ...

**Statkraft Markets** happy about the cooperation with TSOs. Main issues are:

- Number of border specific annexes should be minimised
- SEE TSOs involvement – non ENTSO-E members participation in the SEE allocation office – these TSOs should be involved and apply the rules – idea of one EU allocation office is supported
- Transparency issue: offered capacities should be published for all MP at the same time, not only for the registered participants
- Albania (OST), Kosovo (KOSTT) and Turkey (TEIAS) should join ENTSO-E in order to involve them in discussions. They are stakeholders of SEE-CAO already and their involvement in the harmonization efforts of Longterm Capacities / Harmonized Auction Rules (at least) would be very beneficial.
- Bulgaria (ESO), Macedonia (MEPSO) and Serbia (EMS) as ENTSO-E members should not do their “own thing” in many respects, but join SEE-CAO as they are part of the region.
- Albania (OST), Greece (ADMIE), Kosovo (KOSTT) and Turkey (TEIAS): Start capacity allocation in SEE-CAO (VAT-issues and other issues).
- Bulgaria (ESO), Romania (TRANSELECTRICA), Serbia (EMS) are experts in chopping Long Term capacities into pieces. We had issues where monthly capacities were cut into more than 7 pieces with individual CAIs etc. Strive for Base Load and sell the remaining in Daily Auctions.
- Bulgaria (ESO) charges all power exported from BG with grid fees currently = 4.08 EUR/MWh (transmission fee = 2.83 EUR/MWh and grid access fee = 1.25 EUR/MWh). Such fee leads to pancaking effect, charging customers twice with grid fees.
- Hungarian and Romanian Auctions: Avoid 30 MW per bid limitations and 50% of ATC acquisition per Trader.
- Greece-Turkey: Avoid split of 50:50 capacity allocation – work together in SEE-CAO. Allocate daily capacities here as well to be able to apply UIOSI principle (not possible for Turkish share of Long Term capacity at the moment as no daily auctions here).
- Greece-Macedonia: Firmness issues.
- Bulgaria-Romania: Give more capacity to the market (Bulgaria blocking transit from Romania to Greece) – ESO very restrictive.
- Netherlands-GB: Avoid maximum cap on reimbursements.
- Austria-Italy: Very small interconnection, firmness issues should be avoidable/solvable by APG with other measures in a market with many flexibilities.
- CASC and CAO borders: Harmonize Nomination rules and deadlines for Long Term capacities
- Flow based capacity calculation and introduction in some countries only is reducing transparency
- Switzerland should join ATC based market coupling

---

## ENTSO-E feedback on the HAR SAG members' comments

Mark Csete presents the project plan and answers on some major issues raised before. Question arises for the border specific annexes: consultation should start on time. Stakeholders say if not all annexes are ready, ENTSO-E should flag them before consultation. List of borders where HAR apply should be published. ACER notes that all NRAs are urged to discuss annexes and other rules which need to accompany the HAR. ENTSO-E informs the HAR SAG members that FTRs options is likely to be included in the next version of the HAR, however, an internal approval is still necessary. It is also announced that a list of borders will be attached to the HAR. ACER questions whether some borders will be out of the list to which ENTSO-E replies that we do not know yet but it depends on current discussions between NRAs and TSOs. In addition, the border specific annexes will show the deviations from the main body of the HAR. Stakeholders would prefer different approach / high level of harmonisation in main body and deviations where less harmonisation is foreseen (especially in firmness). ENTSO-E also notes that indeed other rules (short term, nomination etc.) have to be drafted and TSOs have started the work already. ENTSO-E is following up on the topic. EFET has concerns on the consultation of the local rules as they might be consulted upon only on national level and not in English.

## Discussion on individual HAR Articles considering written comments of stakeholders - Q&A - Open discussion and conclusions

ENTSO-E collected all the comments/proposals that were delivered by stakeholders in one table (see excel file) and HAR SAG members discussed one by one in the article order of the HAR. A clean version of the draft HAR is projected on the screen so members can follow the provisions in question. ENTSO-E provides an overview which comments were accepted and which ones were not and why. Main discussions are on:

- Buy-back of rights: EFET asks to discuss this further – ACER explains that it is not mature enough to include such a mechanism yet but further discussion is possible
- Periodical review of border specific annexes to be considered for inclusion into the HAR
- Required rating for bank guarantee
- Transfer and Return flexibility (constant band)
- Where there is a step back, no application of the rules to these previously acquired rules can be accepted;

## Next steps and Any Other Business

ENTSO-E thanks for the very valuable inputs once more and also for the discussion today. The early stakeholder engagement is very important for the project thus the feedback received will play a key role in the next version of the HAR. The public consultation is planned to be launched for the second half /late February lasting for 4 weeks. In the middle of the public consultation, ENTSO-E plans to organise a public workshop where overview of the content will be given to the interested people. Afterwards, the HAR will be updated based on the input from the public consultation which will be discussed again within the HAR SAG. For this purpose, the next HAR SAG meeting is preliminary scheduled somewhere in late April-early May.