

**DECISION No 05/2023
OF THE EUROPEAN UNION AGENCY
FOR THE COOPERATION OF ENERGY REGULATORS**

of 22 March 2023

**on the TSOs' proposal for amendments to the requirements for the Single
Allocation Platform (SAP) and the SAP cost sharing methodology**

THE EUROPEAN UNION AGENCY FOR THE COOPERATION OF ENERGY
REGULATORS,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2019/942 of the European Parliament and of the Council of
5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators¹,
and, in particular, Article 5(2)(b) thereof,

Having regard to Commission Regulation (EU) 2015/1222 of 26 September 2016 establishing
a guideline on forward capacity allocation², and, in particular, Articles 4(5), 4(6)(c), 4(6)(f),
4(12), 49 and 59 thereof,

Having regard to the outcome of the consultation with the concerned regulatory authorities and
transmission system operators,

Having regard to the outcome of the consultation with ACER's Electricity Working Group,

Having regard to the favourable opinion of the Board of Regulators of 17 March 2023,
delivered pursuant to Article 22(5)(a) of Regulation (EU) 2019/942,

Whereas:

¹ [OJ L 158, 14.6.2019, p. 22.](#)

² [OJ L 259, 27.9.2016, p. 42.](#)

1. INTRODUCTION

- (1) Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (the ‘FCA Regulation’) lays down rules on cross-zonal capacity allocation in the forward markets. These rules include requirements for the Single Allocation Platform (‘SAP’) and the SAP cost sharing methodology, hereafter collectively referred to as the ‘SAP methodology’.
- (2) Based on a proposal of all transmission system operators (‘TSOs’) for a set of requirements and for the establishment of the SAP in accordance with Article 49 of FCA Regulation and for the SAP Cost Sharing Methodology in accordance with Article 59 of FCA Regulation, the initial SAP methodology was approved for the TSOs issuing long-term transmission rights by the relevant regulatory authorities on 18 September 2017.
- (3) By Decision No 09/2022 of 18 July 2022, ACER approved an all TSOs’ amendment proposal to the SAP methodology of 18 September 2017. The amendment intended to make the SAP methodology applicable also to the Finish TSO (‘Fingrid’) and to enable the allocation of long-term transmission rights on the Finish-Estonian bidding zone border. The amendment was therefore limited to the scope of application of the SAP methodology, while otherwise not modifying its content. Accordingly, ACER assessed only the extension of the application of the SAP methodology to Fingrid but not the SAP methodology in itself.
- (4) Upon ACER’s request, on 28 September 2022, all TSOs submitted to ACER a proposal for amendment of the SAP methodology, as approved by the regulatory authorities and as amended by ACER Decision No 09/2022.
- (5) The present Decision concerns the TSOs’ amendment proposal of 28 September 2022. Annex I to this Decision sets out the SAP methodology, pursuant to Articles 49 and 59 of the FCA Regulation, as amended and approved by ACER.

2. PROCEDURE

- (6) In a letter dated 12 July 2021, ACER requested all TSOs under Article 4(12) of the FCA Regulation, to submit, as soon as possible, and no later than 1 June 2022, their proposals for amendments of the four methodologies listed in points (c), (d), (e) and (g) of Article 4(6) of the FCA Regulation for ACER’s approval. Amending the above methodologies, including the SAP methodology, was necessary to allow for a timely implementation of the long-term flow-based auctions in the Core and Nordic capacity calculation regions. The European Network of Transmission System Operators for Electricity (‘ENTSO-E’) asked ACER, on behalf of all TSOs, to postpone the submission date for the relevant proposals, to which ACER agreed in a letter dated 26 January 2022. The new submission date for the proposed amendments to the SAP methodology was 1 October 2022.
- (7) On 28 September 2022, ENTSO-E submitted, on behalf of all TSOs, an ‘All TSOs’ proposal for amendment of the establishment of a Single Allocation Platform (SAP) in accordance with Article 49 and for the cost sharing methodology in accordance with

Article 59 of Commission Regulation (EU) 2016/1719 establishing a Guideline on Forward Capacity Allocation' ('Proposal').

- (8) On 26 October 2022, ACER launched a public consultation on the Proposal, inviting all stakeholders to submit their comments by 28 November 2022. Annex II to this Decision provides a summary and evaluation of stakeholders' responses.
- (9) Between 28 September 2022 and 6 February 2023, ACER held regular discussions with the TSOs and the regulatory authorities. In particular, the following procedural steps were taken:
- 30 September 2022: discussion with the TSOs and regulatory authorities at the FCA coordination group meeting³;
 - 8 November 2022: discussion with the TSOs and regulatory authorities;
 - 9 November 2022: discussion with the regulatory authorities at the FCA task force ('TF') meeting⁴;
 - 17 November 2022: public workshop on the Proposal;
 - 22 November 2022: discussion with the regulatory authorities at ACER's Electricity Working Group ('AEWG') meeting;
 - 30 November 2022: discussion with the TSOs and regulatory authorities;
 - 2 December 2022: discussion with the TSOs and regulatory authorities;
 - 13 December 2022: discussion with the TSOs and regulatory authorities;
 - 14 December 2022: discussion with the regulatory authorities at the FCA TF meeting;
 - 11 January 2023: discussion with the regulatory authorities at the AEWG meeting;
 - 19 January 2023: discussion with the regulatory authorities at the FCA TF meeting;
 - 6 February 2023: discussion with the regulatory authorities at AEWG meeting;
- (10) On 23 December 2022, ACER shared its preliminary position on the Proposal with TSOs and regulatory authorities, inviting them to submit their written inputs by 13 January 2023, and offering a possibility to request an oral hearing.
- (11) By 13 January 2023, ACER received written observations from the concerned TSOs and regulatory authorities. ACER received no requests for an oral hearing.

³ Joint platform between ACER, TSOs, the European Commission and regulatory authorities for discussing issues connected to the FCA Regulation.

⁴ ACER's platform to discuss FCA issues with regulatory authorities.

- (12) The AEWG was consulted between 1 February and 8 February 2023 and provided its advice on 10 February 2023 (see Section 5.3).
- (13) On 17 March 2023, ACER's Board of Regulators issued a favourable opinion.

3. ACER'S COMPETENCE TO DECIDE ON THE PROPOSAL

- (14) According to Article 5(2)(b) of Regulation (EU) 2019/942, proposals for common terms and conditions or methodologies developed pursuant to network codes and guidelines adopted before 4 July 2019 which require the approval of all regulatory authorities, shall be submitted to ACER for revision and approval.
- (15) According to Articles 4(5), 4(6)(c) and 4(6)(f) of the FCA Regulation, as initially adopted, namely as a guideline before 4 July 2019, the proposal for the SAP methodology pursuant to Articles 49 and 59 of the same Regulation was subject to approval by all regulatory authorities. Following the amendment of these provisions by Commission Implementing Regulation (EU) 2021/2808, the proposal for the SAP methodology and any amendments thereof have been explicitly subjected to approval by ACER.
- (16) According to Article 4(12) of the FCA Regulation, ACER may request proposals for amendments of those terms and conditions or methodologies, where ACER is responsible for their approval, and, in addition, the TSOs responsible for developing a proposal for the SAP methodology may propose amendments thereto to ACER. Those proposals for amendments are to be approved in accordance with the procedure set out in Article 4 of the FCA Regulation.
- (17) According to Article 5(6) of Regulation (EU) 2019/942 and Article 4(5) of the FCA Regulation, ACER, before approving terms and conditions or methodologies, shall revise the proposals where necessary, after consulting the respective TSOs, in order to ensure that they are in line with the purpose of the FCA Regulation and contribute to market integration, non-discrimination, effective competition and the proper functioning of the market.
- (18) On 28 September 2022, in response to ACER's request for amendments of 12 July 2021, ENTSO-E, on behalf of all TSOs, submitted the Proposal to ACER for approval.
- (19) Therefore, based on Article 5(2)(b) of Regulation (EU) 2019/942 as well as Articles 4(5), 4(6)(c), 4(6)(f) and 4(12) of the FCA Regulation, ACER is competent to decide on the Proposal.

4. SUMMARY OF THE PROPOSAL

- (20) The Proposal includes the following elements:
 - a) 'Whereas' section;
 - b) general provisions, including subject matter and scope of application, definitions, and implementation in Part 1;
 - c) Part 2 with governance rules and functional requirements;
 - i. general requirements on the scope and SAP council;
 - ii. provisions on SAP cooperation agreement ('SAP CA');

- iii. harmonised contractual framework with market participants;
 - iv. principles of financial settlement and risk management;
 - v. products, allocation methods and algorithms;
 - vi. operational processes;
 - vii. data interfaces; and
 - viii. technical availability and reliability of provided tasks;
- d) Part 3 with SAP cost sharing;
- e) Annex, with requirements for the long-term flow-based allocation ('LTFBA') algorithm.
- (21) The Proposal therefore consists of a complete SAP methodology, including the following amendments to the SAP methodology as approved by the regulatory authorities and amended by ACER Decision No 09/2022:⁵
- a) In the 'Whereas' section:
 - i. addition of previous process steps in issuing the Proposal by all TSOs;
 - ii. clarification explaining that the Proposal includes the algorithmic principles for both long-term coordinated NTC ('cNTC') and flow-based allocation;
 - iii. addition of the list of TSOs responsible for the development of the Proposal;
 - b) Article 1 ('Subject matter and scope'): the exceptions of the implementation, by not considering the TSOs not generating income from capacity allocation, and bidding zone borders where regulatory authorities decided that either long-term transmission rights are not issued or other long-term cross-zonal hedging products are available by the concerned TSOs;
 - c) Article 2 ('Definitions and interpretation'): adding definitions for 'allocation constraint' and 'external constraint';
 - d) Article 13 ('Cooperation of SAP CA Parties): defining different user groups and topic-specific workshops;
 - e) Article 39 ('Allocation algorithm formulas'): a new article providing mathematical formulation of allocation algorithms for both cNTC and flow-based allocation approach;
 - f) Article 51 ('Auction cancellation'): adding incorrect offered capacity values as a potential reason for auction cancellation;

⁵ Amendments of editorial nature, i.e. not affecting the content of the methodology, are not listed here.

- g) Annex ('Common set of requirements for the long-term flow-based allocation (LTFBA) algorithm'): a new part of the document, providing the following provisions of the LTFBA algorithm:
 - i. requirements on functionalities and performance;
 - ii. requirements on algorithm output and deadlines for the delivery of results;
 - iii. requirements related to allocation constraints.

5. OBSERVATIONS RECEIVED BY ACER

5.1. Public consultation on the Proposal

(22) Responses to ACER's public consultation are summarised in Annex II to this Decision.

5.2. Consultation on ACER's preliminary position

(23) ACER's preliminary position envisaged the following main changes by ACER to the Proposal, as set out in the following parts of Annex I to this Decision:

- a) Whereas:
 - i. introducing a new recital 5 to explain the exceptions regarding the application of the methodology for certain TSOs;
 - ii. improving the description of the impact of the SAP methodology towards the objectives of the FCA Regulation;
- b) Article 1 ('Subject matter and scope'): specifying the scope of application with regard to the TSOs to which the SAP methodology is applicable, thereby referring to a new Annex 1 of the SAP methodology.
- c) Article 2 ('Definitions and interpretation'):
 - i. updating the list of definitions and acronyms;
 - ii. removing the definition of 'allocation constraint';
 - iii. adding definitions of 'evolved flow-based' ('EFB'), 'external constraint' ('EC') and 'shadow price';
- d) Article 3 ('Implementation'): defining the timeline of application of long-term flow based allocation with different levels of application of evolved flow-based principles;
- e) Article 5 ('Designation of entity'):
 - i. clearly designating Joint Allocation Office ('JAO') as the SAP operator;
 - ii. replacing and further clarifying provisions regarding accountability of TSOs;
- f) Article 6 ('SAP council'): clarifying decision-making process in the SAP council;
- g) Article 7 ('Transparency, publication, monitoring and reporting'):
 - i. introducing a general requirement of transparency;

- ii. clarifying in a new paragraph 5 the possibility that ACER requests additional data and information from the SAP operator;
 - h) Article 28 ('Termination and suspension'): defining the relevant process for a decision on termination and suspension;
 - i) Article 39 ('General requirements for long-term allocation algorithms'):
 - i. amending this article by generalising it for both cNTC and FB approaches;
 - ii. clarifying the consideration of reduction periods;
 - j) Article 40 ('Long-term flow-based allocation algorithm'):
 - i. adding a particular provision on the LTFBA algorithm, including evolved flow-based approach;
 - ii. defining detailed publication requirements with regard to flow-based allocation;
 - k) Article 41 ('Mathematical formulation of the long-term allocation algorithms'): introducing cNTC and flow-based mathematical formulations.
 - l) For both Article 40 and Article 41, including the application of:
 - i. external constraints (EC) for composite borders, for both cNTC and FB approaches;
 - ii. combined CNEC constraints;
 - iii. clearing price calculation per bidding zone oriented border;
 - m) Article 59 ('Management of participants' claims'): proposing a clear sequence for the treatment of participant's claims towards the SAP operator;
 - n) Article 63 ('Cost sharing arrangements'): introducing a provision to treat multiple TSOs from one side of a bidding zone border in line with their sharing key to their long-term congestion income on the specific border;
 - o) removing the previous Annex related to long-term flow-based allocation amendments and including its relevant provisions in other existing or new articles of the Proposal;
 - p) introducing a new Annex 1, which provides a list of the TSOs which are subject to the approved SAP methodology.
- (24) The following paragraphs provide a summary of views on ACER's preliminary position received during the hearing phase between 23 December 2022 and 16 January 2023. ACER did not receive any requests for oral hearings. ACER received written comments from:
- a) Austrian regulatory authority ('E-Control');
 - b) Danish regulatory authority ('DUR');
 - c) Luxembourgish regulatory authority ('ILR');
 - d) all TSOs.
- (25) E-Control proposed to remove the TSO Vorarlberger Übertragungsnetz GmbH ('VUEN') from the list of TSOs in Annex 1, as the competent Austrian ministry has

formally designated responsibilities under Article 1(3) of the FCA-Regulation to the TSO Austrian Power Grid AG.

- (26) DUR proposed to include in recital (5)(a) criteria for exempting TSOs from the scope of application of the SAP methodology, by referring to those TSOs which do not provide long-term transmission rights at any of their bidding zone borders.
- (27) ILR proposed to replace the word “which” in recital (5)(b) by “as long as it”, in order to provide flexibility for a potential change of the application of SAP methodology to the Luxembourgish TSO (‘Creos’).
- (28) All TSOs provided the following comments and proposals to ACER’s preliminary position:
- a) General:
 - i. all TSOs highlighted that ACER requested to amend the SAP methodology to allow for a timely implementation of the long-term flow-based allocation, and not to update the full SAP methodology;
 - ii. all TSOs note that the current wording of the SAP methodology seems not including consistently the possibility of implementation of financial transmission rights (FTR) obligations.
 - b) Whereas:
 - i. all TSOs welcomed the exemption for Creos;
 - ii. all TSOs regretted that the Baltic Cable AB (‘BCAB’) has not been exempted, considering that regulatory authorities are considering to exempt BCAB;
 - iii. all TSOs also considered that the paragraphs on the exemption conditions would be better placed under Article 1 (‘Subject, matter and scope’), and not in the Whereas section.
 - c) Article 1 (‘Subject matter and scope’):
 - i. all TSOs proposed to replace the word ‘requirements’ with ‘tasks’ for alignment with Article 50 of the FCA Regulation, since the requirements are covered by Article 49 of the FCA Regulation;
 - ii. all TSOs highlighted that the approach to list in Annex 1 the TSOs subject to the methodology deviates from the recommendations from ACER Informal Guidance to ENTSO-E and TSOs on how to draft proposals for terms and conditions or methodologies. Instead, the TSOs would rather include a similar wording as in recital (5).
 - d) Article 2 (‘Definitions and interpretation’): TSOs proposed to amend the definition of EFB in its part related to alternative current (‘AC’) borders;
 - e) Article 3 (‘Implementation’):
 - i. all TSOs welcomed the stepwise approach for the implementation of flow-based allocation;

- ii. regarding the first implementation of flow-based allocation and EFB in particular, all TSOs proposed to focus in the first phase (expected by the end of 2024) on the bidding zone borders internal to a flow-based CCR (and not external);
 - iii. all TSOs provided a number of reasons to reconsider the timeline for the full implementation of integrated flow-based allocation for two flow-based CCRs and EFB between them, from 12 months after the first phase to 24 months; these include uncertainties regarding a vendor, time assessment, certain methodological aspect, correlation with other tools (JAO auction tool, congestion rent, publication), adjustments of the tools and time needed for external parallel run, testing with IT vendors, TSOs and market participants and updates of procedures and contracts.
- f) Article 7 ('Transparency, publication, monitoring and reporting'):
- i. All TSOs proposed to omit the submission of a report to regulatory authorities as it should be published;
 - ii. all TSOs proposed to include a possibility to mask possible sensitive and/or confidential information concerning the SAP cooperation agreement;
 - iii. all TSOs opposed ACER's proposal of having a possibility of an open-ended information request as provided in paragraph 5;
- g) Article 32 ('Collaterals') and 33 ('Credit limit'): all TSOs proposed a more flexible wording of the provisions related to collaterals and credit limit in the SAP methodology, assuming that collaterals and credit limit would be specified in the harmonised allocation rules ('HAR') methodology;
- h) Article 38 ('Form of products and covered bidding zone borders'): all TSOs proposed to relate the allocated products to the HAR methodology;
- i) Article 40(6) ('Long-term flow-based allocation algorithm'): all TSOs proposed to redefine flow-based allocation outputs per CNECs and bidding zone borders and asked for clarifications regarding the resulting flows and exchanges;
- j) Article 41 ('Mathematical formulation of the long-term allocation algorithms'): all TSOs proposed to reconsider the 'combined CNEC' ('CCNEC') definition by either renaming it to 'grouped network elements' ('GNEC'), or by generalising the CNEC definition to include combined CNECs;
- k) Annex 1 (the new annex added by ACER): all TSOs suggested to remove VUEN and BCAB from the list of TSOs to which the SAP methodology applies, and to rename HOPS d.d. - Croatian Transmission System Operator Plc according to their new status (joint stock company);

5.3. Consultation of the AEWG

- (29) The AEWG provided its advice on 10 February 2023 and endorsed the draft Decision.
- (30) During the AEWG's consultation period, ILR suggested minor linguistic changes to the draft Decision and provided the following comments. Firstly, ILR suggested to remove "such as currently Creos Luxembourg S.A." from Recital (5)(b) of Annex I to the draft

Decision. In ILR's view, it was not necessary to explicitly name Creos in point (b), noting that point (a) of the same Recital also doesn't name the relevant TSOs.

- (31) Secondly, ILR suggested to specify in Article 1(6) of Annex I to the draft Decision that any amendment to the SAP methodology should be submitted by all TSOs, since it is all TSOs' methodology.

6. ASSESSMENT OF THE PROPOSAL

6.1. Legal framework

- (32) Articles 4(5), 4(6)(c) and 4(6)(f) in conjunction with Article 4(12) of the FCA Regulation provide that amendments to the approved requirements of the SAP and the cost sharing methodology for sharing costs of establishing, developing and operating the SAP, in accordance with Articles 49 and 59 of the same Regulation, are subject to approval by ACER.
- (33) Article 4(8) of the FCA Regulation requires the Proposal to include a proposed timescale for its implementation and a description of their expected impact on the objectives of the FCA Regulation.
- (34) Article 49 of the FCA Regulation sets out specific requirements for the SAP and refers to Article 50 for the general tasks that have to be covered by the SAP, as well as to Article 59 for sharing costs of establishing, developing and operating the SAP. These articles do not require a consultation of stakeholders on the draft proposals concerning those terms, conditions and methodology.
- (35) Article 30(7) of the FCA Regulation provides that Articles 49 and 59 of the same Regulation shall not apply to the TSOs of the bidding zone borders in the event that regulatory authorities decide that long-term transmission rights shall not be issued by the respective TSOs or that other long-term cross-zonal hedging products shall be made available by the respective TSOs.

6.2. Assessment of the legal requirements

- (36) The Proposal submitted by the TSOs includes updates of the existing SAP methodology, but consists of a complete SAP methodology. To ensure that its approval of the Proposal is in line with the legal requirements, ACER, when assessing the Proposal, considered the Proposal in its entirety.

6.2.1. Assessment of the requirements in Article 4(8) of the FCA Regulation (timeline and impact)

- (37) Article 4(8) of the FCA Regulation requires the Proposal to include a proposed timescale for its implementation. TSOs included these provisions in Article 4 of the Proposal (it has become Article 3 after ACER's amendments).
- a) In their Proposal, the TSOs did not change the timeline for SAP implementation; it was set to 12 (twelve) months after the approval of the SAP methodology, except for DC interconnectors for which it was set to 24 (twenty-four) months after the approval of the SAP methodology.

- b) ACER considered the requirements of the capacity calculation methodologies of the Core and Nordic CCRs and the timeline for application of the long-term flow-based capacity allocation defined in those decisions. ACER also analysed the specific requirements of the application of the evolved flow-based (EFB) approach on the bidding zone borders internal and external to the flow-based CCRs, and discussed it with TSOs and regulatory authorities. On this basis, ACER provided the following application timeline in Article 3 of its preliminary position:
- i. the first deadline is set to enable the flow-based allocation ready for the yearly auction for 2025; this included the application of the EFB approach at both internal and external bidding zone borders of flow-based CCRs;
 - ii. the second deadline is set to enable the flow-based allocation ready for the yearly auction for 2026, with included integrated application of flow-based allocation for Core and Nordic CCRs with EFB approach between them;
 - iii. ACER also added a paragraph clarifying that any other requirements (such as the allocation of long-term transmission rights using the cNTC approach) should be applicable by the time of approval of the SAP methodology, since these should either be implemented already or can be directly applied.
 - iv. In its written hearing input, all TSOs accepted the first deadline for the flow-based allocation including the internal EFB application, but also proposed the relaxation of deadlines for other phases of the EFB application, as given in recital (28)e).
 - v. ACER considered the TSOs' reasoning as justified and accordingly proposed the following deadlines:
 1. the first phase should be completed by the time of the yearly auction for 2025; it should enable the flow-based allocation and include the application of the EFB approach at HVDC interconnectors internal to a flow-based CCR;
 2. the second phase should be completed by the time of the yearly auction for 2026; it should enable the application of the EFB approach at HVDC interconnectors external to a flow-based CCR. This involves the application of EFB at bidding zone borders between the CCRs applying flow-based allocation and the CCRs applying cNTC allocation (for HVDC interconnectors, and special cases of radial and non-meshed AC borders, as further explained in recital (55));
 3. the third phase should be completed by the time of the yearly auction for 2027; it should enable the application of single integrated flow-based allocation for the Core and Nordic CCRs, with the EFB approach between these CCRs.
- (38) Article 4(8) of the FCA Regulation also requires the Proposal to include a description of its impact on the objectives of the FCA Regulation. ACER considered that the 'Whereas'-section of the Proposal did not clearly enough assess the impact on the objectives of the FCA Regulation. ACER therefore included recitals (15) to (23) in the 'Whereas'-section

of Annex I of this Decision to ensure a consistent assessment of the SAP methodology against the objectives of the FCA Regulation.

6.2.2. Assessment of the requirements in Articles 49 and 50 of the FCA Regulation (functional requirements and general tasks)

- (39) Article 49(2) of the FCA Regulation lists the minimal set of functional requirements of the SAP platform. In the following recitals, ACER checked the Proposal against these requirements, taking into account the hearing and consultation inputs, and explained potential necessary changes made by ACER⁶.
- (40) Article 49(2)(a) of the FCA Regulation requires the inclusion of the expected bidding zone borders to be covered.
- a) The ‘Whereas’-section of the Proposal included the list of TSOs responsible for the development of the proposal, and Article 1 generally described the applicability of the SAP methodology, however without listing TSOs or bidding zone borders;
 - b) ACER considered that the list of TSOs responsible for the development of the Proposal is not relevant for the approved SAP methodology, especially in view of the necessary specification of the TSOs under the new paragraph (2) of Article 1 and the new Annex 1, and therefore deleted it;
 - c) In order to fulfil the requirements of Article 49(2)(a), ACER considered the inclusion of an explicit list of TSOs to which the SAP methodology is applicable as necessary, provided this list as a new Annex 1, and amended the ‘Whereas’-section (recital (5)) and Article 1 accordingly, as further explained in section 6.2.4. In paragraph 2 of Article 1, ACER clarified that the expected bidding zone borders to be covered by the SAP are specified through the HAR.
- (41) Article 49(2)(b) of the FCA Regulation requires the inclusion of the technical availability and reliability of provided services.
- a) TSOs provided these provisions in Articles 56 to 59 of the Proposal (title 9).
 - b) Article 59 (‘Management of participants’ claims’) did not provide full clarity of the treatment of participants’ claims. Therefore ACER included a clear sequence for the required steps to be taken by the SAP operator.
- (42) Article 49(2)(c) of the FCA Regulation requires the inclusion of the operational processes.
- a) TSOs provided these provisions in Articles 42 to 53 of the Proposal (title 7).

⁶ Unless otherwise specified, the numbering of titles and articles is in accordance with the Proposal as amended by ACER.

- b) Apart from small wording changes, ACER did not make substantial changes to these articles.
- (43) Article 49(2)(d) of the FCA Regulation requires the inclusion of offered products.
- a) TSOs provided these provisions in Article 38(2) of the Proposal.
 - b) In their written hearing input, TSOs proposed a rewording of paragraph 2 of this article, in order to establish a relation to the HAR methodology.
 - c) ACER accepted this proposal and included the proposed wording accordingly.
- (44) Article 49(2)(e) of the FCA Regulation requires the inclusion of forward capacity allocation time frames.
- a) TSOs provided these provisions in Article 38(1) of the Proposal, specifying at least yearly and monthly timeframes, unless otherwise specified by the HAR methodology.
 - b) ACER did not change this provision.
- (45) Article 49(2)(g) of the FCA Regulation requires the inclusion of principles of financial settlement and risk management of allocated products.
- a) TSOs provided these provisions in Article 32 to 36 of the Proposal (title 5).
 - b) In their written hearing input, and knowing that in parallel to the process of amending the SAP methodology the amendments of the HAR methodology are initiated, TSOs proposed to ACER to give more flexible consideration to the provisions related to collaterals and credit limit in the SAP methodology (Articles 32 and 33), assuming that they would be specified in the HAR methodology. To consider such proposed amendment, the TSOs suggested specific changes to the text of Article 33 of the Proposal.
 - c) ACER agrees with the TSOs' proposal to establish sufficient flexibility in the SAP methodology and allow the HAR methodology to further specify appropriate collateral requirements. Therefore, to offer such flexibility, ACER amended Article 32(2) and Article 33(1) of the Proposal by deleting the restriction to specifying forms of allowed collaterals. However, ACER did not adopt the specific changes to these provisions as proposed by TSOs in their hearing input, because in ACER's view these provisions leave sufficient flexibility for the HAR methodology, while ensuring that the SAP operator is in a position to fulfil these requirements regarding the processes related to collaterals if needed.
- (46) Article 49(2)(h) of the FCA Regulation requires the inclusion of a harmonised contractual framework with market participants.
- a) TSOs provided these provisions in Article 31 of the Proposal (title 4).
 - b) Apart from small wording changes, ACER did not make substantial changes to these articles.
- (47) Article 49(2)(i) of the FCA Regulation requires the inclusion of the data interfaces.
- a) TSOs provided these provisions in Articles 54 to 55 of the Proposal (title 8).

b) Apart from small wording changes, ACER did not make substantial changes to these articles.

(48) Article 49(1) of the FCA Regulation requires that the proposal for the set of requirements and for the establishment of the SAP identifies different options for the establishment and governance of the SAP. As the SAP has already been established, the following legal assessment focuses only on the governance provisions.

a) TSOs provided these provisions in Articles 5 to 6 of the Proposal (title 2), as well as Articles 8 to 30 (title 3 on SAP cooperation agreement).

b) TSO included the designation of entity operating the SAP, namely the Joint Allocation Office (JAO), as well as the reasons for this designation in the ‘Whereas_’-section. For ensuring sufficient clarity, ACER specified, in agreement with all TSOs, this designation of JAO in Article 5 of the Proposal.

c) ACER also included in Article 5(2) of the Proposal provisions which ensure the TSOs’ accountability and the possibility of regulatory oversight also in a case of delegation of tasks by the SAP operator to third parties.

d) Article 6 of the Proposal includes provisions related to the SAP council. In paragraph 6 of this article, ACER added the SAP task of deciding on the reporting and publication of information, as provided in Article 7.

e) ACER added Article 7 to the Proposal (‘Transparency, publication, monitoring and reporting’) to summarise all monitoring, publication and reporting requirements under one article and ensure sufficient transparency. In their written hearing input, TSOs provided a number of comments to this article:

i. TSOs proposed to omit the submission of a report to regulatory authorities as it shall be published. ACER accepted this proposal.

ii. TSOs proposed to include a possibility not to publish possibly sensitive and/or confidential information concerning the SAP cooperation agreement. ACER accepted this proposal and adjusted the wording of Article 7 of the Proposal.

iii. TSOs opposed ACER’s proposal to have a possibility of an open-ended information request as provided in paragraph 5. While ACER considers this provision as reasonable since it was limited to information concerning the allocation of cross-zonal capacity and SAP tasks, ACER agrees to follow the process in accordance with Article 63(4) of the FCA Regulation, once a need for such request occurs. Therefore, ACER accepted the TSOs proposal and deleted this paragraph.

f) In Articles 8 to 30 of the Proposal, related to the SAP cooperation agreement, ACER provided further small wording amendments, clarifications and corrections. Besides the changes for improving the wording and structure and adding relevant references to the provisions in these Articles, ACER introduced the following further amendments for clarifications:

i. in Article 8 of the Proposal, ACER added a provision ensuring that arrangements allowed outside the scope of the SAP CA are consistent with the SAP methodology;

- ii. ACER specified the provision of Article 9(k) of the Proposal in accordance with the feedback received by TSOs;
- iii. ACER complemented Article 13 of the Proposal with the reference to publication and publication requirements;
- iv. in Article 14 of the Proposal, ACER added a new paragraph to be more explicit about the SAP operator's obligation to allow for auditing by TSOs;
- v. in Article 15(2) of the Proposal, ACER further specified what should be considered as 'agreed level of performance';
- vi. ACER clarified in Articles 16 and 28 of the Proposal which entities should be considered where the articles previously referred to 'Party' without further specifying the term 'Party';
- vii. in Article 28 of the Proposal, ACER specified the process of termination of the SAP CA. More specifically, ACER clarified:
 1. in paragraph 1, that the default option of termination of the SAP CA is limited to TSOs which are no longer required to issue long-term transmission rights (e.g. following a new derogation in accordance with Article 30(7) of the FCA Regulation);
 2. in paragraph 2, that the SAP operator is not part of the decision process because it cannot be considered in such process which is subject to qualified majority principles (decisions based on qualified majority principles in accordance with Article 4(2) of the FCA Regulation may not include any other parties than TSOs); and
 3. in paragraph 5, the SAP operator's right to suspend the provision of SAP tasks. ACER deleted parts of this paragraph since potential changes of increasing risk or liabilities should in general not lead to a discontinuation of operations of the SAP which could result in serious negative impacts on the functioning of the European forward electricity markets. Further, while ACER does agree that the SAP operator should not be required to do the impossible, ACER does not deem it necessary to address provisions of the HAR methodology which are not possible to fulfil, since such provisions are subject to an amendment process of the HAR methodology and should not be proposed or approved if considered impossible.
- viii. in Article 29 of the Proposal, ACER revised provisions on force majeure, since force majeure is already defined under Article 2(45) of the CACM Regulation and therefore also applicable to the SAP methodology in accordance with its Article 2 of the Proposal.

6.2.2.1. Assessment of the allocation methods and algorithms

- (49) Article 49(2)(f) of the FCA Regulation requires the inclusion of the allocation methods and algorithms.

- (50) In Articles 37 and 39 of the Proposal and in the Annex of the TSOs' Proposal, the TSOs provided amendments for the application of the long-term flow-based allocation approach (besides the already implemented cNTC allocation approach), as well as for the clarification of the algorithms and mathematical formulations for both the cNTC-based and the flow-based approach. The TSOs also envisaged the application of the EFB approach, referring thereto in a footnote in Article 39.
- (51) ACER considered that it is necessary to improve the structure of those provisions by removing the Annex and including its provisions in other articles. Therefore, ACER reorganised those provisions in a way that:
- a) Article 39 'General requirements for long-term allocation algorithms' covers common provisions for both the cNTC and the flow-based approach, pointing to their differences where necessary;
 - b) Article 40 'Long-term flow-based allocation algorithm' sets out the provisions solely related to the flow-based approach.
 - c) In order to align the mathematical formulation of the cNTC and flow-based allocation approaches, ACER introduced a new Article 41, providing this mathematical formulation for both approaches in parallel columns of a table.
- (52) ACER largely agreed with the amendments proposed by the TSOs in relation to long-term flow-based capacity allocation. However, ACER considered it necessary to provide further clarity and distinction of the particular provisions for the cNTC-based and flow-based approaches, and applied them in Articles 39 to 41, and consequently in Article 2 ('Definitions').
- (53) In Article 2, ACER removed the definition of 'allocation constraint', initially proposed by the TSOs, to deal with border-wise constraints for the cNTC approach. The term 'allocation constraint' as defined in Article 2(6) of the CACM Regulation has a wider meaning, not only related to the composite capacity constraint on a group of bidding zone borders. Moreover, such a composite constraint is applicable not only for the cNTC-based approach but for the flow-based approach as well. Therefore, ACER defined such a constraint in the SAP methodology, as 'external constraint' (EC), applicable for both the cNTC approach and the flow-based approach. Through a footnote in Article 40, ACER clarified that, if applied for all borders of a bidding zone, such an EC becomes export/import limit, as a special case of EC.
- (54) In Article 2, ACER also provided a definition of 'evolved flow-based' ('EFB') approach, as an approach to consider HVDC interconnectors (as well as special cases of radial non-meshed AC bidding zone borders) in flow-based capacity calculation and allocation, at bidding zone borders internal or external to a flow-based CCR. ACER is aware that these allocation principles are similar to the Advanced Hybrid Coupling ('AHC') approach as defined in the Core Day Ahead Capacity Calculation methodology (for the application at the bidding zone borders external to Core CCR), and that the same methodology uses the term ('EFB') for the consideration of only internal HVDC interconnectors in the Core CCR. ACER considers that using the term 'AHC' is not suitable for the long-term allocation, as it refers to (price) coupling, which is applied only for day-ahead and intraday time horizons. Therefore ACER found it appropriate to use the term 'EFB' for both internal and external bidding zone borders of a flow-based CCR.

- (55) In their written hearing input, the TSOs proposed to amend the EFB definition in its part related to AC bidding zone borders, by specifying that, when the EFB is applied at the non-meshed alternative current ('AC') borders, it considers only borders between the CCRs applying the flow-based approach. ACER did not accept this proposal as it would practically limit the implementation of the EFB only to the HVDC interconnectors, and the AC bidding zone border Germany/Luxembourg-Denmark 1. This would prevent a potential application of the EFB on the bidding zone border Poland-Lithuania, expecting the synchronisation of the Baltic CCR with the Continental Europe synchronous area. This border would then comply with the conditions to apply the EFB, having the AC connection of a flow-based CCR (Core) and cNTC-based CCR (Baltic), and being radial and non-meshed (expecting to have one DC and one AC link). There is no reason to limit the application of the EFB only to the AC bidding zone borders between the flow-based regions, as long as these AC borders comply with the definition of the EFB provided in the Proposal as amended by ACER.
- (56) ACER amended Article 39 of the Proposal by generalising it for both the cNTC and the FB approach, or by adding specific notions for flow-based allocation, such as the calculation of marginal clearing price and shadow price.
- (57) In the same Article 39, ACER confirmed the consideration of reduction periods as proposed by the TSOs. ACER considers reduction periods as applicable only for the bidding zone borders applying the cNTC-based allocation approach. Furthermore, although reduction periods may exist for the bidding zone borders applying the cNTC-based approach, it is acceptable that the allocation algorithm does not consider them, since they would not impact the result of an auction.
- (58) In Articles 40 and 41, ACER provided the provisions on:
- a) the application of the EFB approach;
 - b) the application of external constraints for composite borders for both cNTC and FB approaches
 - c) combined (grouped) CNEC constraints, as required by the Nordic long-term capacity calculation methodology; and
 - d) clearing price calculation for bidding zone oriented borders.
- (59) In paragraph 6 of Article 40, ACER provided detailed requirements for the publication of information with regard to flow-based allocation outputs.
- (60) In their written hearing input, the TSOs noted that the current wording of the SAP methodology seems not to include consistently the possibility of implementing FTR-obligations. ACER is aware of this fact and moreover considers that FTR-obligations were not considered in the TSOs' Proposal. However, ACER takes into account that there is currently no application of FTR-obligations, nor has it been announced by any TSO for any of the bidding zone borders. Also, introducing FTR-obligations would require a revision of not only the SAP methodology but also other methodologies, such as the HAR methodology. Therefore, ACER included in Article 1 ('Subject matter and scope') a provision which requires all TSOs responsible for developing this methodology to propose an amendment to the SAP methodology before introducing FTR-obligations at any of the bidding zone borders. In that regard, ACER took account of ILR's comment

(see recital (31) of this Decision). ACER also deleted paragraph (e) in Article 9 of the Proposal, which referred to FTR obligations.

- (61) The TSOs also proposed to reconsider the definition of ‘combined CNEC’ (‘CCNEC’) as proposed by ACER. Accordingly, ACER renamed it to ‘grouped network elements with contingencies’ (‘GNEC’);
- (62) Finally, the TSOs proposed redefinitions of flow-based allocation outputs provided in Article 40(6) of the Proposal. They also asked for clarifications regarding the resulting flows and exchanges. Accordingly, ACER amended and extended the definitions of expected outputs to provide additional clarity.

6.2.3. Assessment of the requirements in Article 59 of the FCA Regulation (SAP cost sharing)

- (63) Article 59 of the FCA Regulation requires that all TSOs issuing long-term transmission rights on the SAP shall jointly bear the costs related to its establishment and operation. TSOs provided these provisions in Articles 60 to 68 of Annex I to this Decision.
- (64) However, the Proposal did not properly consider situations with multiple TSOs from one side of a bidding zone border in Article 64 (‘Cost sharing arrangements’), and therefore ACER introduced provisions which treat such situations in line with the TSOs’ sharing key for the long-term congestion income.

6.2.4. Assessment of other points of the Proposal (application to TSOs and editorial changes)

- (65) ACER found it necessary to add in the Proposal a new paragraph 2 in Article 1, referring to a new Annex 1, which describes the personal scope of application of the SAP methodology and lists the TSOs to which the SAP methodology applies. The new recital (5) explains the categories of TSOs for which the non-application of the SAP methodology is legally justified.
- (66) In that regard, ACER fully considered the input received from E-Control, DUR and ILR and detailed in recitals (25), (26), (27) and (30) of this Decision. As far as the input from all TSOs, described in points b) and c) of recital (28)b) of this Decision, is concerned, ACER disagrees with exempting BCAB from the scope of application of the SAP methodology and with including the reasons for which the SAP methodology is not applicable to certain TSOs in Article 1. First, no valid legal ground justifying the exemption of BCAB has been invoked or identified. As BCAB has not been exempted under Article 30(7) of the FCA Regulation, and is commercializing its transmission capacity on the single day-ahead market, Articles 49 and 59 of the FCA Regulation apply to it. Second, since Article 1(2) in conjunction with Annex 1 defines the personal scope of application of the SAP methodology positively, by listing all the TSOs covered, it is neither necessary nor appropriate to include additional criteria to explain why TSOs are not listed. Those criteria are only of secondary relevance and explanatory nature, and are therefore better placed in the corresponding recital (5).
- (67) Finally, ACER introduced some necessary editorial changes to improve the readability and the form of the SAP methodology. This includes removal of the previous Annex 1

of the Proposal dealing with flow-based allocation principles, and including the related provisions in other articles of the SAP methodology.

7. CONCLUSION

- (68) For all the above reasons, ACER considers the Proposal in line with the requirements of the FCA Regulation, provided that the amendments described in this Decision are integrated in the Proposal, as presented in Annex I to this Decision. The amendments, which have been consulted with the TSOs and regulatory authorities, are necessary to ensure that the Proposal is in line with the purpose of the FCA Regulation and contributes to market integration, non-discrimination, effective competition and the proper functioning of the market.
- (69) Therefore, ACER approves the Proposal subject to the necessary amendments. To provide clarity, Annex I to this Decision sets out the Proposal as amended and approved by ACER,

HAS ADOPTED THIS DECISION:

Article 1

The SAP methodology pursuant to Articles 49 and 59 of Regulation (EU) 2016/1719 is amended and approved as set out in Annex I to this Decision.

Article 2

This Decision is addressed to:

1. 50Hertz - 50Hertz Transmission GmbH
2. Amprion - Amprion GmbH
3. APG - Austrian Power Grid AG
4. Augstsprieguma tīkls - AS Augstsprieguma tīkls
5. BCAB - Baltic Cable AB
6. ČEPS - ČEPS a.s.
7. CREOS Luxembourg - CREOS Luxembourg S.A.
8. EirGrid - EirGrid plc
9. Elering - Elering AS
10. ELES - ELES, d.o.o.
11. Elia - Elia Transmission Belgium S.A.

12. Energinet - Energinet
13. ESO – Electroenergien Systemen Operator EAD
14. Fingrid - Fingrid OyJ
15. HOPS d.d. - Croatian Transmission System Operator Plc
16. IPTO - Independent Power Transmission Operator S.A.
17. Kraftnät Åland - Kraftnät Åland Ab
18. LITGRID - LITGRID AB
19. MAVIR ZRt. - MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság ZRt.
20. PSE - Polskie Sieci Elektroenergetyczne S.A.
21. REE - Red Eléctrica de España S.A.
22. REN - Rede Eléctrica Nacional, S.A.
23. RTE - Réseau de Transport d'Electricité S.A.
24. SEPS - Slovenská elektrizačná prenosová sústava, a.s.
25. SONI - System Operator for Northern Ireland Ltd
26. Svenska Kraftnät - Affärsverket Svenska Kraftnät
27. TenneT GER - TenneT TSO GmbH
28. TenneT TSO - TenneT TSO B.V.
29. Terna - Terna S.p.A.
30. Transelectrica - Compania Nationala de Transport al Energiei Electrice S.A.
31. TransnetBW - TransnetBW GmbH

Done at Ljubljana, on 22 March 2023.

- SIGNED -

*For the Agency
The Director*

C. ZINGLERSEN

Annexes:

Annex I – Amendment to the SAP methodology according to Articles 49 and 59 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on Forward Capacity Allocation Regulation

Annex Ia – Amendment to the SAP methodology according to Articles 49 and 59 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on Forward Capacity Allocation Regulation, in track change compared to the Proposal (for information only)

Annex II - Evaluation of responses to the consultation of regulatory authorities, TSOs and other market participants on the Proposal (for information only)

In accordance with Article 28 of Regulation (EU) 2019/942, the addressee(s) may appeal against this Decision by filing an appeal, together with the statement of grounds, in writing at the Board of Appeal of ACER within two months of the day of notification of this Decision.

In accordance with Article 29 of Regulation (EU) 2019/942, the addressee(s) may bring an action for the annulment before the Court of Justice only after the exhaustion of the appeal procedure referred to in Article 28 of that Regulation.

ACER Decision on the Single Allocation Platform (SAP): Annex I

ACER's preliminary position on the TSOs' proposal
for amendments to:

**Requirements for the Single Allocation
Platform (SAP) and the SAP cost sharing
methodology**

in accordance with Articles 49 and Article 59 of Commission
Regulation (EU) 2016/1719 establishing a guideline on forward
capacity allocation

22 March 2023

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Whereas

- (1) This document contains the requirements for the Single Allocation Platform ('SAP') and the SAP cost sharing methodology developed by all Transmission System Operators ('all TSOs') pursuant to Article 49 and Article 59 of Commission Regulation (EU) 2016/1719 establishing a guideline on forward capacity allocation ('FCA Regulation'), collectively referred to as the 'SAP methodology'.
- (2) On 7 April 2017, all TSOs submitted to all regulatory authorities their common proposal for a set of requirements and for the establishment of the SAP in accordance with Article 49 of the FCA Regulation and for a methodology for sharing the costs related to the establishment and operation of the SAP in accordance with Article 59 of the FCA Regulation. On 18 September 2017, the regulatory authorities approved all TSOs' proposal.
- (3) In a letter dated 12 July 2021, ACER requested all TSOs under Article 4(12) of the FCA Regulation, to submit, as soon as possible, and no later than 1 June 2022, their proposals for amendments of the four methodologies listed in Article 4(6), points (c), (d), (e) and (g) of the FCA Regulation for ACER's approval. Amending the above methodologies, including the SAP methodology, was necessary to allow for a timely implementation of the long-term flow-based auctions in the Core and Nordic capacity calculation regions. The European Network of Transmission System Operators for Electricity ('ENTSO-E') asked ACER, on behalf of all TSOs, to postpone the submission date for the relevant proposals, to which ACER agreed in a letter dated 26 January 2022. The new submission date for the proposed amendments to the SAP methodology was 1 October 2022.
- (4) On 28 September 2022, ENTSO-E, on behalf of all TSOs, submitted for ACER's approval their proposal for amendment of the SAP methodology. This document is based on all TSOs' amendment proposal of 28 September 2022, as amended and approved by ACER.
- (5) The SAP methodology applies to all TSOs, with the exception of the following categories of TSOs:
 - (a) TSOs active only on the bidding zone borders where regulatory authorities decided that long-term transmission rights shall not be issued by the respective TSOs or that other long-term cross-zonal hedging products shall be made available by the respective TSOs, according to Article 30(7) of the FCA Regulation; and,
 - (b) TSOs not commercializing their transmission capacity on the single day-ahead market or the long-term market.
- (6) The SAP methodology takes into account the objectives and principles set out in Regulation (EU) 2019/943 on the internal market for electricity ('Regulation (EU) 2019/943').
- (7) The SAP methodology takes into account the objectives and principles set out in the FCA Regulation, and is consistent with other methodologies based on the FCA Regulation.
- (8) The FCA Regulation aims to coordinate and harmonise forward capacity calculation and allocation in the long-term capacity markets. It sets requirements for the TSOs to cooperate on a pan-European level, within capacity calculation regions ('CCRs') and across bidding zone borders. Chapter 5 of the FCA Regulation provides for establishing European harmonised allocation rules for long-term transmission rights, including regional and bidding zone border specific requirements ('HAR'). Minimum content requirements for the HAR are specified in Article 52(2) of the FCA Regulation.

- (9) The SAP methodology lays down the functional requirements, governance, liabilities and the cost sharing methodology for the SAP. These rules are necessary for the SAP to perform the execution of the long-term auctions in accordance with the HAR and any associated tasks listed in Article 50 of the FCA Regulation (collectively ‘SAP tasks’).
- (10) In line with Article 49 of the FCA Regulation, when developing the SAP methodology, all TSOs examined the following options for the establishment of the SAP:
- (a) appointing one or more TSO(s), on a rotating basis, to operate the SAP on behalf of all TSOs. This option was considered challenging due to proportionality issues and also the associated costs; or
 - (b) appointing an existing entity to perform the SAP tasks as a vehicle of cooperation among the TSOs and on their behalf; or
 - (c) creating a new entity to perform the SAP tasks as a vehicle of cooperation among the TSOs and on their behalf; or
 - (d) delegating the development and operation of the SAP to a third party independent from the TSOs.
- (11) Since capacity allocation is a core task of the TSOs, all TSOs concluded that the SAP tasks have to be performed by the TSOs either among themselves or by a vehicle of cooperation solely composed of the TSOs. The TSOs consider that using an existing entity to perform the SAP tasks as a vehicle of cooperation among the TSOs and on their behalf is the most efficient and pragmatic approach. All TSOs therefore propose to appoint the Joint Auction Office (‘JAO’) for the following reasons:
- a) The TSOs are responsible for the operation of forward capacity allocation and have thus created a common entity, JAO, to perform this task;
 - b) JAO is the result of a merger of the former CASC.EU S.A. and CAO Central Allocation Office GmbH, both having a long history in the execution of long-term auctions and thus already executes long-term auctions on behalf of the majority of the TSOs to which the FCA Regulation applies;
 - c) JAO is currently a counterparty to the majority of the market participants applying the HAR and covers the majority of the bidding zone borders where forward capacity allocation is applicable.
- (12) Based on the above, all TSOs consider that they are able to meet the obligations and requirements of the FCA Regulation by operating the SAP through JAO (‘SAP operator’).
- (13) In line with Article 49 of the FCA Regulation, the SAP methodology covers the general tasks of the SAP and its functional requirements. These should be implemented and followed by the TSOs through the SAP.
- (14) In line with Article 49 of the FCA Regulation, the SAP methodology also covers the requirements for cost recovery in accordance with Article 59 of this Regulation. As JAO performs many tasks, there are also costs for tasks other than the SAP tasks that are commonly shared. The cost sharing methodology clarifies that all TSOs share the costs for the establishment and operation of the SAP only. Such costs include direct and indirect costs defined in the SAP cost sharing methodology. The SAP cost sharing methodology also follows essential general principles for cost sharing, which needs to:

- (a) be reasonable, efficient and proportionate to operational costs as required in Article 59 of the FCA Regulation;
 - (b) be fair and non-discriminatory;
 - (c) be fully transparent and auditable;
 - (d) reflect nature of costs and their relation to the establishment and operation of the SAP;
 - (e) be attractive for new and existing parties; and
 - (f) bring benefits and savings for all TSOs.
- (15) The following recitals provide a description of the expected impact of the SAP methodology on the objectives of the FCA Regulation, as required by Article 4(8) of the FCA Regulation. These objectives are listed in Article 3, points (a)-(g), of the FCA Regulation:
- (16) According to Article 3(a), the FCA Regulation aims at promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants. The SAP methodology serves this objective as the establishment of a single trading platform harmonises and simplifies the trading activities for long-term products across European borders.
- (17) According to Article 3(b), the FCA Regulation aims at optimising the allocation of long-term cross-zonal capacity. The SAP methodology is in line with this objective because the coordination in the auctions calendar is centralised and the allocation is based on transparent contractual and operational rules, with a single contractual framework which facilitates access for all market participants in a non-discriminatory way. Furthermore, by auctioning forward capacities through a vehicle of cooperation that also performs other tasks, in particular explicit allocation for other timeframes, the choice of the TSOs in this SAP methodology ensures cost optimisation.
- (18) According to Article 3(c), the FCA Regulation aims at providing non-discriminatory access to long-term cross-zonal capacity. The SAP methodology promotes this objective as it ensures non-discriminatory access through the long-term allocation algorithms and by centralising the process of entitlement to all European borders for all market participants.
- (19) According to Article 3(d), the FCA Regulation aims at ensuring fair and non-discriminatory treatment of TSOs, ACER, regulatory authorities and market participants. The SAP methodology contributes to this objective since, by setting the rules applicable to all TSOs, it ensures fair and non-discriminatory treatment of all affected parties. Additionally, the SAP methodology assures transparency in access to forward capacity allocation related information. Finally, equal treatment of market participants' bids is ensured through the long-term allocation algorithms defined in the methodology.
- (20) According to Article 3(e), the FCA Regulation aims at respecting the need for a fair and orderly forward capacity allocation and orderly price formation. The SAP methodology contributes to achieving this objective as it establishes a platform and procedure for efficient, fair and transparent long-term capacity allocation for all CCRs, with timely and comprehensive release of information about cross-zonal capacity allocation inputs and results, and respects the price formation principles as set in Article 28 of the FCA Regulation.
- (21) According to Article 3(f), the FCA Regulation aims at ensuring and enhancing the transparency and reliability of information on forward capacity allocation. In that respect, the SAP methodology assures a single and centralised source of information related to forward capacity allocation, which

promotes the objective of having transparent and reliable information on forward capacity allocation.

- (22) According to Article 3(g), the FCA Regulation aims at contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union. In this respect, the SAP methodology should foster liquidity by easing access to the market in a non-discriminatory and cost-efficient manner, taking into account the existing allocation process. It also optimises the allocation of long-term capacity, reflecting congestion on all EU borders in an efficient way, hence promoting this objective.
- (23) In conclusion, the SAP methodology contributes to the objectives of forward capacity allocation listed in Article 3 of the FCA Regulation.

TITLE 1

GENERAL PROVISIONS

Article 1 Subject matter and scope

1. This SAP methodology lays down the functional requirements, governance, liabilities and cost sharing requirements for the SAP, in accordance with Articles 49 and 59 of the FCA Regulation. The SAP shall enable the TSOs to perform the tasks listed in Article 50 of the FCA Regulation.
2. This SAP shall apply to the TSOs listed in Annex 1 (hereafter referred to as “TSOs”), and this SAP shall cover all bidding zone borders where forward capacity allocation applies according to the HAR.
3. The TSOs agree to use JAO as the SAP operator and shall ensure through the SAP operator, as a vehicle of cooperation, that the SAP is operational and complies with the functional requirements of this SAP methodology, the HAR and the FCA Regulation.
4. The mutual rights, obligations and liabilities between the TSOs and the SAP operator for the development and operation of the SAP shall be laid down in a SAP cooperation agreement in accordance with Title 3 of this SAP methodology.
5. Any other task performed by the SAP operator on behalf of one or more TSOs which do not relate to the SAP tasks fall out of the scope of this SAP methodology.
6. The SAP methodology supports the allocation of financial transmission rights-options (‘FTR-options’) and physical transmission rights (‘PTR’). Prior to the application of financial transmission rights-obligations (‘FTR-obligations’) at any bidding zone border, all TSOs referred to in Article 4(12) of the FCA Regulation which are responsible for developing a proposal for the SAP methodology, shall propose an amendment to this methodology to enable the application of FTR-obligations.

Article 2 Definitions and interpretation

1. For the purpose of the SAP methodology, the definitions in Article 2 of the FCA Regulation, Article 2 of the CACM Regulation, Article 2 of the HAR, Article 2 of Regulation (EU) 2019/943, Article 2 of Directive (EU) 2019/944 and Article 2 of Commission Regulation (EU) 543/2013 shall apply.

The TSOs and the SAP operator shall use the same terms in the agreements to be concluded and other documents to be prepared in accordance with the SAP methodology.

2. In addition, in this SAP methodology, the following definitions shall apply:

- a) 'AC' means Alternating Current;
- b) 'ATC' means Available Transmission Capacity;
- c) 'allocation border(s)' means the bidding zone border(s) and/or their subsets as listed in the applicable HAR where the entity appointed as the SAP operator is auctioning the products for the long-term timeframe;
- d) 'auction results' includes the determination of the total quantity of the allocated long-term transmission rights per oriented bidding zone border, identification of winning bids to be fully or partially satisfied and determination of the marginal clearing price per oriented bidding zone border;
- e) 'CNEC' means Critical Network Element and Contingency;
- f) 'GNEC' means Grouped Network Elements and Contingencies;
- g) 'cNTC' means coordinated Net Transmission Capacity;
- h) 'evolved flow-based' or 'EFB' means an approach to consider HVDC interconnectors (as well as special cases of radial non-meshed AC bidding zone borders) in flow-based capacity calculation and allocation, at bidding zone borders internal or external to a flow-based CCR. According to EFB, a cross-zonal exchange over an HVDC interconnector is modelled over virtual hubs. Such a cross-zonal exchange is modelled by the available capacity of the HVDC and by the physical impact that this exchange has on all CNECs of a considered flow-based CCR;
- i) 'external constraint' or 'EC' is a form of allocation constraint (defined pursuant to Article 2(6) of the CACM Regulation) that represents a joint technical limit in a form of available transfer capacity, for the composite border and direction between two groups of bidding zones. External constraints are applicable for both cNTC approach and flow-based approach;
- j) 'fee application report' means an annual report submitted by the SAP operator to the relevant SAP body in which the results of the fee calculation is provided for the TSOs in accordance with the SAP cost sharing methodology;
- k) 'HVDC' means High-Voltage Direct Current;
- l) 'KPI' means: key performance indicator;
- m) 'message standards' means set of standardized messages required for the use of auction tool;
- n) 'MTU' means Market Time Unit;
- o) 'operational procedures' means the procedures defining the operational process in relation to respective tasks and for respective bidding zone borders and/or TSOs;
- p) 'oriented bidding zone border' means a given direction of a bidding zone border;
- q) 'PTDF' means Power Transfer Distribution Factor;
- r) 'RAM' means Remaining Available Margin;

- s) 'SAP council' means the communication and decision making forum between the TSOs and the SAP operator established with the SAP cooperation agreement for the monitoring and the governance of SAP tasks dealing with the implementation of the SAP cooperation agreement and the HAR, with direct decision making power as per Article 6;
 - t) 'SAP cooperation agreement' or 'SAP CA' means the agreement between the TSOs and the SAP operator for the provision of the SAP tasks;
 - u) 'SAP CA parties' means the TSOs and the SAP operator;
 - v) 'SAP operator' means the vehicle of cooperation providing the SAP tasks on behalf of the TSOs, in particular the operation of the SAP;
 - w) 'shadow price' means the dual price of a CNEC or external constraint, representing the increase in the economic surplus if the constraint (RAM or EC, respectively) is increased by one MW;
 - x) 'seasonal product' means a product with a six (6) calendar months delivery period either starting on October 1st and ending on March 31st of the following year or starting on April 1st and ending on September 30th of the same year;
 - y) 'quarterly product' means a product with a 3 calendar months delivery period either:
 - i. starting on January 1st and ending on March 31st;
 - ii. starting on April 1st and ending on June 30th;
 - iii. starting on July 1st and ending on September 30th;
 - iv. starting on October 1st and ending on December 31st;
 - z) 'monthly product' means a product with a calendar month delivery period starting on the 1st day of the calendar month and ending on the last day of the same calendar month;
 - aa) 'weekly product' means a product with a five days delivery period starting on a Monday and ending on Friday of the same week;
 - bb) 'week-end product' means a product with a two days delivery period starting on a Saturday and ending on a Sunday;
 - cc) 'yearly calendar product' means a product with a delivery period starting on January 1st and ending on December 31st of the same year; and
 - dd) 'yearly non-calendar product' means a product with a delivery period starting on October 1st and ending on September 30th of the following year.
3. In addition, in this SAP methodology, unless the context clearly indicates otherwise:
- a) the singular also includes the plural and vice versa;
 - b) the table of contents and headings are inserted for convenience only and do not affect the interpretation of this SAP methodology;
 - c) the reference time zone is Central European Time (CET); and
 - d) any reference to legislation, regulation, directive, order, instrument, code or any other enactment shall include any modification, extension or re-enactment of it then in force.

Article 3 Implementation

TSOs shall ensure that all requirements relating to the flow-based allocation of long term cross-zonal capacities are implemented by the SAP operator:

- a) by the time of the yearly auctions for delivery in 2025, including the application of EFB approach for HVDC interconnectors internal of a flow-based CCR;
 - b) by the time of the yearly auctions for delivery in 2026, including the application of EFB approach at the bidding zone borders between a CCR applying flow-based allocation and a CCR applying cNTC approach for allocation of LTTRs;
 - c) by the time of the yearly auctions for delivery in 2027, including the application of single integrated flow-based allocation for multiple flow-based regions and EFB between them.
4. In a case that flow-based allocation is applied by two CCRs before the time defined under paragraph 1(c), the allocation algorithm shall apply EFB from the side of the CCR which first applied the flow-based allocation in the transition period.
 5. The TSOs shall ensure that all other requirements of the SAP stemming out from this methodology are implemented by the SAP operator, by the time of approval of the SAP methodology.

Article 4 Language

The reference language for this SAP methodology shall be English. For the avoidance of doubt, where TSOs need to translate this SAP methodology into their national language(s), in the event of inconsistencies between the English version published by the TSOs in accordance with Article 4(13) of the FCA Regulation and any version in another language the relevant TSOs shall, in accordance with national legislation, provide the relevant national regulatory authorities with an updated translation of the SAP methodology.

TITLE 2

GENERAL PROVISIONS ON GOVERNANCE RULES

Article 5 Designation of entity

1. In accordance with Article 48 of the FCA Regulation, the TSOs have the responsibility to establish and shall allocate long-term cross-zonal capacity on the SAP.
2. The entity designated as the SAP operator is Joint Allocation Office (JAO).
3. The SAP operator shall perform all tasks pursuant to Article 9 in accordance with the FCA Regulation, the HAR, this methodology and the SAP CA. During the execution of these SAP tasks, the SAP operator shall act on behalf of the TSOs but in its own name. The SAP operator shall act as the counterparty to the registered participants regarding the rights and obligations arising from the HAR, including any contractual liability in relation to the obligations under the Participation Agreement and the HAR for all tasks related to the SAP.
4. Each TSO participating in the SAP council is accountable towards its national regulatory authority for the fulfilment of the requirements pursuant to Article 49(2) and Article 50 of the FCA Regulation and the requirements pursuant to this methodology and the HAR by the SAP Operator.
5. Paragraphs 3 and 4 shall also be applicable in case of delegation of tasks by the SAP Operator in accordance with Article 6(5)(c) and Article 12(1). In such case, the SAP operator shall ensure that the provisions of paragraphs 3 and 4 apply to the third party accordingly and that the third party is subject to regulatory oversight.

Article 6 SAP council

1. The TSOs and the SAP operator shall sign the SAP CA, in order to become SAP CA parties and members of the SAP council.
2. All SAP CA parties shall participate in the SAP council.
3. The SAP council shall follow the rules set out in the SAP CA in accordance with Article 8.
4. The concerned TSOs shall decide within the SAP council on operational procedures per bidding zone border or per CCR where applicable.
5. The SAP council shall be the sole competent body for deciding on matters related to the fulfilment of the SAP tasks in accordance with Article 50 of the FCA Regulation and as specified below:
 - a) all matters regarding the operational procedures related to the functional requirements in accordance with Article 49(2) of the FCA Regulation;
 - b) all matters mentioned in the SAP cost sharing methodology related to the establishment, the development and the operation of the SAP as defined in the Article 60 to Article 68;
 - c) any appointment of a third party with the tasks of financial clearing and settlement of auctions with regard to SAP tasks in accordance with Article 12(1);
 - d) regular reporting from the SAP operator to TSOs (regular written report, periodic meetings, calls and also extraordinary reports), including the content and regularity of the reports;
 - e) reporting and publication of information in accordance with Article 7;

- f) monitor performance of the SAP and defining appropriate actions in accordance with Article 15(2); and
 - g) all matters related to the calculation and validation of the fees to be paid by the TSOs for the SAP tasks.
6. Decisions under paragraph 5(a) of this Article shall be taken unanimously per bidding zone border or per CCR where applicable by the concerned TSOs. In case unanimity cannot be reached at the first round between the concerned TSOs, alternative proposals shall be submitted for a second round. The SAP operator shall have an advisory role and shall be consulted on the proposals by the SAP CA parties. In case unanimity cannot be reached in the second round and where a decision can lead to significant risks and operational costs for the SAP operator, the decision on such operational procedures shall be taken by all TSOs and qualified majority principles in accordance with Article 4(2) of the FCA Regulation shall apply.
7. For decisions pursuant to paragraphs 5(b)-5(f) and Article 28(2), decisions shall be taken unanimously by all TSOs. In case unanimity cannot be reached, alternative proposals shall be submitted for a second round. In case unanimity cannot be reached in the second round, qualified majority principles in accordance with Article 4(2) of the FCA Regulation shall apply. The SAP operator shall have an advisory role and shall be consulted on the proposals by TSOs.

Article 7 Transparency, publication, monitoring and reporting

1. All SAP CA parties shall monitor, evaluate and report the following aspects of implementation and operation of the SAP at least on a yearly basis. The common report shall be published by the SAP operator on its website. Such report shall include:
- a) The implementation progress in accordance with Article 3.
 - b) An assessment of long-term cross-zonal capacity allocation considering statistics on:
 - i. volumes of allocated LTTRs;
 - ii. congestion income generated and distributed;
 - iii. reduction periods, if relevant;
 - iv. flow-based allocation of LTTRs on oriented bidding zone borders of a CCR;
 - v. bid rejections; and
 - vi. return and transfer of LTTRs.
 - c) Performance assessments for long-term allocation algorithms:
 - i. assessment of the performance of the long-term allocation algorithm for cross-zonal capacity provided in the form of cNTC, considering the relevant KPIs in accordance with Article 15(2);
 - ii. the long-term flow-based allocation algorithm performance monitoring pursuant to Article 40(6).
 - d) An incident assessment on cases of insufficient collaterals for paying LTTRs, if any.
2. If the above mentioned report identifies inefficiencies, the SAP CA parties should include in the report the recommendation on how to deal with identified issues and where relevant, develop a proposal for an amendment to this methodology and submit it for approval.

3. The SAP operator shall publish on its website any data required in accordance with Article 47 of the FCA Regulation, the HAR and the requirements under TITLE 7, TITLE 8, TITLE 9 and Article 40(6).
4. The SAP operator shall publish on its website a non-confidential version of the SAP CA. The confidentiality of the non-published parts of the SAP CA shall be justified by the SAP CA parties towards regulatory authorities.

TITLE 3

SAP COOPERATION AGREEMENT (SAP CA)

Article 8 Parties and scope of the SAP CA

1. The SAP CA shall be consistent with the requirements and objectives of the FCA Regulation and the HAR.
2. The SAP CA shall set forth all rights and obligations of the SAP CA parties and contain all relevant operational procedures related to the SAP tasks listed in Article 50 of the FCA Regulation. The SAP CA shall supersede all previous agreements, whether oral or in writing, between the SAP CA parties relating to the same scope of SAP tasks and delivery period for long-term transmission rights. The SAP CA shall comply with the rules set out in the present SAP methodology, without limitation to other arrangements which may be necessary provided that those arrangements are consistent with the SAP methodology.

Article 9 SAP tasks

The SAP operator shall provide for at least the following tasks:

- a) registration of market participants in accordance with Article 31 and the HAR;
- b) providing a single point of contact to market participants;
- c) the operation of auction procedures in accordance with the operational processes provided in TITLE 7;
- d) the financial settlement of allocated long-term transmission rights with market participants in accordance with the HAR, including management of collaterals in accordance with Article 32;
- e) the organisation of a fallback procedure in accordance with Article 52 and pursuant to Articles 42 and 46 of the FCA Regulation;
- f) enabling the return of long-term transmission rights in accordance with Article 48 and pursuant to Article 43 of the FCA Regulation;
- g) facilitating the transfer of long-term transmission rights in accordance with Article 49 and pursuant to Article 44 of the FCA Regulation;
- h) the publication of information in accordance with Article 7 and the HAR;
- i) providing and operating interfaces for data exchange with market participants in accordance with Article 54; and

- j) Upon prior decision in the SAP council by TSOs, the publication on behalf of TSOs of additional information which is not explicitly required by the HAR and this methodology but the related to long-term cross-zonal capacity allocation.

Article 10 Change of SAP tasks' scope

1. The SAP CA shall provide rules to ensure that any change of the HAR or the FCA Regulation is communicated by the TSOs to the SAP operator in order to assess the change and prepare its implementation.
2. In case of inconsistency between this methodology, the HAR or the FCA Regulation and the SAP CA, this methodology, the HAR or the FCA Regulation shall prevail and the SAP CA shall be adapted accordingly.

Article 11 Remuneration of the SAP operator

1. The SAP CA shall contain rules regarding the financial contribution of each TSO to the SAP tasks, including the regularity of calculation and payment of the fee to be paid by the TSOs.
2. Each TSO shall be responsible solely for its own fee and TSOs shall not bear joint and several liability regarding the fees payable to the SAP operator.
3. The SAP CA shall include a detailed process on calculating and adjusting the fee of the SAP tasks, in accordance with the SAP cost sharing methodology under Title 10.
4. The SAP CA shall regulate the content and issuance of invoices, deadline of payments and process for contestation and correction of invoices.

Article 12 Auction incomes and financial flows

1. The SAP operator operates the financial clearing and settlement of all auctions with regard to SAP tasks or appoints a third party with this task for all or some auctions subject to Article 14, furthermore the invoicing of the registered participants according to the conditions of the HAR and the operational procedures. In case of appointment of a third party, the SAP operator shall seek the approval of the SAP CA parties.
2. The SAP operator shall distribute the long-term congestion income from auctioning LTTRs to the TSOs in accordance with the operational procedures and the methodology for distributing long-term congestion income pursuant to Article 57 of the FCA Regulation.
3. The SAP CA shall regulate the process of triggering the collaterals by the SAP operator in case that registered participants fail to pay their debts or part thereof. The SAP CA parties shall agree on principles of debtor risks (e.g. which part of the collaterals can be triggered).
4. The SAP CA shall contain settlement rules in case of curtailment, off-setting and reconciliation in accordance with the FCA Regulation and the HAR.

Article 13 Cooperation of SAP CA parties

The SAP CA shall contain rules about the cooperation structures between the SAP CA parties. More explicitly, the SAP CA shall specify:

- a) rules for the creation of users' group(s): the users' groups shall serve as a consultation forum of the SAP CA parties, organised by the SAP operator on behalf of the TSOs to gather feedback. Different users' groups shall be created depending on the scope and topics; such as but not limited to a consultative user group with market participant associations, an operational and technical user group dealing with feedback and requests on the IT interfaces and the SAP tasks;
- b) rules for the SPA operator's organisation of topic specific public workshops;
- c) detailed tasks and organisational issues of the SAP council;
- d) rules about regular reporting by the SAP operator to the TSOs (regular written report, periodic meetings, calls and also extraordinary reports), including the content and regularity of the reports;
- e) rules about reporting and publications in accordance with Article 7;
- f) following a request that a specific TSO may submit at its own discretion, the SAP operator shall communicate to a regulatory authority the information indicated in the TSO's request and on its behalf;
- g) rules on which data shall be exchanged, by email or other defined means, including but not limited to the Auction Calendar, the offered capacity and the auction results; and
- h) rules on the working hours when the SAP operator shall be available for the TSOs.

Article 14 Audit rights of TSOs

1. Each TSO shall have the right to monitor/audit the fulfilment of the SAP operator's obligations related to the establishment, the development and the operation of the SAP by an independent, internationally recognised, certified public audit firm. The SAP CA shall contain the activities/processes, which shall be audited, the rules for calling for audit, the rules for the sharing of the audit costs as well as other detailed rules.
2. The SAP operator shall keep records to provide an accurate, complete, up-to-date and accessible reporting of all activities in case of audits pursuant to paragraph 1.

Article 15 Management of the SAP

1. The SAP CA parties shall agree in the SAP CA on the requirements for the availability of the auction tool, resolution of forced outage of the auction tool, test of relevant system updates and making available the manuals in English for the users of the auction tool.
2. The SAP CA shall contain KPIs for the long-term allocation algorithms and thresholds per KPI for the required level of performance. In case these thresholds are reached, the TSOs shall take appropriate actions covered in the SAP CA.

Article 16 Liability

1. The SAP CA shall state that each SAP CA party shall be liable for damages the SAP CA party is responsible for (Defaulting SAP CA party) and shall include rules of liability between the SAP CA parties and rules of liability in relation to third party claims.

2. Regarding the liability between the SAP CA parties, the following shall be determined in the SAP CA:
 - a) Except for cases of force majeure, SAP CA parties shall be entitled to claim compensation for any and all losses, damages, charges, fees or expenses, which were foreseeable and unforeseeable and which can be considered as direct damage, resulting from a breach of the SAP CA or the HAR. Loss of long-term congestion income shall constitute direct damage;
 - b) SAP CA parties shall fix a cap of liability for breaching confidentiality obligations;
 - c) parties shall fix a cap of liability for breaches of the SAP CA or the HAR (being understood that such a cap shall be different from the one set out for the breaches of confidentiality obligations);
 - d) SAP CA parties shall have no cap in case of gross negligence, wilful misconduct, fraud or intentional breach;
 - e) SAP CA parties shall not bear joint and several liability towards each other; and
 - f) SAP CA parties shall not be liable for indirect damages (loss of goodwill, loss of business, loss of profit, etc.), except in case of gross negligence, wilful misconduct, fraud or intentional breach.
3. Regarding the liability in relation to third party claims the following shall be determined in the SAP CA:
 - a) SAP CA parties facing a claim for damages (defending SAP CA party) suffered by a third party shall notify the other SAP CA parties promptly, and inform them to the possible extent about the content of the claim;
 - b) affected SAP CA parties (defending SAP CA party and alleged defaulting SAP CA parties) shall cooperate in the defence set up by defending SAP CA party towards the third party claim; and
 - c) SAP CA parties shall agree on the rules for claiming compensation by the defending SAP CA party from the defaulting SAP CA parties.
4. The SAP operator shall have sufficient insurance coverage for the whole duration of the SAP CA, and upon request of any TSO, the SAP operator shall provide a report confirming this sufficient character.

Article 17 Confidentiality

1. The SAP CA parties shall be obliged to maintain confidentiality of the confidential information.
2. The SAP CA shall define confidential information (including exclusions such as public information, information disclosed by a third party, etc.), as well as the disclosing and receiving party.
3. The obligations of the SAP CA parties regarding confidentiality include but are not limited to:
 - a) obligation not to disclose confidential information to a third party,
 - b) obligation not to use information other than for the purpose of the SAP CA; and
 - c) obligation to safeguard the information with the same degree as its own confidential information.
4. The exceptions to confidentiality obligations include but are not limited to:

- a) case of a request by an administrative/regulatory authority or a court; and
 - b) cases covered by national law, provisions of the FCA Regulation or other relevant EU legislation.
5. Confidential information remains the property of the disclosing party and shall contain rules for return/destruction of confidential information upon request/after termination of the SAP CA.
 6. The SAP CA shall contain sanctions for breaching confidentiality obligations.
 7. Confidentiality provisions survive the termination/expiry of the SAP CA.

Article 18 Assignment of rights and obligations

1. The SAP operator shall not transfer any SAP tasks pursuant to Article 9 to a third party without the prior, express and written consent of all other SAP CA parties.
2. Any TSO shall be able to transfer its rights and obligations under the SAP CA to a third party, after prior written notification to the SAP CA parties.

Article 19 Severability

The SAP CA parties shall agree that if any part or provision of the SAP CA becomes invalid, illegal, void or unenforceable, it does not affect the other parts or provisions of the SAP CA. The parties shall replace it/them with valid, legal and enforceable provisions in order to achieve the intended economic and legal effect of the SAP CA.

Article 20 Waiver

The SAP CA parties shall agree that no failure or delay by a SAP CA party in exercising any right or remedy provided by law or under the SAP CA shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time, and no single or partial exercise of any such right or remedy shall preclude any further exercise of it or the exercise of any other remedy.

Article 21 Amendment

The SAP CA shall contain conditions under which the SAP CA may be amended and shall describe the process of such amendment.

Article 22 New parties

The SAP CA shall include the following conditions regarding the accession of new SAP CA parties to the SAP CA:

- a) the new party shall be a TSO;
- b) the new party shall sign an accession form a template of which shall be attached to the SAP CA as an annex; and
- c) the accession shall become valid when confirmed by the SAP operator and the TSO(s) of the bidding zone border(s) where forward capacity allocation takes place. Such confirmations shall not be unreasonably withheld.

Article 23 Language of the SAP CA

The SAP CA shall fix the English language as the language for all notices and legal proceedings to the extent permitted by relevant mandatory legislation.

Article 24 Notices

1. SAP CA parties shall agree on the form, delivery and effectivity of notices, and they shall list in an annex attached to the SAP CA the contact persons for all parties.
2. The SAP CA parties shall agree on the process of modification of contact persons.

Article 25 Applicable law

The governing/applicable law shall be the law of the country where the SAP operator is headquartered.

Article 26 Settlement of disputes

1. The SAP CA parties shall agree on a two-level settlement of disputes:
 - a) amicable settlement according to which the SAP CA parties shall first attempt to solve their disputes by mutual discussion in a certain timeframe. When the SAP CA parties reach an amicable settlement, they shall sign a settlement contract; and
 - b) arbitration to which the SAP CA parties shall resort their dispute only after failing to reach an amicable settlement. For this case, the parties shall agree on the place of arbitration, the rules to follow, the language of arbitration, number and proficiency of arbitrators. The SAP CA parties shall agree that the arbitration decision is a final decision and cannot be subject to any appeal.

Article 27 Entry into force and duration

1. The SAP CA shall enter into force on the date it has been validly signed by each of the SAP CA parties and at the latest within the deadline set in Article 3. In the event that the SAP CA parties do not sign it on the same date, the date of last signature shall be considered as the date that this SAP CA comes into force.
2. The duration of the SAP CA shall be defined in the SAP CA. It is however understood that such duration shall be fixed in relation to the tasks performed by the SAP operator and especially the nature of such tasks.

Article 28 Termination and suspension

1. If a TSOs will no longer be required to issue LTTRs in accordance with the FCA Regulation, the TSO may terminate the SAP CA as from 1 January of any given year, with a 12 months' notice period with a registered letter sent to all other SAP CA parties.
2. TSOs shall agree on which cases the SAP CA can be terminated with "good cause". In these cases, TSOs may decide in accordance with Article 6(7) to terminate the SAP CA at the earliest to the last day of the next calendar month, while a six (6) month notice period shall be required.

3. The SAP CA shall contain that in case of termination by one or more TSO(s), the SAP CA remains in force and binding towards the remaining TSOs.
4. Any obligation originated from the time before termination shall continue until it is exercised/fulfilled.
5. The SAP operator shall have the right to suspend the provision of the SAP tasks it performs on behalf of a TSO, in case the relevant TSO breached its obligations towards the SAP operator (e.g. provision of information).

Article 29 Force majeure

1. The SAP CA parties shall not be held responsible for the non-fulfilment of the obligations affected by force majeure.
2. In case the situation of force majeure affecting the obligations of at least one of the SAP CA parties lasts for a period of at least six (6) months or if it is realised that it will continue for a period of at least six (6) months or if the suspension of the obligations due to force majeure makes the performance of the SAP CA impossible, then the SAP CA may be terminated by either SAP CA party by giving a written notice.

Article 30 Annexes to the SAP CA

1. The SAP CA shall contain the necessary annexes, to be an integral part of the SAP CA, covering at least the following:
 - a) a list of contact details of the SAP CA parties;
 - b) an overview of the SAP tasks agreed for a bidding zone border;
 - c) the operational procedures;
 - d) the annual fee application report;
 - e) accession form to enable new parties to accede to the SAP CA.
2. The SAP CA shall define the hierarchy in case of contradiction between the terms of the main body and the annexes of the SAP CA. In case of inconsistency between this methodology, the HAR or the FCA Regulation and the SAP CA including the annexes pursuant to paragraph 1, this methodology, the HAR or the FCA Regulation shall prevail.

TITLE 4

HARMONISED CONTRACTUAL FRAMEWORK WITH MARKET PARTICIPANTS

Article 31 General provisions

1. The SAP shall, in compliance with the applicable HAR, enable participation in forward capacity allocation processes to all market participants who:
 - a) conclude a valid and effective Participation Agreement;
 - b) accept information system rules of auction tool and have access to the auction tool in accordance with the HAR; and

- c) accept additional financial terms where needed in accordance with the HAR.
2. The SAP operator shall comply with the requirements and processes for participation in the auctions and transfer as specified in the HAR. The HAR shall stipulate the process for the conclusion of the Participation Agreement and its update, including deadlines for all relevant actions envisaged on both market participants' and the SAP operator's side.

TITLE 5

PRINCIPLES OF FINANCIAL SETTLEMENT AND RISK MANAGEMENT OF ALLOCATED PRODUCTS

Article 32 Collaterals

1. Collaterals provided by registered participants in order to secure payments resulting from auctions of long-term transmission rights shall be handled by the SAP operator.
2. The SAP operator shall comply with the rules of collateral management by considering at least the following elements which are further specified in the HAR :
 - a) the forms of accepted collaterals;
 - b) the currency of accepted collaterals;
 - c) the validity and collateral renewal process;
 - d) the modification of collaterals;
 - e) the deadline for collateral submission before relevant auction;
 - f) the specification of the confirmation or the refusal by the SAP operator about the acceptance of the collaterals;
 - g) the collateral incidents and the details of incident notification sent by the SAP; and
 - h) the procedure of calling on and restoration of collaterals.

Article 33 Credit limit

1. The SAP shall be able to verify the validity of collaterals and calculate and continuously update the credit limit of each registered participant according to the HAR.
2. The SAP shall be able to check the maximum payment obligation and credit limit relation at bid submission and at closure of the bidding period according to the HAR.

Article 34 Invoicing and payment

1. The SAP operator shall comply with the settlement of payments and invoicing procedures defined in the HAR with the following:
 - a) calculation of due amounts for all long-term transmission rights;
 - b) currency of all financial information, prices and amounts due including deviations required by applicable law or regulations;
 - c) deadline to settle the given amount and any interest for late payment;

- d) taxes and levies at a rate and to the extent applicable when assessing payment obligations and issuing invoices;
- e) rounding of due amounts;
- f) calculation of monthly instalments;
- g) application of tax deduction if required;
- h) invoicing and payment conditions including the process of issuing invoices; invoicing in case of curtailment and return; deadlines for invoicing; invoice correction process; and application of bank fees;
- i) process of payment in case of disputes and dispute resolution; and
- j) late payment and payment incident situations.

Article 35 Remuneration of long term transmission right holders

1. The SAP operator shall pay out registered participants who returned long-term transmission rights a remuneration equal to the value of the returned long-term transmission rights according to the HAR.
2. The SAP operator shall remunerate the long-term transmission rights holder for the financial transmission rights and non-nominated physical transmission rights, which are reallocated at the relevant daily allocation in accordance with the HAR.

Article 36 Compensation for curtailments

1. In cases of curtailment to ensure operation remains within operational security limits before the day ahead firmness deadline, the SAP operator shall compensate the long-term transmission rights holder in accordance with the HAR.
2. In the case of force majeure before the day ahead firmness deadline, holders of curtailed long-term transmission rights shall be entitled to receive a reimbursement in accordance with the HAR.
3. In the event of force majeure or emergency situation after the day ahead firmness deadline, the SAP operator shall compensate holders of curtailed long-term transmission rights in accordance with Article 72 of the CACM Regulation.

TITLE 6

PRODUCTS, ALLOCATION METHODS AND ALGORITHMS

Article 37 General provisions

1. The SAP shall be able to allocate long-term transmission rights to registered participants by way of explicit allocation. Prior to the auction the SAP operator shall publish auction specifications on its website in accordance with the HAR.
2. The auctions shall be organised via the auction tool. Each registered participant fulfilling the requirements for participating in the auction may place bids in the auction tool until the relevant deadline for placing bids in the specific auction expires according to the respective auction specification.

3. The SAP operator shall comply with the applicable HAR regarding the following:
 - a) list of information to be provided within the auction specification;
 - b) minimum deadline for provision of all information relevant for specific auction, including publication of auction specification, offered capacity;
 - c) form and content of bids;
 - d) conditions upon which fulfilment bids are registered;
 - e) criteria of credit limit verification as specified in Article 33;
 - f) auction results determination;
 - g) notification of provisional and final auction results; and
 - h) procedure of contestation of auction results.
4. The SAP operator shall provide information on forthcoming auctions by publishing on its website a provisional auction calendar with the dates of auctions reasonably in advance before the auctions take place.

Article 38 Form of products and covered bidding zone borders

1. Unless stated otherwise in the HAR, the standard forward capacity allocation timeframes, subject to product availability, shall include at least the following:
 - a) yearly timeframe; and
 - b) monthly timeframe.
2. Unless the combination of the approved long-term transmission rights proposals pursuant to Article 31 of the FCA Regulation would lead to a shorter list (in which case the resulting shorter list shall be withheld for the purposes of the present Article), the SAP shall be able to allocate the following forms of products in accordance with the HAR:
 - a) yearly calendar product and yearly non-calendar product;
 - b) seasonal product;
 - c) quarterly product;
 - d) monthly product;
 - e) weekly product and week-end product.
3. The SAP shall be able to allocate long-term transmission rights on all bidding zone borders covered by the HAR.

Article 39 General requirements for long-term allocation algorithms

1. In accordance with Article 28 of the FCA Regulation, long-term allocation algorithms shall determine auction results in a way which:
 - a) uses the marginal pricing principle to generate results for each oriented bidding zone border and MTU;
 - b) allocates no more than the offered long-term cross-zonal capacity; and

- c) is repeatable, i.e. reproduce any time the same results with the same input data.
2. The SAP shall allocate cross-zonal capacity in the form of LTTRs with:
 - a) a single algorithm for cross-zonal capacity provided in the form of cNTC parameters; and
 - b) a single algorithm for cross-zonal capacity provided in the form of flow-based parameters¹.
3. The determination of the marginal clearing price per oriented bidding zone border depends on:
 - c) the last accepted bid price at an oriented bidding zone border, based on merit order of bids for that oriented border, in a case of allocation with cNTC approach; or
 - a) shadow prices of congested CNECs multiplied with PTDF values for those oriented bidding zone borders, in a case of flow-based allocation.
4. The optimisation function of the allocation algorithm shall aim to maximise the sum of accepted bids values entered into an auction, subject to constraints provided in Article 41. The accepted bid value is determined as the product of accepted bid quantity and bid price.
5. The sum of accepted bids quantity within an auction shall not be greater than the relevant constraints given by the allocation algorithm, as provided in Article 41.
6. An auction shall be able to optimize results for all oriented bidding zone borders of a CCR, taking into account constraints provided in Article 41. The algorithm shall allocate transmission rights only on borders of adjacent bidding zones.
7. The allocation algorithms shall only accept positive bid prices for FTR-options and physical transmission rights (PTR).
8. The marginal clearing price for an oriented bidding zone border shall be zero:
 - a) for cNTC approach: in case that offered ATC value is higher than the sum of requested bids' quantities on that oriented border;
 - b) for flow-based approach: in case that shadow price is zero on all CNECs with positive PTDF for that oriented border.
9. Only bids with a price higher or equal to the marginal clearing price at an oriented bidding zone border shall be accepted.
10. Partial acceptance of bids shall be possible.
11. The allocation algorithms shall not net opposite effects of bids for FTR-options and PTR on relevant constraints (i.e. there shall be no netting of counter flows).
12. The allocation algorithms shall be able to consider the deterministic rule for considering partial acceptance of bids with the same price at a specific oriented bidding zone border in accordance with the HAR.
13. The long-term allocation algorithms does not consider reduction periods.
14. The long-term allocation algorithms shall be able to consider any possible market outcome and calendar specificities, such as summer/winter time shifts and leap years.

¹ Including the cross-zonal capacities provided with evolved flow-based approach.

15. Detailed mathematical description and documentation of the long-term allocation algorithm shall be available on the SAP operator's website.
16. The calculation process and results of the long-term allocation algorithms shall be transparent, auditable and explainable.
17. The long-term allocation algorithms, including the data it processes, shall be properly secured from unauthorized access.

Article 40 Long-term flow-based allocation algorithm

1. For each bidding zone, the long-term flow-based allocation (hereafter referred to as "LTFBA") algorithm shall be able to:
 - a) facilitate bids for several oriented bidding zone borders on at least yearly and monthly timeframes;
 - b) support the products as described in Article 38; and
 - c) allocate cross-zonal capacities on a bidding zone border with one or multiple TSOs on any of the sides of the concerned bidding zone border.
2. In case the LTFBA algorithm finds two or more solutions with equal value to the objective function, it shall apply deterministic rules in order to define prices and capacity allocated for each oriented bidding zone border. The SAP operator shall publish these rules.
3. The LTFBA algorithm shall only accept bids in Euro and shall determine marginal clearing prices in Euros.
4. The SAP shall enable the application of evolved flow-based (EFB) principles. Accordingly:
 - a) the ends of the HVDC interconnector shall be modelled as virtual hubs in the PTDF matrix: one virtual hub in a case of an HVDC external to the CCR applying flow-based allocation, and two virtual hubs (source/sink) in a case of an HVDC internal to the CCR applying flow-based allocation; and
 - b) the AC bidding zone border where EFB is applied shall be modelled as a single virtual hub.
5. The LTFBA algorithm shall be able to:
 - a) allow to define a composite border constraint, i.e. EC, as well as a combined (grouped) CNEC constraint, as provided in Article 41;
 - b) incorporate losses functionality on interconnector(s) between bidding zones during capacity allocation, and activate this functionality during allocation, if requested by the owner(s) of the relevant interconnector after the approval by the relevant national regulatory authorities.
6. The SAP operator shall publish on its website at least the following outputs² of the LTFBA algorithm:
 - a) information per CNEC (for both directions, where applicable):

² Including the information for EFB lines and borders, where applicable.

- i. shadow prices;
- ii. resulting non-netted flows³;
- b) information per oriented bidding zone border (per LT product, and on MTU level⁴):
 - i. marginal clearing price;
 - ii. requested and accepted bids' quantities;
 - iii. aggregated non-netted exchanges⁵, reflecting losses where applicable;
 - iv. long-term congestion income;
7. The LTFBA algorithm shall be able to consider additional bidding zone borders or change of bidding zone configurations if needed.
8. The SAP CA parties should develop an annual LTFBA algorithm performance monitoring report considering the relevant KPIs in accordance with Article 15(2) and publish it in accordance with Article 7(1)(c).

Article 41 Mathematical formulation of the long-term allocation algorithms

The objective functions for long-term cNTC and flow-based allocation algorithms are expressed in the mathematical notation as the following linear problems (LP):

cNTC-based allocation:	Flow-based allocation:	With:
Optimisation function		<i>x</i> : source bidding zone of <i>bid b</i> <i>y</i> : sink bidding zone of <i>bid b</i> , <i>b</i> : bid <i>b</i> within the long term auction
$\max \left\{ \sum_{x,y,b} [p_b(x, y, b) \cdot d_a(x, y, b)] \right\}$		
Accepted bids quantity constraints		<i>p_b(x, y, b)</i> : bid price for bid <i>b</i> [EUR/MW] <i>d_r(x, y, b)</i> : requested quantity for bid <i>b</i> [MW] <i>d_a(x, y, b)</i> : accepted quantity for bid <i>b</i> [MW]
$0 \leq d_a(x, y, b) \leq d_r(x, y, b)$		
Basic transmission capacity constraints		
for \forall oriented bidding zone border between bidding zones <i>x</i> and <i>y</i> (<i>x</i> → <i>y</i>): $\sum_{x,y,b} d_a(x, y, b) \leq ATC_{x \rightarrow y}$	for \forall critical network element with contingency (<i>c_{nec}</i>): $\sum_{x,y,b} (PTDF_{x,y,b}^+ \cdot d_a(x, y, b)) \leq RAM_{c_{nec}}$	<i>ATC_{x→y}</i> : available transmission capacity for the border and direction between the bidding zone <i>x</i> and bidding zone <i>y</i> [MW]

³ virtual flows, i.e. maximally possible physical capacities allocated on each CNEC, presented separately for each direction (where applicable). They are the result of $\sum_{c_{nec}} (\text{Accepted Bids} * PTDF^+)$, for accepted bids from all BZ borders.

⁴ a single value for all MTUs of an LT product: dividing the value per product with number of MTUs

⁵ the exchanges on each BZ border, presented separately for each direction; a sum of accepted bids per each oriented border in a given direction.

cNTC-based allocation:	Flow-based allocation:	With:
	$PTDF_{x,y,cnec}^+ = \max(0, PTDF_{x,y,cnec})$	RAM _{cnec} : Remaining Available Margin of a CNEC ⁶ [MW] PTDF _{x,y,cnec} : zone-to-zone PTDF of bidding zones x and y ⁷ , at a CNEC PTDF _{x,y,cnec} ⁺ : positive ⁸ zone-to-zone PTDF of bidding zones x and y, at a CNEC
Composite border constraints (external constraints)		
for \forall oriented composite border among the group of bidding zones xx and the group of bidding zones yy: $\sum_{x,y,b} d_a(xx, yy, b) \leq EC_{xx \rightarrow yy}$		xx: source group of bidding zones of bid b, yy: sink group of bidding zones of bid b, d _a (xx, yy, b): accepted quantity for bid b EC _{xx→yy} : external constraint ⁹ , i.e. joint available transfer capacity for the composite border and direction between the group of bidding zones xx and the group of bidding zones yy [MW]
Grouped CNEC constraints		
	for \forall group of CNECs, i.e. \forall Grouped network element with constraints (gnec): $\sum_{x,y,b} (PTDF_{x,y,b}^+ \cdot d_a(x, y, b)) \leq RAM_{gnec}$ $PTDF_{x,y,gnec}^+ = \max(0, PTDF_{x,y,gnec})$	RAM _{gnec} : Remaining Available Margin of a GNEC constraint ¹⁰ [MW] PTDF _{x,y,gnec} : zone-to-zone PTDF of bidding zones x and y, at a GNEC constraint PTDF _{x,y,gnec} ⁺ positive zone-to-zone PTDF of bidding zones x and y, at a GNEC constraint
Clearing price calculation		
cp(x, y) _{MTU} = p _b (x, y, b); price of the last accepted bid	$cp(x, y)_{MTU} = \sum_{cnec} PTDF_{x,y,cnec}^+ \cdot SP_{cnec}$	cp(x, y) _{MTU} : clearing price at a border x→y, per market time unit (EUR)

⁶ HVDC interconnectors, both internal and external to a flow-based CCR may be considered as CNECs, applied under the evolved flow-based (EFB) principles.

⁷ Set of bidding zones also includes virtual hubs where evolved flow-based approach is applied.

⁸ Using positive zone-to-zone PTDF provides that only the burdening effect of bids is taken into account (without netting of counter-flows). This is so for the allocation of FTR-Options and PTR.

⁹ If such a combined constraint considers all borders of a bidding zone x (xx=x, yy=all its neighbours), it is then an export/import constraint (limiting total net position of the bidding zone)

¹⁰ A form of such a constraint is envisaged in the Nordic LT CCM, as a ‘combined dynamic constraint’, i.e. the limit on the sum of power flows on a set of network elements or partial flows on a set of network elements for the purpose to respect dynamic stability limits.

cNTC-based allocation:	Flow-based allocation:	With:
$cp(x, y)_{LT} = c(x, y)_{MTU} \cdot N_{MTU}$	$cp(x, y)_{LT} = c(x, y)_{MTU} \cdot N_{MTU}$	<p>SP_{cneec}: shadow price (dual value) of a congested CNEC [EUR/MW]</p> <p>$cp(x, y)_{LT}$: clearing price at a border $x \rightarrow y$, per auctioned long-term period (month, year) [EUR]</p> <p>N_{MTU}: number of market time units (MTU) per auctioned long-term period (month, year)</p>

TITLE 7

OPERATIONAL PROCESSES

Article 42 Publication of the offered capacity

1. The SAP operator shall receive the amount of long-term cross-zonal capacity to be offered in the respective auction directly from the TSOs or the coordinated capacity calculator.
2. The SAP operator shall publish the offered capacity including reduction periods (if applicable) in accordance with the HAR.

Article 43 Bids submission and registration

1. The SAP shall enable bids' submission including default bids in accordance with the HAR and in accordance with the information system rules of the auction tool.
2. Bids shall be submitted to the SAP in accordance with the formats defined in the documentation available on the SAP operator's website. The SAP shall be able to ensure that the bids, which are not submitted in the required format, shall not be taken into account.
3. Bids shall be accepted or rejected in accordance with the formats defined in the documentation available on the SAP operator's website and in accordance with the HAR and consequently be used in the auction results determination. The SAP operator shall maintain a record of all bids received.

Article 44 Capacity curtailment and nomination

1. Long-term transmission rights may be curtailed in the event of force majeure, or to ensure operation remains within operational security limits in accordance with the FCA Regulation and the HAR.
2. TSOs, or the coordinated capacity calculator, shall submit the long-term cross zonal capacity curtailment request to the SAP, which shall be able to reduce the held rights accordingly, and the SAP operator shall compensate the holders of curtailed long-term transmission rights in accordance with the HAR.
3. In case of curtailment of nominated physical transmission rights, TSOs shall send the curtailed nominations to the SAP after having sent the non-curtailed values. The SAP shall be able to calculate the compensation to be paid to holders of curtailed nominated physical transmission rights based on the curtailed nominations in accordance with the HAR.

4. The SAP operator shall publish as soon as possible information that there is a curtailment of long-term transmission rights.

Article 45 Auction results determination

After the bids' submission and allocation, the SAP shall be able to determine the auction results (allocated quantity per oriented bidding zone border, auction price and winning registered participants) in accordance with the HAR.

Article 46 Notification of provisional auction results

The SAP operator shall publish as soon as possible the provisional auction results in accordance with the HAR.

Article 47 Contestation of auction results

The SAP operator shall enable contestation of the auction results in the event registered participants believe the auction results to be erroneous. The SAP operator shall process the contestation in accordance with the HAR.

Article 48 Return of long term transmission rights

1. The SAP shall enable returns of long-term transmission rights in accordance with the HAR. The SAP shall make the returned capacity available in the subsequent auction.
2. The SAP operator shall, on behalf of TSOs, compensate the registered participant for the return of long-term transmission rights in accordance with the HAR.
3. The details regarding the required information and format of the return that are to be accepted by the SAP operator are further defined in the HAR.

Article 49 Transfer of long term transmission rights

The SAP shall enable transfer of long-term transmission rights in accordance with the HAR and in accordance with the information system rules of the auction tool.

Article 50 Notice board

The SAP operator shall make a notice board available to registered participants, free of charge in accordance with the HAR.

Article 51 Use and remuneration of long term transmission rights

1. The SAP shall provide registered participants and respective TSOs with a rights document containing the long-term transmission rights that the registered participant holds and is entitled to nominate in accordance with the relevant nomination rules, in a case of physical transmission rights.
2. The SAP operator shall remunerate financial transmission rights or non-nominated physical transmission rights in accordance with the HAR.

Article 52 General provisions of the fallback procedures

The SAP operator shall, to the extent reasonably practicable, organise fallback procedures in line with the HAR for the following cases:

- c) failure at the site of the SAP of the standard processes for data exchange via the auction tool;
- d) technically no feasibility to hold an auction;
- e) technically no feasibility to return long-term transmission rights;
- f) technically no feasibility to notify a transfer of long-term transmission rights; and
- g) technically no feasibility to notify who will be nominating the long-term cross-zonal capacity.

Article 53 Auction cancellation

1. The SAP operator may cancel an auction:
 - h) prior to the auction results are final, in a case of technical issues, provided that adequate fallback procedures have been available at the time of the incident and that these procedures have been initiated pursuant to Article 52; or
 - i) after the auction results are final, in case the auction results were erroneous, or due to incorrect offered capacity values, in accordance with the HAR.
2. The SAP operator shall inform registered participants and the TSOs about the auction cancellation.

TITLE 8 DATA INTERFACES

Article 54 Information system rules

The information system rules shall set down the terms and conditions for access to, and use of the auction tool by the registered participants and its users. The SAP operator shall develop and operate the auction tool in accordance with the information system rules.

Article 55 Message standards

1. The SAP operator may define which message standards are required for the use of the auction tool.
2. Each message standard shall be available on the SAP operator's website, by way of a link to the relevant ENTSO-E standards as published on ENTSO-E's website. Registered participants' messages shall comply with the message standards, failing which they shall be rejected.
3. The SAP operator is entitled to modify message standards. The SAP operator shall notify the registered participants of the new message standards, together with the date on which they come into force on its website with reasonable prior notice.
4. The date and time generated by the auction tool, as appearing in the messages received or sent by the SAP, shall be the only date and time taken into consideration for evidence purposes.
5. The SAP shall be able to archive data logs and messages for the purpose of any dispute in accordance with the information system rules and applicable legislation.

TITLE 9

TECHNICAL AVAILABILITY AND RELIABILITY OF PROVIDED TASKS

Article 56 Participants' support

1. The SAP operator shall offer the support in relation to the auctions to the registered participants during working hours. Contact details of the SAP operator for this purpose shall be published on the SAP operator's website. The SAP operator shall inform registered participants on any change of working hours or contact details via email.
2. All communications shall be in English.

Article 57 On-call support

The SAP operator shall provide an on-call support for the TSOs in order to manage possible curtailments outside working hours. This support shall be available for curtailment only and shall be specified in the SAP CA.

Article 58 Training of TSOs' operators and registered participants

In case of substantial changes of the auction tool, the TSOs may ask the SAP operator to organise training sessions for TSOs' staff related to long-term auctions organisation and registered participants. The SAP operator shall comply with any such request, subject to its reasonableness and urgency.

Article 59 Management of participants' claims

1. The SAP operator shall be the operational contact for registered participants for all potential claims. Unless stated otherwise in the HAR, the SAP operator shall send to the registered participant a notification of the receipt of this claim within five (5) working days following the receipt of the claim.
2. The SAP operator shall consult the TSOs regarding the participant's claim and potential answer.
3. Unless otherwise required in the HAR, the SAP operator shall provide an answer to the registered participant's claim within twenty (20) working days following the day of the receipt of this claim.

TITLE 10

COST SHARING METHODOLOGY

Article 60 Subject matter and scope

1. The TSOs shall remunerate the SAP operator with a fee for the provision of the SAP tasks in accordance with this SAP cost sharing methodology.
2. The SAP cost sharing methodology shall apply to the SAP tasks, while interaction with costs of other tasks provided by the SAP operator not covered by the SAP methodology shall be taken into account for a fair distribution reflecting the operational costs incurred by each SAP Task.
3. The following parameters shall at least be taken into account in the determination of the fee for the SAP tasks for the next budget year:
 - a) the SAP tasks, as defined in Article 9;
 - b) the number of the TSOs;
 - c) the number of bidding zone borders where LTTRs are auctioned by the SAP Operator;
 - d) the total costs budgeted by the SAP operator;
 - e) the allocation of the SAP's costs to each SAP Task; and
 - f) the cost-plus margin that the SAP operator charges for the use of the SAP tasks only if required by the national tax authorities where the SAP operator is headquartered and at the minimum level possible.

Article 61 Costs of establishment, development and operation of the SAP

1. The total budgeted costs for operations of the SAP shall be allocated per each SAP task taking into account all tasks performed by the SAP operator. A regular reconciliation between the budgeted and the realised costs shall be proposed by the SAP operator and verified by the SAP council.
2. The distribution of the budget for operation of the SAP to the SAP tasks shall be based on direct costs and the allocation of indirect costs where:
 - a) direct costs of SAP tasks are directly assigned to the different SAP tasks; and
 - b) indirect costs are assigned to the cost of each SAP task, based on time spent and usage according to the cost allocation proposal described in Article 61.
3. Indirect costs shall include costs such as:
 - a) IT supplies and IT general maintenance costs;
 - b) rent for the SAP operator;
 - c) audit accounting/IT;
 - d) insurances;
 - e) personnel costs in financial department, human resources department;
 - f) other costs related to human resources (such as recruitment);
 - g) office operating costs;

- h) training;
 - i) consultancy; and
 - j) all other costs incurred by the SAP and not directly pertaining to a SAP task
4. The costs related to the establishment of the SAP incurred after the regulatory approval of this SAP methodology shall be borne by the TSOs in accordance with this SAP cost sharing methodology. Such costs shall include at least the investments related to forward capacity allocation, which are related to the SAP tasks, including the introduction of products listed in Article 38(2) and any related depreciation costs following the approval of the SAP methodology.
5. The following costs related to the further development of the SAP after its establishment shall be shared between the TSOs in accordance with this SAP cost sharing methodology:
- a) costs for the development of additional products different from those listed in Article 38(2);
 - b) costs for the development of additional functions following a change in the HAR; and
 - c) costs for the development of possible new features aiming at improving the performance of the SAP.

Article 62 Cost allocation proposal

1. The allocation of the costs to all SAP tasks (“cost allocation proposal”) shall be based on the allocation of direct and indirect costs. The SAP operator shall provide every year the allocation of the indirect costs to different tasks, first to include new cost items and secondly to adapt the sharing key based on the time spent on each SAP task, according to the updated processes. The cost allocation proposal for the coming year is part of the annual fee application report in accordance with Article 65.
2. The cost allocation proposal shall be based on:
- a) allocation of direct costs to the appropriate SAP task;
 - b) allocation of IT costs related to the auctioning IT systems needed to perform the SAP tasks to the appropriate auction
 - c) the relative IT usage of each SAP task;
 - d) split of indirect costs to the appropriate tasks based on a workload assessment per department dedicated in each task performed by the SAP operator only for SAP tasks; and
 - e) allocation of a proportionate share of the minimum required cost-plus margin applied on earnings before tax of the SAP operator to the appropriate SAP tasks, if required by the national tax authorities where the SAP operator is headquartered.

Article 63 Cost sharing arrangements

1. The cost sharing per SAP task shall be based on different combinations of the two following keys:
- a) the cost sharing key per bidding zone border in accordance with paragraph 2; and
 - b) the cost sharing key per TSO in accordance with paragraph 3.
2. The cost sharing key per bidding zone border shall be the individual ratio of a TSO, which is equal to the number of bidding zone borders of that TSO where LTTRs are issued, divided by the total

number of bidding zone borders where LTTRs are issued by the SAP operator. For allocation borders where there is more than one TSO on one side, the allocation border is counted once as a total and split according to the sharing key used to distribute the long-term congestion income between the concerned TSOs.

3. The cost sharing key per TSO means the individual ratio of a TSO for a SAP task, which equals to one divided by the total number of TSOs using this SAP task.
4. In combination of the two cost sharing keys depending on the respective SAP task, the SAP operator shall define the final ratios per SAP task per TSO by taking into consideration the nature of the associated costs. The combination of the cost sharing keys applicable to each SAP task shall be defined in the SAP Fee Structure described in Article 64 and published in the fee application report described in Article 65.

Article 64 The SAP fee structure

1. For the SAP tasks, the SAP fee structure shall be based on the SAP cost sharing methodology, and shall define the combination of the cost-sharing keys applicable to each SAP task. The SAP fee structure shall also define the process for any fee adjustment in accordance with the SAP cost sharing methodology.
2. The SAP fee structure shall be approved by the SAP council. If no agreement is reached by October 31st (for the invoicing period from 1 January to 31 December of the following year), the existing cost sharing keys apply (as set out in Article 63).
3. In case of discrepancy between the SAP fee structure and the SAP cost sharing methodology for the SAP tasks, this latter shall prevail.
4. An amendment of this SAP cost sharing methodology for the SAP tasks may require a review of the cost sharing arrangements and the SAP fee structure accordingly.

Article 65 Proposal of the fee application report

1. The SAP operator shall provide to the SAP council the proposal for the yearly fee application report including the individual yearly fee per TSO with a break-down per SAP task in accordance with this SAP cost sharing methodology, at least once per year before end October of the year preceding the year of application.
2. The SAP council shall check the proposal for the yearly fee application report and to notify any discrepancy to the SAP operator.
3. In case a discrepancy is notified by the SAP council to the SAP operator, the SAP operator shall assess the notification and provide the results of this assessment to the SAP council without undue delay.
4. The fee application report shall include at least the following information:
 - a) SAP tasks categories (e.g. long-term auctions detailed per form of product, clearing and settlement), fee per SAP task category;
 - b) applied cost sharing keys per SAP tasks defined in the SAP fee structure;
 - c) overview of TSOs to which each SAP task category applies if relevant;

- d) overview of the number of allocation borders per TSO to which the SAP tasks category applies if relevant;
 - e) cost allocation proposal with the distribution of the costs, including indirect costs, to all SAP tasks according to the final ratios per SAP task;
 - f) in total the yearly fee per TSO with a breakdown per SAP task; and
 - g) all the related supporting tables and documents.
5. The proposal for the fee application report shall provide a transparent overview of the cost allocation and the split of costs over the respective SAP tasks.

Article 66 Extraordinary update of the fee application report

1. The SAP operator may, in exceptional circumstances adjust the fees during the year of application of the fee application report and shall provide TSOs with detailed justification for the fee adjustment. The SAP operator shall inform in such a case the SAP council by providing a proposal for an updated fee application report.
2. After the proposal for the updated fee application report is provided, the SAP council shall check within ten (10) working days as defined in the SAP CA whether the application of the SAP cost sharing methodology and the SAP Fee structure resulted in a correct calculation of the individual TSO's fee and to notify any discrepancy to the SAP operator.
3. In case a discrepancy is notified by the SAP council, the SAP operator shall then assess the notification and provide the results of this assessment to the SAP council without undue delay and at the latest within ten (10) working days as defined in the SAP CA. After the checking procedure described above is completed, the final updated fee application report shall be attached to the SAP CA.
4. The fee adjustment shall always comply with the latest SAP cost sharing methodology approved in accordance with the FCA Regulation.
5. In case one or more of the following changes occur:
 - a) a change in the number or list of the allocation borders;
 - b) number of TSOs acquiring a fulfilment of a SAP task; and/or
 - c) yearly adaptation based on budget for next year and different allocation for indirect costs,the SAP operator shall perform a recalculation of the fees and shall propose the adaptation of the fee structure including a date from which the recalculation comes into force. The SAP operator shall notify the SAP council about the decision. When notified the members of the SAP council shall check within ten (10) working days the correct application of the updated individual contribution.

Article 67 Amendments of the SAP cost sharing methodology

1. In case of a request for amendment of the SAP cost sharing methodology in accordance with the FCA Regulation, the TSOs shall consult the SAP operator on any such amendment.

2. After the amendment of this SAP cost sharing methodology in accordance with the FCA Regulation, the TSOs shall notify the SAP operator of the amendment as well as describe how the input provided by the SAP operator was considered.

Article 68 Relationship to other rules

In case of inconsistency between the HAR and the SAP cost sharing methodology or the SAP operator fee structure, the HAR and the FCA Regulation shall prevail and the SAP cost sharing methodology or the SAP fee structure shall be adapted accordingly.

ANNEX 1

List of TSOs subject to the approved SAP methodology:

1. 50Hertz - 50Hertz Transmission GmbH
2. Amprion - Amprion GmbH
3. APG - Austrian Power Grid AG
4. BCAB - Baltic Cable AB
5. ČEPS - ČEPS a.s.
6. EirGrid - EirGrid plc
7. Elering - Elering AS
8. ELES - ELES, d.o.o.
9. Elia - Elia Transmission Belgium S.A.
10. Energinet - Energinet
11. ESO – Electroenergien Sistemen Operator EAD
12. Fingrid - Fingrid OyJ
13. HOPS d.d. - Croatian Transmission System Operator Plc
14. IPTO - Independent Power Transmission Operator S.A.
15. MAVIR ZRt. - MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság ZRt.
16. PSE - Polskie Sieci Elektroenergetyczne S.A.
17. REE - Red Eléctrica de España S.A.
18. REN - Rede Eléctrica Nacional, S.A.
19. RTE - Réseau de Transport d'Electricité S.A.
20. SEPS - Slovenská elektrizačná prenosová sústava, a.s.
21. SONI - System Operator for Northern Ireland Ltd
22. TenneT GER - TenneT TSO GmbH
23. TenneT TSO - TenneT TSO B.V.
24. Terna - Terna S.p.A.
25. Transelectrica - Compania Nationala de Transport al Energiei Electrice S.A.
26. TransnetBW - TransnetBW GmbH

ACER Decision on _____

~~All TSOs' proposal for amendment of the establishment
of a Single Allocation Platform (SAP) in accordance with Article
49 and~~ Annex I

ACER's preliminary position on the TSOs' proposal
for amendments to:

**Requirements for the Single Allocation
Platform (SAP) and the SAP cost sharing
methodology**

in accordance with Articles 49 and Article 59 of Commission
Regulation (EU) 2016/1719 establishing a guideline on forward
capacity allocation

~~20 September 2022~~

~~22XX February~~ 22 March 2023

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All TSOs, taking into account the following,

Whereas

- (1) This document ~~is the common proposal~~ contains the requirements for the Single Allocation Platform ('SAP') and the SAP cost sharing methodology developed by all Transmission System Operators (hereafter referred to as "TSOs") for a set of requirements and for the establishment of the Single Allocation Platform (hereafter referred to as "SAP") in accordance with (all TSOs') pursuant to Article 49 and for a cost sharing methodology (hereafter referred to as "SAP Cost Sharing Methodology") in accordance with Article 59 of Commission Regulation (EU) 2016/1719 establishing a guideline on forward capacity allocation (hereafter ('FCA Regulation'), collectively referred to as the "FCA Regulation"). This proposal is hereafter referred to as the "SAP Proposal" methodology.
- (2) On ~~077~~ April 2017, all Transmission System Operators (hereafter referred to as "all TSOs") submitted to all national regulatory authorities all TSOs' their common proposal for a set of requirements and for the establishment of the SAP in accordance with Article 49 of the FCA Regulation and for a methodology for sharing the costs related to the establishment and operation of the SAP Cost Sharing Methodology in accordance with Article 59 of the FCA Regulation; together with a supporting document. On 18 September 2017, all national the regulatory authorities approved the SAP and SAP Cost Sharing Methodology all TSOs' proposal.
- (3) In a letter dated 12 July 2021, ACER requested all TSOs, pursuant to under Article 4(12) of the FCA Regulation, to submit, as soon as possible, and no later than 1 June 2022, the relevant their proposals for amendments of the four methodologies mentioned listed in Article 4(6), points (c), (d), (e) and (g) of the FCA Regulation for ACER's approval in order. Amending the above methodologies, including the SAP methodology, was necessary to allow for a timely implementation of the long-term flow-based auctions in the Core and Nordic capacity calculation regions. ENTSO The European Network of Transmission System Operators for Electricity ('ENTSO-E') asked ACER, on behalf of all TSOs, proposed postponed to postpone the submission dates date for the relevant proposals, to which ACER agreed in a letter dated 26 January 2022. The new submission date for the proposed amendments to the SAP methodology was 1 October 2022.
- (4) ~~The~~ On 28 September 2022, ENTSO-E, on behalf of all TSOs, submitted for ACER's approval their proposal for amendment of the SAP Proposal methodology. This document is based on all TSOs' amendment proposal of 28 September 2022, as amended and approved by ACER.
- (5) The SAP methodology applies to all TSOs, with the exception of the following categories of TSOs:
 - (a) TSOs active only on the bidding zone borders where regulatory authorities decided that long-term transmission rights shall not be issued by the respective TSOs or that other long-term cross-zonal hedging products shall be made available by the respective TSOs, according to Article 30(7) of the FCA Regulation; and,
 - (b) TSOs not commercializing their transmission capacity on the single day-ahead market or the long-term market.
- (5)(6) The SAP methodology takes into account the general objectives and principles and goals set out in the Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (hereafter referred to as "Regulation (EU) 2019/943").

~~(7)~~ The SAP ~~Proposal methodology~~ takes into account the ~~general objectives and principles, goals and other methodologies~~ set out in the FCA Regulation. ~~The goal of, and is consistent with other methodologies based on~~ the FCA Regulation ~~is the coordination and harmonisation of.~~

~~(6)~~~~(8)~~ ~~The FCA Regulation aims to coordinate and harmonise~~ forward capacity calculation and allocation in the long-term capacity markets, ~~and~~. It sets requirements for the TSOs to ~~co-operate~~~~cooperate~~ on a pan-European level; ~~on the level of, within~~ capacity calculation regions (~~hereinafter referred to as “CCRs”), (“CCRs’)~~ and across bidding zone borders. ~~Chapter 5 of~~ the FCA Regulation ~~also sets rules~~~~provides~~ for establishing European harmonised allocation rules ~~and regional/border specific annexes~~ (hereafter referred to as “HAR”). ~~The HAR shall contain at least the description of the allocation process/procedure~~ for long-term transmission rights, including ~~the minimum regional and bidding zone border specific requirements for participation, financial matters, type of products offered in explicit auctions, nomination rules, curtailment and compensation rules, rules for market participants in case they~~ (‘HAR’). ~~Minimum content requirements for the HAR are transferring their long term transmission rights, the use it or sell it principle, rules as regards force majeure and liability. The HAR should also outline the contractual obligations to be respected by market participants, specified in Article 52(2) of the FCA Regulation.~~

~~(7)~~~~(9)~~ The SAP ~~Proposal methodology~~ lays down the functional requirements, governance, liabilities and ~~the~~ cost sharing methodology for the SAP. ~~These rules are necessary for~~ the SAP ~~shall be able~~ to perform, ~~at least~~, the execution of the long-term auctions in accordance with the HAR and any associated ~~additional tasks required in the provision of long term auctions (such as clearing and settlement and on call support) as described~~~~tasks listed~~ in Article 50 of the FCA Regulation (~~“(collectively ‘SAP Tasks’)-tasks”~~).

~~(8)~~~~(10)~~ ~~In line with Article 49 of the FCA Regulation,~~ when developing the SAP ~~Proposal, methodology,~~ all TSOs ~~examined~~ the following options ~~were examined by all TSOs~~ for the establishment of the SAP:

- (a) appointing one ~~or more TSO/TSOs ((s), on a rotating basis)~~, to operate the SAP on behalf of all TSOs. This option ~~would have been~~~~was considered~~ challenging due to proportionality issues and also the associated costs; or
- (b) appointing an existing entity to perform the SAP tasks as a vehicle of cooperation among ~~the~~ TSOs and on their behalf; or
- (c) creating a new entity to perform the SAP tasks as a vehicle of cooperation among ~~the~~ TSOs and on their behalf; or
- (d) ~~appointing~~~~delegating~~ the development and operation of the SAP to a third party independent from the TSOs.

~~(10)~~~~(11)~~ ~~Having considered the above options, all TSOs conclude that the~~ ~~Since capacity allocation of capacity being~~ is a core task of the TSOs, ~~all TSOs concluded that~~ the SAP tasks have to be performed by the TSOs either among themselves or by a vehicle of cooperation solely composed of ~~the~~ TSOs. ~~They therefore chose to use~~~~The TSOs consider that using~~ an existing entity to perform the SAP tasks as a vehicle of cooperation among ~~the~~ TSOs and on their behalf is ~~the most efficient and pragmatic approach. All TSOs therefore propose to appoint the Joint Auction Office (‘JAO’) for the following reasons:~~

~~the most efficient and pragmatic approach. All TSOs propose to appoint the Joint Auction Office (hereafter referred to as "JAO") due to following reasons:~~

~~b)a) TSOs have competence~~ The TSOs are responsible for the operation of forward capacity allocation and have thus created a common entity, JAO, to perform this task;

~~e)b) JAO is the result of a merger of the former CASC.EU S.A. and CAO Central Allocation Office GmbH, both having a long history in the execution of long-term auctions and thus already executes the long-term auctions on behalf of the majority of the TSOs bound by to which the FCA Regulation applies;~~

~~Regulation;~~

~~e)c) JAO is currently thea~~ counterparty to the majority of the market participants applying the HAR and covers the majority of the bidding zone borders where forward capacity allocation is applicable.

~~(11)(12) Based on the above, all TSOs therefore consider that they are able to meet the obligations and requirements of the FCA Regulation by operating the SAP through JAO (hereinafter referred to as "SAP Operator"). ('SAP operator').~~

~~(13) This In line with Article 49 of the FCA Regulation, the SAP Proposal contains in Part 4 methodology covers the general rules for the entire SAP proposal. Part 2 describes the governance principles tasks of the SAP and its functional requirements in accordance with Article 49 of the FCA Regulation. These should be implemented and followed by the TSOs through the SAP.~~

~~(15)(14) Part 3 of In line with Article 49 of the FCA Regulation, the SAP Proposal describes methodology also covers the SAP Cost Sharing Methodology requirements for cost recovery in accordance with Article 59 of the FCA this Regulation. As JAO performs many tasks. Therefore, there are also costs for tasks other than the SAP tasks that are commonly shared. With The cost sharing methodology, it is clarified clarifies that all TSOs shall share the costs for the establishment and operation of the SAP only. Such costs include direct and indirect costs defined in the SAP cost sharing methodology. The SAP cost sharing methodology also follows essential general principles for cost sharing, which needs to:~~

- ~~(a) be reasonable, efficient and proportionate to operational costs as required in Article 59 of the FCA Regulation;~~
- ~~(b) be fair and non-discriminatory;~~
- ~~(c) be fully transparent and auditable;~~
- ~~(d) reflect nature of costs and their relation to the establishment and operation of the SAP;~~
- ~~(e) be attractive for new and existing parties; and~~
- ~~(f) bring benefits and savings for all TSOs.~~

~~17. According to Article 4(8) The following recitals provide a description of the FCA Regulation, the expected impact of the SAP Proposal methodology on the objectives of the FCA Regulation has to be described and is presented below:~~

~~(15) The SAP Proposal generally contributes to the achievement of the~~, as required by Article 4(8) of the FCA Regulation. ~~These objectives of~~ are listed in Article 3, points (a)-(g), of the FCA Regulation. ~~In particular, the SAP Proposal serves the objective of:~~

~~(19)~~(16) According to Article 3(a), the FCA Regulation aims at promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants. ~~The SAP methodology serves this objective~~ as the establishment of a single trading platform harmonises and simplifies the trading activities for long-term products across European borders.

~~21. The objective of~~According to Article 3(b), the FCA Regulation aims at optimising the allocation of long-term cross-zonal capacity. ~~The SAP methodology is achieved in line~~ with this

~~(22)~~(17) ~~SAP Proposal, notably objective~~ because the coordination in the auctions calendar is centralised and the allocation is based on transparent contractual and operational rules, with a single contractual framework ~~that facilitate the~~which facilitates access ~~to~~for all market participants in a non-discriminatory way. ~~Besides~~Furthermore, by auctioning forward capacities through a vehicle of cooperation that also performs other tasks, in particular explicit allocation for other timeframes, the choice of ~~the~~ TSOs in this SAP ~~Proposal~~methodology ensures ~~an~~cost optimisation ~~of costs that will benefit to the community.~~

~~(24)~~(18) ~~Through this SAP Proposal, the TSOs fulfil their obligations under the Directive (EU) 2019/944 and~~According to Article 3(c), the FCA Regulation ~~to ensure the provision of~~aims at ~~providing~~ non-discriminatory access to long-term ~~cross-zonal~~cross-zonal capacity. ~~The SAP methodology promotes this objective as it ensures non-discriminatory access through the long-term allocation algorithms and~~ by centralising the process of entitlement to all European borders for all market participants.

~~(26)~~(19) ~~Furthermore,~~According to Article 3(d), the FCA Regulation aims at ensuring fair and non-discriminatory treatment of TSOs, ACER, regulatory authorities and market participants. ~~The SAP Proposal~~methodology contributes to this objective since, by setting the rules applicable to all ~~TSOs, it~~ ensures fair and non-discriminatory treatment of all affected parties, ~~as it sets rules to be applied by all TSOs.~~ Additionally, the SAP ~~Proposal~~methodology assures transparency ~~when accessing in access to~~ forward capacity allocation related information. ~~Finally, equal treatment of market participants' bids is ensured through the long-term allocation algorithms defined in the methodology.~~

~~(28)~~(20) ~~Further,~~According to Article 3(e), the ~~SAP Proposal provides for a regime which respects~~FCA Regulation aims at respecting the need for a fair and orderly forward capacity allocation and orderly price formation. ~~The SAP methodology contributes to achieving this objective as a harmonised set of allocation rules is envisaged with a single~~it establishes a platform and procedure for efficient, fair and transparent long-term capacity allocation ~~algorithm for NTC-based allocation and a single~~all CCRs, with timely and comprehensive release of information about cross-zonal capacity allocation ~~algorithm allocation using the flow-based approach.~~ inputs and results, and respects the price formation principles as set in Article 28 of the FCA Regulation.

~~(30)(21)~~ Regarding the objective of According to Article 3(f), the FCA Regulation aims at ensuring and enhancing the transparency and reliability of information on forward capacity allocation. In that respect, the SAP ~~Proposal~~ methodology assures a single and centralised source of information related to forward capacity allocation, which promotes the objective of having transparent and reliable information on forward capacity allocation.

~~(32)(22)~~ The SAP Proposal According to Article 3(g), the FCA Regulation aims at contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union. In this respect, the SAP methodology should foster liquidity by easing access to the market in a non-discriminatory and cost-efficient manner, taking into account the existing allocation process. It also optimises the allocation of long-term capacity, reflecting congestion on all EU borders in an efficient way, hence promoting this objective.

~~34.~~ Also the SAP Proposal contributes to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union, as it optimises allocation of long-term capacity, reflecting congestion on all EU borders in an efficient way.

~~36.~~ In conclusion, the SAP Proposal contributes to the general objectives of the FCA Regulation and the Regulation (EU) 2019/943 to the benefit of all market participants and electricity end consumers. Articles 49 and 59 of the FCA Regulation requires all TSOs to develop the SAP Proposal. The list of TSOs responsible for the development of the SAP Proposal under the relevant legislation and for its submission to ACER is the following: APG – Austrian Power Grid AG, VÜEN – Vorarlberger Übertragungsnetz GmbH, Elia – Elia Transmission Belgium S.A., ESO – Electroenergien Sistem Operator EAD, HOPS d.d. – Croatian Transmission System Operator Plc, ČEPS – ČEPS, a.s., Energinet – Energinet, Elering – Elering AS, Fingrid – Fingrid OyJ, Kraftnät – Kraftnät Åland Ab, RTE – Réseau de Transport d'Electricité S.A., Amprion – Amprion GmbH, TransnetBW – TransnetBW GmbH, TenneT GER – TenneT TSO GmbH, 50Hertz – 50Hertz Transmission GmbH, BCAB – Baltic Cable AB, IPTO – Independent Power Transmission Operator S.A., MAVIR ZRT. – MAVIR Magyar Villamosenergia ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság ZRt., EirGrid – EirGrid plc, Terna – Terna SpA, Augstsprieguma tīkls – AS Augstsprieguma tīkls, LITGRID – LITGRID AB, CREOS Luxembourg – CREOS Luxembourg S.A., TenneT TSO – TenneT TSO B.V., PSE – Polskie Sieci Elektroenergetyczne S.A., REN – Rede Eléctrica Nacional, S.A., Transelectrica – Compania Nationala de Transport al Energiei Electrice S.A., SEPS – Slovenská elektrizačná prenosová sústava, a.s, Svenska Kraftnät – Affärsverket Svenska Kraftnät, SONI – System Operator for Northern Ireland Ltd, Slovenská elektrizačná prenosová sústava, a.s., ELES – ELES, d.o.o., REE – Red Eléctrica de España S.A.U,

SUBMIT THE FOLLOWING SAP PROPOSAL TO ACER:

Article 39. — Part 1

(23) In conclusion, the SAP methodology contributes to the objectives of forward capacity allocation listed in Article 3 of the FCA Regulation.

TITLE 1 GENERAL PROVISIONS

Article 1 ~~Article 1~~–Subject matter and scope

- ~~1. All TSOs lay down in~~ This SAP ~~Proposal methodology lays down~~ the functional requirements, governance, liabilities and cost sharing requirements for the SAP, ~~in accordance with Articles 49 and 59 of the FCA Regulation~~. The SAP shall enable the TSOs to ~~fulfilperform~~ the ~~requirements of tasks listed in~~ Article 50 of the FCA Regulation ~~and will~~.
- ~~2. This SAP shall apply to the TSOs listed in Annex 1 (hereafter referred to as “TSOs”), and this SAP shall~~ cover all bidding zone borders where forward capacity allocation applies according to the applicable HAR, ~~as amended from time to time in accordance with the FCA Regulation~~ HAR.
- ~~3. In the specific case where there are several TSOs on the same side of a bidding zone border, this SAP Proposal shall only apply to the TSO generating an income from capacity allocation on a bidding zone.~~
- ~~5. This SAP Proposal shall not apply to the TSOs of the bidding zone borders where national regulatory authorities decide that long-term transmission rights shall not be issued by the respective TSOs or that other long-term cross-zonal hedging products shall be made available by the respective TSOs, according to Article 30(7) of FCA Regulation.~~
- ~~7.3. All~~ The TSOs agree to use JAO as the SAP operator and shall ensure through the SAP operator, as a vehicle of cooperation, that the SAP is operational and complies with the functional requirements of this SAP ~~Proposal methodology~~, the HAR and the FCA Regulation.
- ~~8. The mutual rights, obligations and liabilities between allthe TSOs and the SAP operator for the development and operation of the SAP willshall~~ be laid down in a SAP cooperation agreement in accordance with ~~Part 2 Title 23~~ of this SAP ~~Proposal~~.
- ~~9.4. The terms in the SAP Cooperation Agreement shall be without prejudice to any other obligations of the TSOs in accordance with the FCA Regulation methodology.~~
- ~~10.5. Any other tasktask~~ performed by the SAP operator on behalf of one or more TSOs which do not relate to the SAP tasks fall out of the scope of this SAP ~~Proposal methodology~~.
- ~~6. Article 2—The SAP methodology supports the allocation of financial transmission rights-options~~ (‘FTR-options’) and physical transmission rights (‘PTR’). ~~Prior to the application of financial transmission rights-obligations (‘FTR-obligations’) at any bidding zone border, all TSOs referred to in Article 4(12) of the FCA Regulation which are responsible for developing a proposal for the SAP methodology, shall propose an amendment to this methodology to enable the application of FTR-obligations.~~

Article 2 Definitions and interpretation

1. For the purpose of the ~~establishment of the SAP, terms used in this document shall have the meaning of the SAP methodology, the definitions included in the Commission Regulation (EU) No. 2015/4222, in Article 2 of the FCA Regulation, Article 2 of the CACM Regulation, Article 2 of the HAR, Article 2 of Regulation (EC) 2019/943, Article 2 of Directive (EU) 2019/944 and Article 2 of Commission Regulation (EU) 543/2013, as amended from time to time. All shall apply. The~~

TSOs and the SAP operator shall use the same terms in the agreements to be concluded and other documents to be prepared in accordance with the SAP ~~Proposal~~methodology.

2. In addition, in this SAP ~~Proposal, unless the context requires otherwise~~methodology, the following ~~terms~~definitions shall ~~have~~apply:

- a) 'AC' means Alternating Current;
- b) 'ATC' means Available Transmission Capacity;
- ~~a)c)~~ 'allocation border(s)' means the bidding zone border(s) and/or their subsets as listed in the meaning below:—applicable HAR where the entity appointed as the SAP operator is auctioning the products for the long-term timeframe;
- ~~b)d)~~ “Auction Results”‘auction results’ includes the determination of the total quantity of the allocated long-term transmission rights per oriented bidding zone border ~~and direction~~, identification of winning bids to be fully or partially satisfied and determination of the marginal clearing price per oriented bidding zone border ~~and direction~~;
- ~~e)~~ “Message Standards” means set of standardized messages required for the use of Auction Tool;
- ~~e)~~ “Operational Procedures”‘CNEC’ means Critical Network Element and Contingency;
- ~~f)~~ 'GNEC' means ~~the procedures defining the operational process in relation~~Grouped Network Elements and Contingencies;
- g) 'cNTC' means coordinated Net Transmission Capacity;
- ~~d)h)~~ 'evolved flow-based' or 'EFB' means an approach to ~~respective tasks and for respective~~consider HVDC interconnectors (as well as special cases of radial non-meshed AC bidding zone borders ~~and/or TSOs;~~) in flow-based capacity calculation and allocation, at bidding zone borders internal or external to a flow-based CCR. According to EFB, a cross-zonal exchange over an HVDC interconnector is modelled over virtual hubs. Such a cross-zonal exchange is modelled by the available capacity of the HVDC and by the physical impact that this exchange has on all CNECs of a considered flow-based CCR;
- ~~e)~~ “Allocation Border(s)” means the bidding zone border(s) and/or their subsets as listed in the applicable HAR where the entity appointed as the SAP Operator is auctioning the products for the long-term timeframe;
- ~~i)~~ “Fee Application Report”‘external constraint’ or ‘EC’ is a form of allocation constraint (defined pursuant to Article 2(6) of the CACM Regulation) that represents a joint technical limit in a form of available transfer capacity, for the composite border and direction between two groups of bidding zones. External constraints are applicable for both cNTC approach and flow-based approach;
- ~~f)j)~~ 'fee application report' means an annual report submitted by the SAP operator to the relevant SAP body in which the results of the fee calculation is provided for ~~all~~the TSOs in accordance with the SAP cost sharing methodology;
- k) “‘HVDC’ means High-Voltage Direct Current;
- l) 'KPI' means: key performance indicator;
- m) 'message standards' means set of standardized messages required for the use of auction tool;
- n) 'MTU' means Market Time Unit;

- o) ‘operational procedures’ means the procedures defining the operational process in relation to respective tasks and for respective bidding zone borders and/or TSOs;
- p) ‘oriented bidding zone border’ means a given direction of a bidding zone border;
- q) ‘PTDF’ means Power Transfer Distribution Factor;
- r) ‘RAM’ means Remaining Available Margin;
- g)s) ‘SAP Council’~~‘council’~~ means the communication and decision making forum between ~~all~~the TSOs and the SAP operator established with the SAP cooperation agreement for the monitoring and the governance of SAP tasks dealing with the implementation of the SAP cooperation agreement and the HAR, with direct decision making power as per ~~Article 7;~~ and Article 6;
- h)t) ‘SAP cooperation ~~Agreement~~’~~‘agreement’~~ or ‘SAP CA’~~‘CA’~~ means the agreement between ~~all~~the TSOs and the SAP operator for the provision of the SAP tasks;
- u) ‘SAP CA ~~Parties~~’~~‘parties’~~ means ~~all~~the TSOs and the SAP operator ~~party to the~~;
0. ‘SAP CA;
- j)v) ‘SAP Operator’~~‘operator’~~ means the vehicle of cooperation providing the SAP tasks on behalf of ~~all~~the TSOs, in particular the operation of the SAP;
0. ‘Yearly Calendar Product’ means a product with a delivery period starting on January 1st and ending on December 31st of the same year.
- w) ‘Yearly Non-Calendar Product’~~‘shadow price’~~ means the dual price of a CNEC or external constraint, representing the increase in the economic surplus if the constraint (RAM or EC, respectively) is increased by one MW;
0. ‘seasonal product’ means a product with a ~~delivery period starting on October 1st and ending on September 30th of the following year.~~
- m)x) ‘Seasonal Product’ means a product with a ~~six (6)~~ calendar months delivery period either starting on October 1st and ending on March 31st of the following year or starting on April 1st and ending on September 30th of the same year.;
- n)y) ‘Quarterly Product’~~‘quarterly product’~~ means a product with a 3 calendar months delivery period either:
- i. starting on January 1st and ending on March 31st;
 - ii. starting on April 1st and ending on June 30th;
 - iii. starting on July 1st and ending on September 30th;
 - iv. starting on October 1st and ending on December 31st;
- o)z) ‘Monthly Product’~~‘monthly product’~~ means a product with a calendar month delivery period starting on the 1st day of the calendar month and ending on the last day of the same calendar month.;
- p)aa) ‘Weekly Product’~~‘weekly product’~~ means a product with a five days delivery period starting on a Monday and ending on Friday of the same week.;
- q)bb) ‘week-end Product’~~‘product’~~ means a product with a two days delivery period starting on a Saturday and ending on a Sunday.;

- ~~0. “Allocation Constraint” means a combination of Biding Zone borders, within NTC approach, which have a common technical limit, creating constraint to the Objective Function~~
- ~~0. “External Constraint” means a limitation in import or export capacity for the sum of BZBs of a specific hub within flow based approach, which have a common technical limit, creating constraint to the Objective Function.~~

cc) ‘yearly calendar product’ means a product with a delivery period starting on January 1st and ending on December 31st of the same year; and

dd) ‘yearly non-calendar product’ means a product with a delivery period starting on October 1st and ending on September 30th of the following year.

2.3. In addition, in this SAP ~~Proposal~~methodology, unless the context ~~requires~~clearly indicates otherwise:

- a) the singular ~~indicates~~also includes the plural and vice versa;
- b) the table of contents and headings are inserted for convenience only and do not affect the interpretation of this SAP ~~Proposal~~methodology;
- c) the reference time zone is Central European Time (CET); and
- d) any reference to legislation, ~~regulations, directives, orders, instruments, codes~~regulation, directive, order, instrument, code or any other enactment shall include any modification, extension or re-enactment of it ~~when~~then in force.

~~Article 3~~ Structure

~~5. The SAP Proposal sets out in Part 2 and 3 the detailed rules for the following:~~

- ~~6. Part 2: the SAP governance rules and SAP functional requirements; and~~
- ~~7. Part 3: the SAP Cost Sharing Methodology.~~

~~Article 3~~ Article 4 ~~Implementation~~

~~1. In accordance with Article 48(1) of the FCA Regulation, all TSOs shall ensure that the SAP is operational and complies with the functional requirements within twelve months after the national regulatory authorities have approved the SAP Proposal or a decision has been taken by the Agency in accordance with Article 4(9) to (11) of the FCA Regulation.~~

~~2. For Direct Current Interconnectors, the TSOs on each side of a DC interconnector shall ensure the SAP is operational and complies with the functional requirements specific to their forward capacity allocations no later than 24 months after the national regulatory authorities have approved the SAP Proposal or a decision has been taken by the Agency in accordance with Article 4(9) to (11) of the FCA Regulation~~

Article 5—TSOs shall ensure that all requirements relating to the flow-based allocation of long term cross-zonal capacities are implemented by the SAP operator:

- a) by the time of the yearly auctions for delivery in 2025, including the application of EFB approach for HVDC interconnectors internal of a flow-based CCR;
- b) by the time of the yearly auctions for delivery in 2026, including the application of EFB approach at the bidding zone borders between a CCR applying flow-based allocation and a CCR applying cNTC approach for allocation of LTTRs;

- c) by the time of the yearly auctions for delivery in 2027, including the application of single integrated flow-based allocation for multiple flow-based regions and EFB between them.
4. In a case that flow-based allocation is applied by two CCRs before the time defined under paragraph 1(c), the allocation algorithm shall apply EFB from the side of the CCR which first applied the flow-based allocation in the transition period.
5. The TSOs shall ensure that all other requirements of the SAP stemming out from this methodology are implemented by the SAP operator, by the time of approval of the SAP methodology.

~~Article 9~~ Article 4 Language

The reference language for this SAP ~~Proposal~~methodology shall be English. For the avoidance of doubt, where TSOs need to translate this SAP ~~Proposal~~methodology into their national language(s), in the event of inconsistencies between the English version published by ~~all~~the TSOs in accordance with Article 4(13) of the FCA Regulation and any version in another language the relevant TSOs shall, in accordance with national legislation, provide the relevant national regulatory authorities with an updated translation of the SAP ~~Proposal~~methodology.

~~Article 1. — Part 2:~~

~~Article 2. — Chapter 1: Governance rules~~

~~TITLE 2~~

~~GENERAL PROVISIONS ON GOVERNANCE RULES~~

~~Article 10 Article 5 Article 6 – Scope Designation of entity~~

- ~~1. In accordance with Article 48 of the FCA Regulation, all the TSOs have the responsibility to establish and operate shall allocate long-term cross-zonal capacity on the SAP.~~
- ~~2. On this basis, all TSOs acknowledge and agree that the The entity designated as the SAP operator is established and operates the SAP, Joint Allocation Office (JAO).~~
- ~~2.3. The SAP operator shall perform all tasks pursuant to Article 9 in accordance with the FCA Regulation, the HAR, this methodology and the SAP CA. During the execution of these SAP tasks, the SAP operator shall act on behalf of the TSOs, in accordance with the legal framework of the place where it is officially registered, but in its own name. The SAP operator shall act as the counterparty to the registered participants regarding the rights and obligations arising from the HAR, including any contractual liability in relation to the obligations under the Participation Agreement and the HAR for all tasks related to the SAP.~~
- ~~4. All Each TSO participating in the SAP council is accountable towards its national regulatory authority for the fulfilment of the requirements pursuant to Article 49(2) and Article 50 of the FCA Regulation and the requirements pursuant to this methodology and the HAR by the SAP Operator.~~
- ~~5. Paragraphs 3 and 4 shall also be applicable in case of delegation of tasks by the SAP Operator in accordance with Article 6(5)(c) and Article 12(1). In such case, the SAP operator shall ensure that the provisions of paragraphs 3 and 4 apply to the third party accordingly and that the third party is subject to regulatory oversight.~~

~~Article 6 SAP council~~

- ~~1. The TSOs and the SAP operator shall sign the SAP CA, in order to become SAP CA parties and members of the SAP council.~~
- ~~3. All SAP CA parties shall participate in the SAP council signing the SAP CA to fulfil the SAP Tasks in accordance with the FCA Regulation.~~
- ~~4. Article 7 – SAP Council~~
- ~~5.2. All TSOs shall cooperate through the SAP Operator as an existing vehicle of cooperation and shall sign the SAP CA to be member of the SAP Council.~~
- ~~6. The SAP council shall follow the rules set out in the SAP CA in accordance with Article 8.~~
- ~~7.3. All SAP CA Parties are members of the SAP Council. Article 8.~~
- ~~8.4. The concerned TSOs that are SAP CA Parties shall decide within the SAP council on operational procedures per bidding zone border or per CCR where applicable.~~

~~9.5.~~ The SAP council shall be the sole competent body for deciding on matters related ~~only~~ to the fulfilment of the SAP tasks in accordance with Article 50 of the FCA Regulation and as specified below:

- a) all matters regarding the operational procedures related to the functional requirements in accordance with Article ~~7(4) and Article 49(2)~~ of the FCA Regulation;
- b) all matters mentioned in the SAP cost sharing methodology related to the establishment, the development and the operation of the SAP as defined in the ~~Articles 58 to 66 and in accordance with Article 59 of the FCA Regulation;~~ Article 60 to Article 68;
- c) any appointment of a third party with the tasks of financial clearing and settlement of auctions with regard to SAP tasks in accordance with ~~Article 12~~ Article 12(1);
- d) ~~to ensure~~ regular reporting from the SAP operator to ~~all~~ TSOs (regular written report, periodic meetings, calls and also extraordinary reports), including the content and regularity of the reports;
- e) ~~to ensure satisfactory reporting and publication of information in accordance with Article 7;~~
- e)f) monitor performance of the SAP and defining appropriate actions ~~when needed; and; in accordance with Article 15(2); and~~
- f)g) all ~~matters~~ matters related to the calculation and validation of the fees to be paid by ~~all~~ the TSOs for the SAP tasks.

~~10.6.~~ ~~For~~ Decisions under paragraph 5(a) of this Article, ~~decisions~~ shall be taken unanimously ~~by the concerned TSOs that are SAP CA Parties~~ per bidding zone border or per CCR where applicable. by the concerned TSOs. In case unanimity cannot be reached at the first round between the concerned TSOs ~~that are SAP CA Parties~~, alternative proposals shall be submitted for a second round. The SAP operator shall have an advisory role and shall be consulted on the ~~recommended decisions~~ proposals by the ~~concerned TSOs. Where SAP CA parties. In case unanimity cannot be reached in the unanimous second round and where a decision of concerned TSOs~~ can lead to significant risks and operational costs for the SAP operator, the decision on such operational procedures shall be taken by all TSOs ~~that are SAP CA Parties~~ and qualified majority principles in accordance with Article 4(2) of the FCA Regulation shall apply.

~~11.7.~~ For decisions pursuant to paragraphs 5(b)-5(f) and Article 28(2), decisions shall be taken unanimously by all TSOs ~~that are SAP CA Parties~~. In case unanimity cannot be reached, alternative proposals shall be submitted for a second round. In case unanimity cannot be reached ~~at~~ in the second round, qualified majority principles in accordance with Article 4(2) of the FCA Regulation shall apply. The SAP operator shall have an advisory role and shall be consulted on the ~~recommended decisions~~ proposals by TSOs.

~~Article 11. — TITLE 2 SAP Cooperation Agreement (SAP CA)~~

~~Article 7 — Article 8 — Transparency, publication, monitoring and reporting~~

1. All SAP CA parties shall monitor, evaluate and report the following aspects of implementation and operation of the SAP at least on a yearly basis. The common report shall be published by the SAP operator on its website. Such report shall include:

- a) The implementation progress in accordance with Article 3.

- b) An assessment of long-term cross-zonal capacity allocation considering statistics on:
- i. volumes of allocated LTTRs;
 - ii. congestion income generated and distributed;
 - iii. reduction periods, if relevant;
 - iv. flow-based allocation of LTTRs on oriented bidding zone borders of a CCR;
 - v. bid rejections; and
 - vi. return and transfer of LTTRs.
- c) Performance assessments for long-term allocation algorithms:
- i. assessment of the performance of the long-term allocation algorithm for cross-zonal capacity provided in the form of cNTC, considering the relevant KPIs in accordance with [Article 15\(2\)](#);
 - ii. the long-term flow-based allocation algorithm performance monitoring pursuant to [Article 40\(6\)](#).
- d) An incident assessment on cases of insufficient collaterals for paying LTTRs, if any.
2. If the above mentioned report identifies inefficiencies, the SAP CA parties should include in the report the recommendation on how to deal with identified issues and where relevant, develop a proposal for an amendment to this methodology and submit it for approval.
3. The SAP operator shall publish on its website any data required in accordance with Article 47 of the FCA Regulation, the HAR and the requirements under TITLE 7, TITLE 8, TITLE 9 and [Article 40\(6\)](#).
4. The SAP operator shall publish on its website a non-confidential version of the SAP CA. The confidentiality of the non-published parts of the SAP CA shall be justified by the SAP CA parties towards regulatory authorities.

TITLE 3

SAP COOPERATION AGREEMENT (SAP CA)

~~Article 12~~Article 8 **Parties and scope of the SAP CA**

1. The SAP CA shall be consistent with the requirements and objectives of the FCA Regulation and the HAR.
2. The SAP CA shall set forth all rights and obligations of the SAP CA parties and contain all relevant operational procedures related to the SAP tasks listed in Article 50 of the FCA Regulation. The SAP CA shall supersede all previous agreements, whether oral or in writing, between the SAP CA parties relating to the same scope of SAP tasks and delivery period for long-term transmission rights. The SAP CA shall comply with the rules set out in the present SAP ~~Proposal~~methodology, without limitation to other arrangements which may be necessary provided that those arrangements are consistent with the SAP methodology.

~~13. The TSOs shall explicitly establish and operate through the SAP Operator the SAP in compliance with the SAP CA, the applicable HAR and the functional requirements as proposed by all TSOs in accordance with Article 49(2) of the FCA Regulation.~~

~~14. During the execution of the SAP Tasks, the SAP Operator shall act on behalf of the TSOs but on its own name unless otherwise agreed by the SAP CA Parties. The SAP Operator shall be the counterparty to the Registered Participants regarding the rights and obligations arising from the HAR, including any contractual liability in relation to the obligations under the Participation Agreement and the HAR for all tasks related to the SAP.~~

~~Article 15~~ Article 9 ~~Article 9~~ – SAP tasks

The SAP operator shall provide for at least the following tasks:

- a) ~~the~~ registration of market participants in accordance with Article 31 and the HAR;
- b) providing a single point of contact to market participants;
- c) the operation of auction procedures; in accordance with the operational processes provided in TITLE 7;
- 4. ~~the~~ financial settlement of allocated long-term transmission rights with market participants in accordance with the HAR, including management of collaterals;
 - ~~e)d~~ ~~the cooperation with a clearing house, if required by the common rules for the implementation of Financial Transmission Right obligations pursuant to Article 34 of the FCA Regulation;~~ in accordance with Article 32;
 - ~~f)e~~ the organisation of a fallback procedure in accordance with Article 52 and pursuant to Articles 42 and 46 of the FCA Regulation;
 - ~~g)f~~ enabling the return of long-term transmission rights in accordance with Article 48 and pursuant to Article 43 of the FCA Regulation;
Regulation;
 - ~~h)g~~ facilitating the transfer of long-term transmission rights in accordance with Article 49 and pursuant to Article 44 of the FCA Regulation;
 - ~~j)h~~ the publication of ~~market~~ information ~~pursuant to Article 47 of~~ in accordance with Article 7 and the FCA Regulation; HAR;
 - ~~k)i~~ providing and operating interfaces for data exchange with market participants; in accordance with Article 54; and
 - ~~h)j~~ ~~reporting the relevant information~~ Upon prior decision ~~of~~ in the SAP council by TSOs and, the publication on behalf of TSOs of additional information which is not explicitly required by the HAR and this methodology but the related to long-term cross-zonal capacity allocation.

~~Article 16~~ Article 10 ~~Article 10~~ – Change of SAP tasks' scope

1. The SAP CA shall provide rules to ensure that any change of the HAR or the FCA Regulation is communicated by the TSOs to the SAP operator in order to assess the change and prepare its implementation.

2. In case of inconsistency between this methodology, the HAR or the FCA Regulation and the SAP CA, this methodology, the HAR or the FCA Regulation shall prevail and the SAP CA shall be adapted accordingly.

~~Article 17~~ Article 11 ~~Article 11~~ – Remuneration of the SAP operator

1. The SAP CA shall contain rules regarding the financial contribution of each TSO to the SAP tasks, including the regularity of calculation and payment of the fee to be paid by the TSOs. ~~It~~
- ~~3.2.~~ Each TSO shall ~~also be stated that every TSO is~~ be responsible solely for its own fee and ~~that~~ TSOs ~~do~~ shall not bear joint and several liability regarding the fees payable to the SAP operator.
- ~~4.3.~~ The SAP CA shall include a detailed process on calculating and adjusting the fee of the SAP tasks, ~~including the composition, checking procedure and finalization of the Fee Application Report~~ in accordance with the SAP cost sharing methodology. ~~The SAP CA shall contain the process of adjusting the fees during the year by the SAP Operator. Each TSO shall contribute to the remuneration of the SAP Operator up to its annual fee calculated in accordance with the SAP Cost Sharing Methodology defined in Part 3. under Title 10.~~
- ~~5.4.~~ The SAP CA shall regulate the content and issuance of invoices, deadline of payments and process for contestation and correction of invoices.

~~Article 18~~ Article 12 ~~Article 12~~ – Auction incomes and financial flows

1. The SAP operator operates the financial clearing and settlement of all auctions with regard to SAP tasks or appoints a third party with this task for all or some auctions subject to ~~Article 14,~~ Article 14, furthermore the invoicing of the registered participants according to the conditions of the HAR and the operational procedures. In case of appointment of a third party, the SAP operator shall seek the approval of the SAP CA parties.
2. The SAP operator ~~will~~ shall distribute the ~~Auction incomes (revenues)~~ long-term congestion income from auctioning LTTRs to the TSOs ~~according to~~ in accordance with the operational procedures ~~and the methodology for distributing long-term congestion income pursuant to Article 57 of the FCA Regulation.~~
3. The SAP CA shall regulate the process of triggering the collaterals by the SAP operator in case that registered participants fail to pay their debts or part thereof. The SAP CA parties shall agree on principles of debtor risks (e.g. which part of the collaterals can be triggered).
4. The SAP CA shall contain settlement rules in case of curtailment, off-setting and reconciliation in accordance with the FCA Regulation and the HAR.

~~Article 19~~ Article 13 ~~Article 13~~ – Cooperation of SAP CA parties

The SAP CA shall contain rules about the cooperation structures between the SAP CA parties ~~as follows.~~ More explicitly, the SAP CA shall specify:

- a) rules for the creation of users' group(s): the users' groups shall serve as a consultation forum of the SAP CA parties, organised by the SAP operator on behalf of ~~all~~ the TSOs to gather feedback. Different users' groups shall be created depending on the scope and topics; such as but not limited to a consultative user group with market participant associations, an

operational and technical user group dealing with feedback and requests on the IT interfaces and the SAP tasks;

- b) ~~rules for the SPA operator's organisation of~~ topic specific public workshops ~~may serve to involve market participants~~;
- c) ~~the SAP CA Parties shall agree within the SAP CA on~~ detailed tasks and organisational issues of the SAP council;
- d) ~~the SAP CA Parties shall agree on~~ rules about regular reporting ~~from~~by the SAP operator to the TSOs (regular written report, periodic meetings, calls and also extraordinary reports), including the content and regularity of the reports);
- e) rules about reporting and publications in accordance with Article 7;
- e)f) following a request that a specific TSO may submit at its own discretion, the SAP operator shall communicate to ~~the relevant national~~a regulatory authority the information indicated in the TSO's request and on its behalf;
- f)g) ~~the SAP CA Parties shall also agree~~rules on which data shall be exchanged, by email or other defined means, including but not limited to the Auction Calendar, the offered capacity and the auction results; and
- g)h) ~~the SAP CA shall fix~~ rules on the working hours when the SAP operator shall be available for the TSOs.

~~Article 20~~Article 14 ~~Article 14~~ **Audit rights of TSOs**

1. Each TSO shall have the right to monitor/audit the fulfilment of the SAP operator's obligations related to the establishment, the development and the operation of the SAP by an independent, internationally recognised, certified public audit firm. The SAP CA shall contain the activities/processes, which shall be audited, the rules for calling for audit, the rules for the sharing of the audit costs as well as other detailed rules.
2. ~~Article 15~~ The SAP operator shall keep records to provide an accurate, complete, up-to-date and accessible reporting of all activities in case of audits pursuant to paragraph 1.

~~Article 21~~Article 15 **Management of the SAP**

1. The SAP CA parties shall agree ~~on~~in the SAP CA on the requirements for the availability of the auction tool, resolution of forced outage of the auction tool, test of relevant system updates and making available the manuals in English for the users of the auction tool.
2. ~~In case~~ The SAP CA shall contain KPIs for the agreedlong-term allocation algorithms and thresholds per KPI for the required level of performance ~~is not~~. In case these thresholds are reached, ~~at~~the TSOs shall take appropriate actions covered in the SAP CA.

~~Article 22~~Article 16 ~~Article 16~~ **Liability**

1. The SAP CA shall state that each SAP CA party shall be liable for damages the SAP CA party is responsible for (Defaulting SAP CA party) and shall include rules of liability between the SAP CA parties and rules of liability in relation to third party claims.

2. Regarding the liability between the SAP CA parties, the following shall be determined in the SAP CA:
 - a) Except for cases of force majeure, SAP CA parties shall be entitled to claim compensation for any and all losses, damages, charges, fees or expenses, which were foreseeable and unforeseeable and which can be considered as direct damage, resulting from a breach of the SAP CA or the HAR. Loss of ~~Auction revenues~~ long-term congestion income shall constitute direct damage;
 - b) SAP CA parties shall fix a cap of liability for breaching confidentiality obligations;
 - c) parties shall fix a cap of liability for breaches of the SAP CA or the HAR (being understood that such a cap shall be different from the one set out for the breaches of confidentiality obligations);
 - d) SAP CA parties shall have no cap in case of gross negligence, wilful misconduct, fraud or intentional breach;
 - e) SAP CA parties shall not bear joint and several liability towards each other; and
 - f) SAP CA parties shall not be liable for indirect damages (loss of goodwill, loss of business, loss of profit, etc.), except in case of gross negligence, wilful misconduct, fraud or intentional breach.
3. Regarding the liability in relation to third party claims the following shall be determined in the SAP CA:
 - a) SAP CA parties facing a claim for damages (defending SAP CA party) suffered by a third party shall notify the other SAP CA parties promptly, and inform them to the possible extent about the content of the claim;
 - b) affected ~~Parties (Defending~~ SAP CA parties (defending SAP CA party and alleged defaulting SAP CA parties) shall cooperate in the defence set up by defending SAP CA party towards the third party claim; and
 - c) SAP CA parties shall agree on the rules for ~~complaining~~ claiming compensation by the defending SAP CA party from the defaulting SAP CA parties.
4. The SAP operator shall have sufficient insurance coverage for the whole duration of the SAP CA, and upon request of any TSO, the SAP operator shall provide a report confirming this sufficient character.

~~Article 23~~ Article 17 ~~Article 17~~ – Confidentiality

1. The SAP CA parties shall be obliged to maintain confidentiality of the confidential information.
2. The SAP CA shall define confidential information (including exclusions such as public information, information disclosed by a third party, etc.), as well as the disclosing and receiving party.
3. The obligations of the SAP CA parties regarding confidentiality include but are not limited to:
 - a) obligation not to disclose confidential information to a third party,
 - b) obligation not to use information other than for the purpose of the SAP CA; and
 - c) obligation to safeguard the information with the same degree as its own confidential information.

4. The exceptions to confidentiality obligations include but are not limited to:
 - a) case of a request by an administrative/regulatory authority or judgea court; and
 - b) cases covered by national law, provisions of the FCA Regulation or other relevant EU legislation.
5. Confidential information remains the property of the disclosing party and shall contain rules for return/destruction of confidential information upon request/after termination of the SAP CA.
6. The SAP CA shall contain sanctions ~~effor~~ breaching confidentiality obligations.
7. Confidentiality provisions survive the termination/expiry of the SAP CA.

~~Article 24~~ Article 18 ~~Article 18~~ – Assignment of rights and obligations

1. The SAP ~~CA Parties~~operator shall ~~agree that the~~not transfer any SAP ~~CA cannot be transferred or assigned~~tasks pursuant to Article 9 to a third party without the prior, express and written consent of all other SAP CA parties.
2. Any TSO shall be able to freely transfer its rights and obligations ~~in certain cases (ceasing to qualify as TSO, assigning under the SAP CA to a controlled company, etc.), but a~~third party, after prior written notification to the ~~other Parties shall be required in these cases~~SAP CA parties.

~~Article 25~~ Article 19 ~~Article 19~~ – Severability

The SAP CA parties shall agree that if any part or provision of the SAP CA becomes invalid, illegal, void or unenforceable, it does not affect the other parts or provisions of the SAP CA. The parties shall replace it/them with valid, legal and enforceable provisions in order to achieve the intended economic and legal effect of the SAP CA.

~~Article 26~~ Article 20 ~~Article 20~~ – Waiver

The SAP CA parties shall agree that no failure or delay by a SAP CA party in exercising any right or remedy provided by law or under the SAP CA shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time, and no single or partial exercise of any such right or remedy shall preclude any further exercise of it or the exercise of any other remedy.

~~Article 27~~ Article 21 ~~Article 21~~ – Amendment

The SAP CA shall contain conditions under which the agreementSAP CA may be amended, and shall describe the process of such amendment ~~shall be also described (in writing, approval of national regulatory authorities, etc.)~~.

~~Article 28~~ Article 22 ~~Article 22~~ – New parties

The SAP CA shall include the following conditions regarding the adhereneeaccession of new SAP CA parties to the SAP CA:

- a) the new party shall be a TSO;

- b) the new party shall sign an ~~Adherence~~accession form a template of which shall be attached to the SAP CA as an annex; and
- c) the accession shall become valid when confirmed by the SAP operator and ~~concerned-the~~ TSO(s) of the bidding zone border(s) where forward capacity allocation takes place. Such confirmations shall not be unreasonably withheld.

~~Article 29~~Article 23 ~~Article 23~~–Language of the SAP CA

The SAP CA shall fix the English language as the language for all notices and legal proceedings to the extent permitted by relevant mandatory legislation.

~~Article 30~~Article 24 ~~Article 24~~–Notices

1. SAP CA parties shall agree on the form, delivery, and effectivity of notices, and they shall list in an annex attached to the SAP CA the contact persons for all parties.
2. The SAP CA parties shall agree on the process of modification of contact persons.

~~Article 31~~Article 25 ~~Article 25~~–Applicable law

The governing/applicable law shall be the law of the country where the SAP operator is headquartered.

~~Article 32~~Article 26 ~~Article 26~~–Settlement of disputes

1. The SAP CA parties shall agree on a two-level settlement of disputes:
 - a) amicable settlement according to which the SAP CA parties shall first attempt to solve their disputes by mutual discussion in a certain timeframe. When the SAP CA parties reach an amicable settlement, they shall sign a settlement contract; and
 - b) arbitration to which the SAP CA parties shall resort their dispute only after failing to reach an amicable settlement. For this case, the parties shall agree on the place of arbitration, the rules to follow, the language of arbitration, number and proficiency of arbitrators. The SAP CA parties shall agree that the arbitration decision is a final decision and cannot be ~~a~~-subject to any appeal.

~~Article 33~~Article 27 ~~Article 27~~–Entry into force and duration

1. The SAP CA shall enter into force on the date it has been validly signed by each of the SAP CA parties and at the latest within the deadline set in ~~Article 4~~Article 3. In the event that the SAP CA parties do not sign it on the same date, the date of last signature shall be considered as the date that this SAP CA comes into force.
2. The duration of the SAP CA ~~will~~shall be defined in the SAP CA. It is however understood that such duration shall be fixed in relation to the tasks performed by the SAP operator and especially the nature of such tasks.

~~Article 34~~ Article 28 ~~Article 28~~ – Termination and suspension

1. ~~The SAP CA Parties shall agree that an individual Party can~~ If a TSOs will no longer be required to issue LTTRs in accordance with the FCA Regulation, the TSO may terminate the SAP CA as from 1 January of any given year, with a 12 months' notice period with a registered letter sent to all other SAP CA parties.
2. ~~The SAP CA Parties~~ TSOs shall agree on which cases the SAP CA can be terminated with “good cause”. In these cases, ~~all SAP CA Parties shall be entitled~~ TSOs may decide in accordance with Article 6(7) to terminate the SAP CA at the earliest to the last day of the next calendar month, while a six (6) month notice period shall be required.
3. The SAP CA shall contain that in case of termination by one or more ~~SAP CA Party(ies)~~ TSO(s), the SAP CA remains in force and binding towards the remaining ~~SAP CA Parties~~ TSOs.
4. Any obligation originated from the time before termination shall continue until it is exercised/fulfilled.
5. The SAP operator shall have the right to suspend the provision of the SAP tasks it performs on behalf of a TSO, in case ~~at the relevant~~ TSO breaches/breached its obligations ~~to provide information relating to the amendment of the HAR that can result to adverse effect on towards~~ the SAP operator, ~~such as increase (e.g. provision of risk, increase of liabilities or no possibility of the SAP to fulfil obligations under the applicable HAR-information).~~

~~Article 35~~ Article 29 ~~Article 29~~ – Force majeure

1. The SAP CA parties shall ~~agree that they cannot~~ not be held responsible for the non-fulfilment of the obligations affected by force majeure. ~~SAP CA Parties shall define force majeure as in the HAR and to include situations, like disasters, flood, earthquake, epidemic, social events (war, riot, embargo, etc.) and labour actions (strike, slow down of work, etc.).~~
2. In case the situation of force majeure affecting the obligations of at least one of the SAP CA parties lasts for a period of at least six (6) months or if it is realised that it will continue for a period of at least six (6) months or if the suspension of the obligations due to force majeure makes the performance of the SAP CA impossible, then the SAP CA may be terminated by either SAP CA party by giving a written notice.

~~Article 36~~ Article 30 ~~Article 30~~ – Annexes to the SAP CA

1. The SAP CA shall contain the necessary annexes, to be an integral part of the SAP CA, covering at least the following:
 - a) a list of contact details of the SAP CA parties;
 - b) an overview of the SAP tasks agreed for a bidding zone border;
 - c) the operational procedures;
 - d) the annual fee application report;
 - e) ~~adherence~~ accession form to enable new parties to ~~adhere~~ accede to the SAP CA.
2. The SAP CA shall define the hierarchy in case of contradiction between the terms of the main body and the annexes of the SAP CA. In case of inconsistency between this methodology, the HAR or

the FCA Regulation and the SAP CA including the annexes pursuant to paragraph 1, this methodology, the HAR or the FCA Regulation shall prevail.

~~Chapter 2: Functional requirements~~

~~TITLE 4~~

HARMONISED CONTRACTUAL FRAMEWORK WITH MARKET PARTICIPANTS

~~Article 37~~Article 31 ~~Article 31~~—General provisions

1. The SAP shall, in compliance with the applicable HAR, enable participation in forward capacity allocation processes to all market participants who:
 - a) conclude a valid and effective Participation Agreement;
 - b) accept information system rules of auction tool and have access to the auction tool in accordance with the HAR; and
 - c) accept additional financial terms where needed in accordance with the HAR.
2. The SAP operator shall comply with the requirements and processes for participation in the auctions and transfer as specified in the HAR. The HAR shall stipulate the process for the conclusion of the Participation Agreement and its update, including deadlines for all relevant actions envisaged on both market participants' and the SAP operator's side.

~~TITLE 5~~

PRINCIPLES OF FINANCIAL SETTLEMENT AND RISK MANAGEMENT OF ALLOCATED PRODUCTS

~~Article 38~~Article 32 ~~Article 32~~—Collaterals

1. Collaterals provided by registered participants in order to secure payments resulting from auctions of long-term transmission rights shall be handled by the SAP operator.
2. The SAP operator shall comply with the rules of collateral management by considering at least the following elements which are further specified in the HAR ~~with the following~~:
 - a) the forms of accepted collaterals: ~~Bank Guarantee and cash deposit~~;
 - b) the currency of accepted collaterals;
 - c) the validity and collateral renewal process;
 - d) the modification of collaterals;
 - e) the deadline for collateral submission before relevant auction;
 - f) the specification of the confirmation or the refusal by the SAP operator about the acceptance of the collaterals;
 - g) the collateral incidents and the details of incident notification sent by the SAP; and
 - h) the procedure of calling on and restoration of collaterals.

~~Article 39~~Article 33 ~~Article 33~~—Credit limit

1. The SAP shall be able to verify the validity of collaterals ~~in form of a Bank Guarantee, and~~ calculate and continuously update the credit limit of each registered participant according to the HAR.
2. The SAP shall be able to check the maximum payment obligation and credit limit relation at bid submission and at closure of the bidding period according to the HAR.

~~Article 40~~Article 34 ~~Article 34~~—Invoicing and payment

1. The SAP operator shall comply with the settlement of payments and invoicing procedures defined in the HAR with the following:
 - a) ~~the~~ calculation of due amounts for all long-term transmission rights;
 - b) ~~the~~ currency of all financial information, prices and amounts due including deviations required by applicable law or regulations;
 - c) ~~the~~ deadline to settle the given amount and any interest for late payment;
 - d) taxes and levies at a rate and to the extent applicable when assessing payment obligations and issuing invoices;
 - e) ~~the~~ rounding of due amounts;
 - f) ~~the~~ calculation of monthly instalments;
 - g) ~~the~~ application of tax deduction if required;
 - h) ~~the~~ invoicing and payment conditions including the process of issuing invoices; invoicing in case of curtailment and return; deadlines for invoicing; invoice correction process; and application of bank fees;
 - i) ~~the~~ process of payment in case of disputes and dispute resolution; and
 - j) late payment and payment incident situations.

~~Article 41~~Article 35 ~~Article 35~~—Remuneration of long term transmission right holders

1. The SAP operator shall pay out registered participants who returned long-term transmission rights a remuneration equal to the value of the returned long-term transmission rights according to the HAR.
2. The SAP operator shall remunerate the long-term transmission rights holder for the financial transmission rights and non-nominated physical transmission rights, which are reallocated at the relevant daily allocation in accordance with the HAR.

~~Article 42~~Article 36 ~~Article 36~~—Compensation for curtailments

1. In cases of curtailment to ensure operation remains within operational security limits before the day ahead firmness deadline, the SAP operator shall compensate the long-term transmission rights holder in accordance with the HAR.
2. In the case of force majeure before the day ahead firmness deadline, holders of curtailed long-term transmission rights shall be entitled to receive a reimbursement in accordance with the HAR.

3. In the event of force majeure or emergency situation after the day ahead firmness deadline, the SAP operator shall compensate holders of curtailed long-term transmission rights in accordance with Article 72 of ~~Commission the CACM Regulation (EU) No. 2015/1222~~.

TITLE ~~3-6~~

PRODUCTS, ALLOCATION METHODS AND ALGORITHMS

~~Article 43~~ Article 37 ~~Article 37~~—General provisions

1. The SAP shall be able to allocate long-term transmission rights to registered participants by way of explicit allocation. Prior to the auction the SAP operator shall publish auction specifications on its website in ~~line~~accordance with the HAR.
2. The auctions shall be organised via the auction tool. Each registered participant fulfilling the requirements for participating in the auction may place bids in the auction tool until the relevant deadline for placing bids in the specific auction expires according to the respective auction specification.
3. The SAP operator shall comply with the applicable HAR regarding the following:
 - a) list of information to be provided within the auction specification;
 - b) minimum deadline for provision of all information relevant for specific auction, including publication of auction specification, offered capacity;
 - c) form and content of bids;
 - d) conditions upon which fulfilment bids are registered;
 - e) criteria of credit limit verification as specified in ~~Article 33~~Article 33;
 - f) auction results determination;
 - g) notification of provisional and final auction results; and
 - h) procedure of contestation of auction results.
4. The SAP operator shall provide information on forthcoming auctions by publishing on its website a provisional auction calendar with the dates of auctions reasonably in advance before the auctions take place.

~~Article 44~~ Article 38 ~~Article 38~~—Form of products and covered bidding zone borders

1. Unless stated otherwise in the HAR, the standard forward capacity allocation timeframes, subject to product availability, shall include at least the following:
 - a) yearly timeframe; and
 - b) monthly timeframe.
2. Unless the combination of the approved long-term transmission rights proposals pursuant to Article 31 of the FCA Regulation would lead to a shorter list (in which case the resulting shorter list shall be withheld for the purposes of the present Article), the SAP shall be able to allocate the following forms of products: in accordance with the HAR:
 - a) yearly calendar product and yearly non-calendar product;

- b) seasonal product;
 - c) quarterly product;
 - d) monthly product;
 - e) weekly product and week-end product.
3. The SAP shall be able to allocate long-term transmission rights on all bidding zone borders covered by the HAR.

~~Article 39—Allocation algorithm formulas~~

Article 39 ~~The Auction Results shall be determined using~~ General requirements for long-term allocation algorithms

1. In accordance with Article 28 of the FCA Regulation, long-term allocation algorithms shall determine auction results in a way which:
 - a) uses the marginal ~~pricing~~ principle to generate results for each oriented bidding zone border and MTU;
 - b) allocates no more than the offered long-term cross-zonal capacity; and
 - c) is repeatable, i.e. reproduce any time the same results with the same input data.
2. The SAP shall allocate cross-zonal capacity in the form of LTTRs with:
 - a) a single algorithm for cross-zonal capacity provided in the form of cNTC parameters; and
 - b) a single algorithm for cross-zonal capacity provided in the form of flow-based parameters¹.
3. The determination of the marginal ~~price~~ clearing price per oriented bidding zone border depends on if the allocation follows the flow-based approach considering shadow price differences on bidding zone border level or coordinated NTC approach following the approach of:
 - ~~b) the last accepted bid price of at an oriented bidding zone border, based on merit order of bids for that bidding zone border, oriented border, in a case of allocation with cNTC approach; or~~
 - a) shadow prices of congested CNECs multiplied with PTDF values for those oriented bidding zone borders, in a case of flow-based allocation.
4. The ~~optimization~~ optimisation function ~~aims to maximize~~ of the allocation algorithm shall aim to maximise the sum of accepted bids values entered into an auction. ~~An, subject to constraints provided in Article 41. The~~ accepted bid value is determined as the product of accepted bid quantity and bid price.
5. The sum of accepted bids quantity within an auction shall not be greater than the relevant constraints given by the allocation algorithm, as provided in Article 41.

¹ Including the cross-zonal capacities provided with evolved flow-based approach.

6. An auction shall be able to optimize results for all oriented bidding zone borders of a CCR, taking into account ~~directions and Allocation Constraints~~ constraints provided in Article 41. The algorithm shall allocate transmission rights only on borders of adjacent bidding zones.
- ~~7. Auction Prices~~ The allocation algorithms shall be derived from the shadow-only accept positive bid prices and for accepted Bids-FTR-options and physical transmission rights (PTR).
- ~~7.~~ The marginal price principle will be used².
- ~~8. The algorithm shall determine a single Auction clearing price for eachan oriented bidding zone border direction.~~
- ~~9.8.~~ The Auction Price shall be zero in case more capacity is offered than demanded.:
 - a) for cNTC approach: in case that offered ATC value is higher than the sum of requested bids' quantities on that oriented border;
 - b) for flow-based approach: in case that shadow price is zero on all CNECs with positive PTDF for that oriented border.
- ~~10.9.~~ Only bids with a price higher or equal to the Auction marginal clearing price at aan oriented bidding zone border ~~direction~~ shall be accepted.
- ~~11.10.~~ The Partial acceptance of partial bids shall be possible.
- ~~12.11.~~ The algorithm allocation algorithms shall not net opposite effects of bids for Financial Transmission Right options and Physical Transmission Right FTR-options and PTR on relevant constraints (i.e. there shall be no netting of counter flows).
- ~~13. Additional criteria, such as how to handle equally priced bids for a given auction affected by a combined constraint are defined in the HAR.~~
- ~~12.~~ The allocation algorithms shall be able to consider the deterministic rule for considering partial acceptance of bids with the same price at a specific oriented bidding zone border in accordance with the HAR.
- ~~14.13.~~ The algorithm long-term allocation algorithms does not consider reduction periods.
- ~~14.~~ The long-term allocation algorithms shall be able to consider any possible market outcome and calendar specificities, such as summer/winter time shifts and leap years.
15. Detailed mathematical description and documentation of the long-term allocation algorithm shall be available on the SAP operator's website.
- ~~16. For NTC~~ The calculation process and results of the long-term allocation algorithms shall be transparent, auditable and explainable.
- ~~17.~~ The long-term allocation algorithms, including the data it processes, shall be properly secured from unauthorized access.

² The meaning of shadow prices differs in coordinated NTC approach and Flow-Based approach.

Article 40 Long-term flow-based allocation, algorithm

1. For each bidding zone, the long-term flow-based allocation (hereafter referred to as “LTFBA”) algorithm shall be able to:
 - a) facilitate bids for several oriented bidding zone borders on at least yearly and monthly timeframes;
 - b) support the products as described in Article 38; and
 - c) allocate cross-zonal capacities on a bidding zone border with one or multiple TSOs on any of the sides of the concerned bidding zone border.
2. In case the LTFBA algorithm finds two or more solutions with equal value to the objective function shall be-, it shall apply deterministic rules in order to define prices and capacity allocated for each oriented bidding zone border. The SAP operator shall publish these rules.
3. The LTFBA algorithm shall only accept bids in Euro and shall determine marginal clearing prices in Euros.
4. The SAP shall enable the application of evolved flow-based (EFB) principles. Accordingly:
 - a) the ends of the HVDC interconnector shall be modelled as virtual hubs in the PTDF matrix: one virtual hub in a case of an HVDC external to the CCR applying flow-based allocation, and two virtual hubs (source/sink) in a case of an HVDC internal to the CCR applying flow-based allocation; and
 - b) the AC bidding zone border where EFB is applied shall be modelled as a single virtual hub.
5. The LTFBA algorithm shall be able to:
 - a) allow to define a composite border constraint, i.e. EC, as well as a combined (grouped) CNEC constraint, as provided in Article 41;
 - b) incorporate losses functionality on interconnector(s) between bidding zones during capacity allocation, and activate this functionality during allocation, if requested by the owner(s) of the relevant interconnector after the approval by the relevant national regulatory authorities.
6. The SAP operator shall publish on its website at least the following outputs³ of the LTFBA algorithm:
 - a) information per CNEC (for both directions, where applicable):
 - i. shadow prices;
 - ii. resulting non-netted flows⁴;
 - b) information per oriented bidding zone border (per LT product, and on MTU level⁵):
 - i. marginal clearing price;
 - ii. requested and accepted bids’ quantities;

³ Including the information for EFB lines and borders, where applicable.

⁴ virtual flows, i.e. maximally possible physical capacities allocated on each CNEC, presented separately for each direction (where applicable). They are the result of $\text{sum}_{\text{cnecc}}(\text{Accepted Bids} * \text{PTDF}^+)$, for accepted bids from all BZ borders.

⁵ a single value for all MTUs of an LT product: dividing the value per product with number of MTUs

- iii. aggregated non-netted exchanges⁶, reflecting losses where applicable;
 - iv. long-term congestion income;
7. The LTFBA algorithm shall be able to consider additional bidding zone borders or change of bidding zone configurations if needed.
8. The SAP CA parties should develop an annual LTFBA algorithm performance monitoring report considering the relevant KPIs in accordance with [Article 15\(2\)](#) and publish it in accordance with [Article 7\(1\)\(c\)](#).

Article 41 Mathematical formulation of the long-term allocation algorithms

The objective functions for long-term cNTC and flow-based allocation algorithms are expressed in the mathematical notation as the following linear ~~Problem~~problems (LP):

Function to be optimised:

$$F = \sum_{x,y,b} [p_b(x,y,b) \cdot d_a(x,y,b)].$$

Optimisation function:

$$\max(F)$$

Where:

x — source *Control Area* of Bid b (*Source CA*);

y — sink *Control Area* of Bid b (*Sink CA*);

b — *Bid b within the Auction Process*;

$d_a(x,y,b)$ — *accepted quantity for Bid b* ;

$p_b(x,y,b)$ — *Bid Price for Bid b* .

~~Allocation Constraints:~~

$$d_a(x,y,b) \leq d_b(x,y,b)$$

$$d_a(x,y,b) \geq 0$$

⁶ the exchanges on each BZ border, presented separately for each direction; a sum of accepted bids per each oriented border in a given direction.

~~For limitation of capacity with oriented allocation border consisting of single Source-Sink Pair~~

~~$$\sum d_a(x, y, b) \leq ATC_{x \rightarrow y}$$~~

~~Consisting two Source-Sink Pairs~~

~~$$\begin{aligned} \sum d_a(x_1, y, b) + \sum d_a(x_2, y, b) &\leq ATC_{x_1, x_2 \rightarrow y} \\ \sum d_a(x, y_1, b) + \sum d_a(x, y_2, b) &\leq ATC_{x \rightarrow y_1, y_2} \end{aligned}$$~~

~~Consisting three Source-Sink Pairs~~

~~$$\begin{aligned} \sum d_a(x_1, y, b) + \sum d_a(x_2, y, b) + \sum d_a(x_3, y, b) &\leq ATC_{x_1, x_2, x_3 \rightarrow y} \\ \sum d_a(x, y_1, b) + \sum d_a(x, y_2, b) + \sum d_a(x, y_3, b) &\leq ATC_{x \rightarrow y_1, y_2, y_3} \end{aligned}$$~~

~~Where: $d_b(x, y, b)$ requested quantity per Bid~~

~~$ATC_{x \rightarrow y}$ Offered Capacity for direction from Control Area x to Control Area y .~~

~~$ATC_{x \rightarrow y_1, y_2}$ Joint Offered Capacity from one Control Area x to two Control Areas y_1 and y_2 . Similarly $ATC_{x_1, x_2 \rightarrow y}$, $ATC_{x_1, x_2, x_3 \rightarrow y}$, $ATC_{x \rightarrow y_1, y_2, y_3}$ are joint Offered Capacities between two or more Source-Sink Pairs.~~

~~1. For flow-based allocation, the optimisation function⁷ can be expressed in the mathematical notation as follows:~~

<u>cNTC-based allocation:</u>	<u>Flow-based allocation:</u>	<u>With:</u>
<u>Optimisation function</u>	$\max \left\{ \sum_{x,y,b} [p_b(x, y, b) \cdot d_a(x, y, b)] \right\}$	x : source bidding zone of bid b y : sink bidding zone of bid b . b : bid b within the long term auction
<u>Accepted bids quantity constraints</u>	$0 \leq d_a(x, y, b) \leq d_r(x, y, b)$	$p_b(x, y, b)$: bid price for bid b [EUR/MW] $d_r(x, y, b)$: requested quantity for bid b [MW] $d_a(x, y, b)$: accepted quantity for bid b [MW]
<u>Basic transmission capacity constraints</u>		

⁷ These formulas can be complemented should the design for the integration of HVDC interconnectors modelled under evolved flow-based require to do so.

<u>cNTC-based allocation:</u>	<u>Flow-based allocation:</u>	<u>With:</u>
<p>$\max \left\{ \sum_{x,y,b} (P_b(x,y,b) \cdot d_a(x,y,b)) \right\}$</p> <p>for \forall oriented bidding zone border between bidding zones x and y ($x \rightarrow y$):</p> $\sum_{x,y,b} d_a(x,y,b) \leq ATC_{x \rightarrow y}$	<p>for \forall critical network element with contingency (cne):</p> $\sum_{x,y,b} (PTDF_{x,y,b}^+ \cdot d_a(x,y,b)) \leq RAM_{cne}$ $PTDF_{x,y,cne}^+ = \max(0, PTDF_{x,y,cne})$	<p>$l \in L$: all CNECs</p> <p>$RAM_{l,t} - ATC_{x \rightarrow y}$: available transmission capacity for the border and direction between the bidding zone x and bidding zone y [MW]</p> <p>RAM_{cne}: Remaining Available Margin of a CNEC⁸ [MW]</p> <p>$PTDF_{x,y,t}^+ \cdot PTDF_{x,y,cne}$: zone-to-zone PTDF of bidding zones x and y⁹, calculated, at a CNEC l</p> <p>$PTDF_{x,y,t}^+$ provides that only the burdening effect of bids is taken into account (no netting of counter flows). This is so for Options (rights without obligations), as shall be applied at long term level.</p> <p>-</p> <p>$-PTDF_{x,y,cne}^+$: positive¹⁰ zone-to-zone PTDF of bidding zones x and y, at a CNEC</p>
<p>With</p> $\sum_{x,y,b} (PTDF_{x,y,t}^+ \cdot d_a(x,y,b)) \leq RAM_{l,t}$ <p style="text-align: center;">$\forall l \in L$</p> <p>-</p> $PTDF_{x,y,t}^+ = \max(0, PTDF_{x,y,t})$ <p><u>-Composite border constraints (external constraints)</u></p>		
$0 \leq d_a(x,y,b) \leq d_b(x,y,b)$		
$\sum_{x,y,b} d_a(x,y,b) \leq EC_x$ <p style="text-align: center;">$\forall x, y \in Z$</p> <p>$\forall b \in B$ for \forall oriented composite border among the group of bidding zones xx and the group of bidding zones yy:</p>		<p>EC_x: External Constraint xx: source group of bidding zone x-zones of bid b,</p> <p>yy: sink group of bidding zones of bid b.</p>

⁸ HVDC interconnectors, both internal and external to a flow-based CCR may be considered as CNECs, applied under the evolved flow-based (EFB) principles.

⁹ Set of bidding zones also includes virtual hubs where evolved flow-based approach is applied.

¹⁰ Using positive zone-to-zone PTDF provides that only the burdening effect of bids is taken into account (without netting of counter-flows). This is so for the allocation of FTR-Options and PTR.

$\sum_{x,y,b} d_a(xx,yy,b) \leq EC_{xx \rightarrow yy}$		$d_a(xx,yy,b)$: <u>accepted quantity for bid b</u> $EC_{xx \rightarrow yy}$: <u>external constraint¹¹, i.e. joint available transfer capacity for the composite border and direction between the group of bidding zones xx and the group of bidding zones yy [MW]</u>
<u>Grouped CNEC constraints</u>		
	for \forall group of CNECs, i.e. \forall Grouped network element with constraints (g nec): $\sum_{x,y,b} (PTDF_{x,y,b}^+ \cdot d_a(x,y,b)) \leq RAM_{g nec}$ $PTDF_{x,y,g nec}^+ = \max(0, PTDF_{x,y,g nec})$	$RAM_{g nec}$: <u>Remaining Available Margin of a GNEC constraint¹² [MW]</u> $PTDF_{x,y,g nec}$: <u>zone-to-zone PTDF of bidding zones x and y, at a GNEC constraint</u> $PTDF_{x,y,g nec}^+$: <u>positive zone-to-zone PTDF of bidding zones x and y, at a GNEC constraint</u>
<u>Clearing price calculation</u>		
$cp(x,y)_{MTU} = p_b(x,y,b)$: <u>price of the last accepted bid</u> $cp(x,y)_{LT} = c(x,y)_{MTU} \cdot N_{MTU}$	$cp(x,y)_{MTU} = \sum_{c nec} PTDF_{x,y,c nec}^+ \cdot SP_{c nec}$ $cp(x,y)_{LT} = c(x,y)_{MTU} \cdot N_{MTU}$	$cp(x,y)_{MTU}$: <u>clearing price at a border x→y, per market time unit (EUR)</u> $SP_{c nec}$: <u>shadow price (dual value) of a congested CNEC [EUR/MW]</u> $cp(x,y)_{LT}$: <u>clearing price at a border x→y, per auctioned long-term period (month, year) [EUR]</u> N_{MTU} : <u>number of market time units (MTU) per auctioned long-term period (month, year)</u>

2. ~~The long term flow based allocation (hereafter referred to as “LTFBA”) algorithm requirements comprise a common set of requirements proposed by all TSOs, in line with Article 49(2) of the FCA Regulation (and are set out in Annex of this SAP Proposal).~~

¹¹ If such a combined constraint considers all borders of a bidding zone x (xx=x, yy=all its neighbours), it is then an export/import constraint (limiting total net position of the bidding zone)

¹² A form of such a constraint is envisaged in the Nordic LT CCM, as a ‘combined dynamic constraint’, i.e. the limit on the sum of power flows on a set of network elements or partial flows on a set of network elements for the purpose to respect dynamic stability limits.

TITLE ~~4~~7 **OPERATIONAL PROCESSES**

~~Article 47~~Article 42 ~~Article 40~~—**Publication of the offered capacity**

1. The SAP operator shall receive the amount of long-term cross-zonal capacity to be offered in the respective auction directly from the TSOs or the coordinated capacity calculator ~~where relevant~~.
2. The SAP operator shall publish the offered capacity including reduction periods (if applicable) in accordance with the HAR.

~~Article 48~~Article 43 ~~Article 41~~—**Bids submission and registration**

1. The SAP shall enable bids' submission including default bids in accordance with the HAR and in accordance with the information system rules of the auction tool.
2. Bids shall be submitted to the SAP in accordance with the formats defined in the documentation available on the SAP operator's website. The SAP shall be able to ensure that the bids, which are not submitted in the required format, shall not be taken into account.
3. Bids shall be accepted or rejected in accordance with the formats defined in the documentation available on the SAP operator's website and in accordance with the HAR and consequently be used in the auction results determination. The SAP operator shall maintain a record of all bids received.

~~Article 49~~Article 44 ~~Article 42~~—**Capacity curtailment and nomination**

1. Long-term transmission rights may be curtailed in the event of force majeure, or to ensure operation remains within operational security limits in accordance with the FCA Regulation and the HAR.
2. TSOs, or the coordinated capacity calculator ~~where relevant~~, shall submit the long-term cross-zonal capacity curtailment request to the SAP, which shall be able to reduce the held rights accordingly, and the SAP operator shall compensate the holders of curtailed long-term transmission rights in accordance with the HAR.
3. In case of curtailment of nominated physical transmission rights, TSOs shall send the curtailed nominations to the SAP after having sent the non-curtailed values. The SAP shall be able to calculate the compensation to be paid to holders of curtailed nominated physical transmission rights based on the curtailed nominations in accordance with the HAR.
4. The SAP operator shall publish as soon as possible information that there is a curtailment of long-term transmission rights.

~~Article 50~~Article 45 ~~Article 43~~—**Auction results determination**

After the bids' submission and allocation, the SAP shall be able to determine the auction results (allocated quantity per oriented bidding zone border ~~direction~~, auction price and winning registered participants) in accordance with the HAR.

~~Article 51~~Article 46 ~~Article 44~~—**Notification of provisional auction results**

The SAP operator shall publish as soon as possible the provisional auction results in accordance with the HAR.

~~Article 52~~Article 47 ~~Article 45~~—**Contestation of auction results**

The SAP operator shall enable contestation of the auction results in the event registered participants believe the auction results to be erroneous. The SAP operator shall process the contestation in accordance with the HAR.

~~Article 53~~Article 48 ~~Article 46~~—**Return of long term transmission rights**

1. The SAP shall enable returns of long-term transmission rights in accordance with the HAR. The SAP shall make the returned capacity available in the subsequent auction.
2. The SAP operator shall, on behalf of TSOs, compensate the registered participant for the return of long-term transmission rights in accordance with the HAR.
3. The details regarding the required information and format of the return that are to be accepted by the SAP operator are further defined in the HAR.

~~Article 54~~Article 49 ~~Article 47~~—**Transfer of long term transmission rights**

The SAP shall enable transfer of long-term transmission rights in accordance with the HAR and in accordance with the information system rules of the auction tool.

~~Article 55~~Article 50 ~~Article 48~~—**Notice board**

The SAP operator shall make a notice board available to registered participants, free of charge in accordance with the HAR.

~~Article 56~~Article 51 ~~Article 49~~—**Use and remuneration of long term transmission rights**

1. The SAP shall provide registered participants and respective TSOs with a rights document containing the long-term transmission rights that the registered participant holds and is entitled to nominate in accordance with the relevant nomination rules, in ~~the event a~~ case of physical transmission rights.
2. The SAP operator shall remunerate financial transmission rights or non-nominated physical transmission rights in accordance with the HAR.

~~Article 57~~Article 52 ~~Article 50~~—**Fall-back procedures—General provisions of the fallback procedures**

The SAP operator shall, to the extent reasonably practicable, organise ~~fall-back~~fallback procedures in line with the HAR for the following cases:

- c) failure at the site of the SAP of the standard processes for data exchange via the auction tool;
- d) technically no feasibility to hold an auction;

- e) technically no feasibility to return long-term transmission rights;
- f) technically no feasibility to notify a transfer of long-term transmission rights; and
- g) technically no feasibility to notify who will be nominating the long-term cross-zonal capacity.

~~Article 58~~ Article 53 ~~Article 51~~ – Auction cancellation

1. The SAP operator may cancel an auction ~~in the event:~~

- h) ~~prior to the auction results are final, in a case~~ of technical issues ~~prior to the results being final,~~ provided that adequate fallback procedures ~~were~~ have been available at the time of the incident and that these procedures have been initiated pursuant to ~~Article 50,~~ Article 52; or
- i) after the auction results are final, in case the ~~event that the Auction Results are~~ auction results were erroneous, or due to incorrect offered capacity values, in accordance with the HAR.

~~3.2.~~ The SAP operator shall inform registered participants and ~~respective~~ the TSOs about the auction cancellation.

~~TITLE 5-8~~ DATA INTERFACES

~~Article 59~~ Article 54 ~~Article 52~~ – Information system rules

The information system rules shall set down the terms and conditions for access to, and use of the auction tool by the registered participants and ~~their user(s)-its users.~~ The SAP operator shall develop and operate the auction tool in accordance with the information system rules.

~~Article 60~~ Article 55 ~~Article 53~~ – Message standards

1. The SAP operator may define which message standards are required for the use of the auction tool.
2. Each message standard shall be available on the SAP operator's website, by way of a link to the relevant ENTSO ~~for Electricity-E~~ standards as published on ENTSO ~~for Electricity's-E's~~ website. Registered ~~Participant's-participants'~~ messages shall comply with the message standards, failing which they ~~will~~ shall be rejected.
3. The SAP operator is entitled to modify message standards. The SAP operator shall notify the registered participants of the new message standards, together with the date on which they come into force on its website with reasonable prior notice.
4. The date and time generated by the auction tool, as appearing in the messages received or sent by the SAP, ~~will~~ shall be the only date and time taken into consideration for evidence purposes.
5. The SAP shall be able to archive data logs and messages for the purpose of any dispute in accordance with the information system rules and ~~the~~ applicable legislation.

TITLE 6~~9~~

TECHNICAL AVAILABILITY AND RELIABILITY OF PROVIDED TASKS

~~Article 61~~ Article 56 ~~Article 54~~ – Participants' support

1. The SAP operator shall offer the support in relation to the auctions to the registered participants during working hours. Contact details of the SAP operator for this purpose ~~will~~shall be published on the SAP operator's website. ~~Registered Participants will be informed~~The SAP operator shall inform registered participants on any change of working hours or contact details via email.
2. All communications shall be in English.

~~Article 62~~ Article 57 ~~Article 55~~ – On-call support

The SAP operator shall provide an on-call support for the TSOs in order to manage possible curtailments outside working hours. This support shall be available for curtailment only and shall be specified in the SAP CA.

~~Article 63~~ Article 58 ~~Article 56~~ – Training of TSOs' operators and registered participants

In case of substantial ~~evolutions~~changes of the auction tool, the TSOs may ask the SAP operator to organise training sessions for TSOs' ~~operators~~staff related to long-term auctions organisation and registered participants. The SAP operator shall comply with ~~this~~any such request ~~if assessed by the SAP Operator as reasonable, subject to its reasonableness and justified urgency.~~

~~Article 64~~ Article 59 ~~Article 57~~ – Management of participants' claims

1. The SAP operator shall be the operational contact ~~towards the~~for registered participants for all potential claims. Unless stated otherwise in the HAR, the SAP operator shall send to the registered participant a notification of the receipt of this claim within five (5) working days following the receipt of the claim.
- ~~2.~~ The SAP operator shall consult the TSOs regarding the participant's claim and potential answer.
- ~~2.3.~~ Unless otherwise required in the HAR, the SAP operator shall ~~consult the involved TSOs with the view to~~ provide an answer to the registered ~~Participant~~participant's claim within twenty (20) working days following the day of the receipt of this claim.

~~Article 3. — Part 3:~~

TITLE 10

COST SHARING METHODOLOGY

~~Article 65~~ Article 60 ~~Article 58~~ — **Subject matter and scope**

1. ~~AH~~The TSOs shall remunerate the SAP operator with a fee for the provision of the SAP tasks in accordance with this SAP cost sharing methodology.
2. The SAP cost sharing methodology shall apply to the SAP tasks, while interaction with costs of other tasks provided by the SAP operator not covered by the SAP ~~Proposal~~methodology shall be taken into account for a fair distribution reflecting the operational costs incurred by each SAP Task.
3. ~~The way individual fees computed by the SAP Operator shall respect the nature of the costs and provide savings for the TSOs.~~
4. ~~3.~~The following ~~elements~~parameters shall at least be taken into account in the ~~calculation~~determination of the fee for the SAP tasks for the next budget year:
 - a) ~~the~~ the SAP tasks, as defined in ~~Article 9;~~Article 9;
 - ~~j)~~b) ~~the number of the TSOs;~~
~~0.~~—the number of ~~TSOs appointing the SAP Operator to perform the SAP Tasks;~~
 - ~~l)~~c) ~~the number of Allocation Borders covered~~bidding zone borders where LTTRs are auctioned by the SAP ~~per task~~Operator;
 - ~~m)~~d) ~~the~~ the total costs budgeted by the SAP operator;
 - ~~n)~~e) the allocation of the SAP's costs to each SAP Task; and
 - ~~o)~~f) the cost-plus margin that the SAP operator charges for the use of the SAP tasks only if required by the national tax authorities where the SAP operator is headquartered and at the minimum level possible.

~~Article 66~~ Article 61 ~~Article 59~~ — **Costs for the establishment, the development and the operation of the SAP**

1. The total budgeted costs for operations of the SAP shall be allocated per each SAP task taking into account all tasks performed by the SAP operator. A regular reconciliation between the budgeted and the realised costs shall be proposed by the SAP operator and verified by the SAP council.
2. The distribution of the budget for operation of the SAP to the SAP tasks shall be based on direct costs and the allocation of indirect costs where:
 - a) direct costs of SAP tasks are directly assigned to the different SAP tasks; and
 - b) indirect costs are assigned to ~~different~~the cost of each SAP ~~Task~~task, based on time spent and usage: according to the cost allocation proposal described in Article 61.
3. Indirect costs shall include costs such as ~~but not limited to:~~
 - a) IT supplies and IT general maintenance costs;

- b) rent for the SAP operator;
 - c) audit accounting/IT;
 - d) insurances;
 - e) personnel costs in financial department, human resources department;
 - f) other costs related to human resources (such as recruitment);
 - g) office operating costs;
 - h) training; ~~and~~
 - i) consultancy; ~~and~~
 - j) all other costs incurred by the SAP and not directly pertaining to a SAP task
4. The costs related to the establishment of the SAP incurred after the ~~approval, by national~~ regulatory ~~authorities~~ approval of this SAP ~~Proposal~~ methodology shall be borne by ~~all the~~ TSOs in accordance with this SAP cost sharing methodology. Such costs shall include at least the investments related to forward capacity allocation, which are related to the SAP tasks, including the introduction of products listed in ~~Article 38~~ (Article 38(2)) and any related depreciation costs following the approval of the SAP ~~Proposal~~ methodology.
5. The following costs related to the further development of the SAP after its establishment, covering at least the shall be shared between the TSOs in accordance with this SAP cost sharing methodology:
- a) costs for the development of additional ~~product~~ products different from those listed in ~~Article 38~~ (Article 38(2));
 - b) costs for the development of additional functions following a change in the HAR-~~or~~; and
 - ~~a)c~~ costs for the development of possible new features aiming at improving the performance of the SAP ~~shall be shared between all or concerned TSOs in accordance with this SAP Cost Sharing Methodology~~.

~~Article 67~~ Article 62 ~~Article 60~~ – Cost allocation proposal

1. The ~~distribution~~ allocation of the costs to all SAP tasks (“cost allocation proposal”) shall be based on the allocation of direct and indirect costs. The SAP operator shall provide every year the allocation of the indirect costs to different tasks, first to include ~~the new~~ cost items and secondly to adapt the sharing key based on the time spent ~~parameter~~ on each SAP task, according to the updated processes. The cost allocation proposal for the coming year is part of the annual fee application report in accordance with ~~Article 63~~ Article 65.
2. The cost allocation proposal shall be based on:
 - a) allocation of direct costs to the appropriate SAP task;
 - b) allocation of ~~Auction related~~ IT costs related to the auctioning IT systems needed to perform the SAP tasks to the appropriate auction
 - c) ~~SAP Tasks based on~~ the relative IT usage of each SAP task;
 - d) split of indirect costs to the appropriate tasks based on a workload assessment per department dedicated in each task performed by the SAP operator only for SAP tasks; and

- e) allocation of a proportionate share of the minimum required cost-plus margin applied on earnings before tax of the SAP operator to the appropriate SAP tasks, if required by the national tax authorities where the SAP operator is headquartered.

~~Article 68~~ Article 63 ~~Article 61~~ – Cost sharing arrangements

1. The cost sharing per SAP task shall be based on different combinations of the two following keys:
 - a) the ~~“Per Allocation Border”~~ cost sharing key per bidding zone border in accordance with paragraph 2; and
 - b) the ~~“Per TSO”~~ cost sharing key per TSO in accordance with paragraph 3.
2. The ~~“Per Allocation Border”~~ cost sharing key per bidding zone border shall be the individual ratio of a TSO ~~per SAP Task~~, which is ~~the fraction assigned to this SAP Task and equal~~ per bidding zone border of that ~~TSOs’ Allocation Borders~~ TSOs where ~~that SAP Task is performed~~ LTTTs are issued, divided by the total number of ~~Allocation~~ bidding zone borders where ~~this SAP Task is performed. For DC Interconnectors, regardless of the ownership of a DC Interconnector, each side of a DC interconnector should be considered once. The same applies for Allocation Borders operated by only one TSO~~ LTTTs are issued by the SAP operator. For allocation borders where there is more than one TSO on one side, the allocation border is counted once as a total and split ~~equally~~ according to the sharing key used to distribute the long-term congestion income between the concerned TSOs.
3. The ~~“Per TSO”~~ cost sharing key per TSO means the individual ratio of a TSO for a SAP task, which equals to ~~the fraction assigned to a SAP Task~~ one divided by the total number of TSOs using this SAP task ~~in total~~.
4. In combination of the two cost sharing keys depending on the respective SAP task, the SAP operator shall define the final ratios per SAP task per TSO by taking into consideration the nature of the associated costs. The combination of the cost sharing keys applicable to each SAP task shall be defined in the SAP Fee Structure described in ~~Article 61~~ Article 64 and published in the fee application report ~~described in Article 65~~.

~~Article 69~~ Article 64 ~~Article 62~~ – The SAP fee structure

1. For the SAP tasks, the SAP fee structure shall be based on the SAP cost sharing methodology, and shall define the combination of the cost-sharing keys applicable to each SAP task. The SAP fee structure shall also define the process for any fee adjustment in accordance with the SAP cost sharing methodology.
2. The SAP fee structure shall be approved by the SAP council. If no agreement is reached by October 31st (for the invoicing period from 1 January to 31 December of the following year), the existing cost sharing keys apply (as set out in ~~Article 61~~ Article 63).
3. In case of discrepancy between the SAP fee structure and the SAP cost sharing methodology for the SAP tasks, this latter shall prevail.
4. An amendment of this SAP cost sharing methodology for the SAP tasks may require a review of the cost sharing arrangements and the SAP fee structure accordingly.

~~Article 70~~ Article 65 ~~Article 63~~ **Proposal of the fee application report**

1. The SAP operator shall provide to the SAP council the proposal for the yearly fee application report including the individual yearly fee per TSO with a break-down per SAP task in accordance with this SAP cost sharing methodology, at least once per year before end October of the year preceding the year of application.
2. The SAP council shall check the proposal for the yearly fee application report and to notify any discrepancy to the SAP operator.
3. In case a discrepancy is notified by the SAP council to the SAP operator, the SAP operator shall assess the notification and provide the results of this assessment to the SAP council without undue delay.
4. The fee application report shall include at least the following information:
 - a) SAP tasks categories (e.g. long-term auctions detailed per form of product, clearing and settlement), fee per SAP task category;
 - b) applied cost sharing keys per SAP tasks defined in the SAP fee structure;
 - c) overview of TSOs to which each SAP task category applies if relevant;
 - d) overview of the number of allocation borders per TSO to which the SAP tasks category applies if relevant;
 - e) cost allocation proposal with the distribution of the costs, including indirect costs, to all SAP tasks according to the final ratios per SAP task;
 - f) in total the yearly fee per TSO with a breakdown per SAP task; and
 - g) all the related supporting tables and documents.
5. The proposal for the fee application report shall provide a transparent overview of the cost allocation and the split of costs over the respective SAP tasks.

~~Article 71~~ Article 66 ~~Article 64~~ **Extraordinary update of the fee application report**

1. The SAP operator may, in exceptional circumstances adjust the fees during the year of application of the fee application report and shall provide TSOs with detailed justification for the fee adjustment. The SAP operator shall inform in such a case the SAP council by providing a proposal for an updated fee application report.
2. After the proposal for the updated fee application report is provided, the SAP council shall check within ten (10) working days as defined in the SAP CA whether the application of the SAP cost sharing methodology and the SAP Fee structure resulted in a correct calculation of the individual TSO's fee and to notify any discrepancy to the SAP operator.
3. In case a discrepancy is notified by the SAP council, the SAP operator shall then assess the notification and provide the results of this assessment to the SAP council without undue delay and at the latest within ten (10) working days as defined in the SAP CA. After the checking procedure described above is completed, the final updated fee application report shall be attached to the SAP CA.
4. The fee adjustment shall always comply with the latest SAP cost sharing methodology approved in accordance with the FCA Regulation.

5. In case one or more of the following changes occur:

- a) a change in the number or list of the allocation borders;
- b) number of TSOs acquiring a fulfilment of a SAP task; and/or
- c) yearly adaptation based on budget for next year and different allocation for indirect costs,

the SAP operator shall perform a recalculation of the fees and shall propose the adaptation of the fee structure including a date from which the recalculation comes into force. The SAP operator shall notify the SAP council about the decision. When notified the members of the SAP council shall check within ten (10) working days the correct application of the updated individual contribution.

~~Article 72~~ Article 67 ~~Article 65~~ – Amendments of the SAP cost sharing methodology

1. In case of a request for amendment of the SAP cost sharing methodology in accordance with the FCA Regulation, ~~at~~the TSOs shall consult the SAP operator on any such amendment.
2. After the amendment of this SAP cost sharing methodology in accordance with the FCA Regulation, ~~at~~the TSOs shall notify the SAP operator of the amendment as well as describe how the input provided by the SAP operator was considered.

~~Article 73~~ Article 68 ~~Article 66~~ – Relationship to other rules

In case of inconsistency between the HAR and the SAP cost sharing methodology or the SAP operator fee structure, the HAR ~~or~~and the FCA Regulation shall prevail and the SAP cost sharing methodology or the SAP fee structure shall be adapted accordingly.

~~Annex: Common set~~ ANNEX 1

List of requirements for the long-term flow-based allocation (LTFBA) algorithm

~~1. Requirements on functionalities and performance~~

~~1. General requirements.~~

- ~~1. For each bidding zone, the LTFBA algorithm shall be able to:
 1. facilitate bids for several bidding zone borders and directions of utilisation at least on annual and monthly timeframes;
 2. support the products as described in Article 38;
 3. allocate cross zonal capacities on a bidding zone border and direction with one or multiple TSOs on both sides of the concerned bidding zone borders;~~
- ~~2. The LTFBA algorithm shall aim at maximising the objective function for all Biding Zones borders participating in the specific auction, consistent with given conditions and requirements;~~
- ~~3. the LTFBA algorithm shall meet the general principles set out in Article 28 of the FCA Regulation;~~
- ~~4. For each bidding zone border direction and for each MTU, the result from the LTFBA algorithm shall be one price and the allocated capacity for each offer.~~
- ~~5. In case the LTFBA algorithm finds two or more solutions with equal value to the objective function, it shall apply deterministic rules (which are published) in order to define prices and capacity allocated for each bidding zone border and direction.~~
- ~~6. The LTFBA algorithm shall only accept bids in Euro, i.e. all input and output currency data shall be in Euros.~~
- ~~7. The integrity of the LTFBA algorithm and the data it processes shall be properly secured from unauthorized access.~~

~~In case of HVDC interconnectors between two bidding zones, virtual hubs shall be used in the PTDF Matrix.~~

~~2. Qualitative requirements with precision and price ranges~~

- ~~1. The LTFBA algorithm shall ensure:
 1. Equal treatment of bids coming from market participants in accordance with Article 3(d) of the FCA Regulation; and
 2. provide all orders of market participants non discriminatory access to cross-zonal capacity in accordance with Article 3(c) of the FCA Regulation.~~
- ~~3. The calculation process of the LTFBA algorithm, including prices resulting from this calculation process, shall be transparent, auditable, and explainable. This requirement applies also to all deterministic rules and applied algorithm heuristics and occurrence rate of these rules and heuristics.~~
- ~~4. The LTFBA algorithm shall not support bids with negative prices for capacities for each bidding zone.~~
- ~~5. The LTFBA algorithm shall be able to round calculated prices and quantities according to bidding zone specific rounding rules.~~

1. Performance

- ~~1. The LTFBA algorithm shall at any time be able to reproduce the same results with the same input data and with the same number of iterations.~~
- ~~2. The LTFBA algorithm shall be robust, reliable and it shall be resilient to unexpected data configurations, i.e. it provides satisfying results in all cases, including in all special situations such as non-crossing of bids and offer curves, bids' curtailment, max/min prices, price and quantity indeterminacy, etc. The LTFBA algorithm shall always produce a unique result, i.e. price and quantity indeterminacy shall be resolved.~~
- ~~3. The LTFBA algorithm shall use proven technology (e.g. proven third party software).~~
- ~~4. The LTFBA algorithm shall perform according to the requirements in all circumstances.~~
- ~~5. The LTFBA algorithm shall be well structured, documented and easily maintained.~~

~~The LTFBA algorithm's performance will be monitored over time and compared to the performance indicators agreed upon between the TSOs and the subject to the approved SAP Operator. If the performance is not satisfactory, the TSOs should ask for an improvement of performance methodology.~~

- ~~6. The calculation process shall be able to deal with clock changes related to winter and summer time changes (i.e. LTFBA algorithm supports 23, 24 or 25 hours).~~
- ~~7. The LTFBA algorithm shall always find a solution.~~

2. Requirements on algorithm output and deadlines for the delivery of results

Regarding the prices for each MTU the output of the LTFBA algorithm shall be:

- ~~1. shadow prices of critical network elements as needed for flow-based capacity allocation; and~~
- ~~1. marginal price per bidding zone border for each direction and accepted bids. For bidding zone border directions where no bids are accepted (no allocated capacity), the price difference shall be zero (0).~~
- ~~2. the information which enables the execution status of bids to be determined;~~
- ~~3. Final capacity usage (equivalent to flows in SDAC) on relevant bidding zone borders (exchanges in/out reflecting losses where applicable);~~
- ~~4. The LTFBA tool shall be able to implement additional borders or change of bidding zone configurations if needed.~~

3. Requirements related to Allocation Constraints

The LTFBA algorithm shall be able to:

- ~~1. allow to define an import and an export limit to the net position for each bidding zone;~~

~~incorporate losses functionality on interconnector(s) between bidding zones during capacity allocation, and activate this functionality during allocation, if requested by the owner(s) of the relevant interconnector after the approval by the relevant national regulatory authorities.~~

- ~~1. 50Hertz - 50Hertz Transmission GmbH~~

- [2. Amprion - Amprion GmbH](#)
- [3. APG - Austrian Power Grid AG](#)
- [4. BCAB - Baltic Cable AB](#)
- [5. ČEPS - ČEPS a.s.](#)
- [6. EirGrid - EirGrid plc](#)
- [7. Elering - Elering AS](#)
- [8. ELES - ELES, d.o.o.](#)
- [9. Elia - Elia Transmission Belgium S.A.](#)
- [10. Energinet - Energinet](#)
- [11. ESO – Electroenergien Sistemen Operator EAD](#)
- [12. Fingrid - Fingrid OyJ](#)
- [13. HOPS d.d. - Croatian Transmission System Operator Plc](#)
- [14. IPTO - Independent Power Transmission Operator S.A.](#)
- [15. MAVIR ZRt. - MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság ZRt.](#)
- [16. PSE - Polskie Sieci Elektroenergetyczne S.A.](#)
- [17. REE - Red Eléctrica de España S.A.](#)
- [18. REN - Rede Eléctrica Nacional, S.A.](#)
- [19. RTE - Réseau de Transport d'Electricité S.A.](#)
- [20. SEPS - Slovenská elektrizačná prenosová sústava, a.s.](#)
- [21. SONI - System Operator for Northern Ireland Ltd](#)
- [22. TenneT GER - TenneT TSO GmbH](#)
- [23. TenneT TSO - TenneT TSO B.V.](#)
- [24. Terna - Terna S.p.A.](#)
- [25. Transelectrica - Compania Nationala de Transport al Energiei Electrice S.A.](#)
- [26. TransnetBW - TransnetBW GmbH](#)

ACER Decision on the requirements for the Single Allocation Platform (SAP) and the SAP cost sharing methodology: Annex II
ACER Decision on the congestion income distribution (CID) methodology: Annex II
ACER Decision on the methodology for sharing firmness and remuneration costs (FRC) of long-term transmission rights: Annex II

For information only

Evaluation of responses to the public consultation on the Single Allocation Platform (SAP) and the SAP cost sharing methodology, the congestion income distribution (CID) methodology and the methodology for sharing firmness and remuneration costs (FRC) of long-term transmission rights

1 Introduction

On 28 September 2022, ENTSO-E submitted, on behalf of all TSOs, the following proposals for amendments to the terms and conditions or methodologies referred to in Article 4(6), points (c), (e), (f) and (g) of Commission Regulation (EU) 2016/1719:

- All TSOs' proposal for amendment of the establishment of a single allocation platform (SAP) in accordance with Article 49 and for the cost sharing methodology in accordance with Article 59 of Commission Regulation (EU) 2016/1719 (hereinafter referred to "the SAP Proposal");
- All TSOs' proposal for amendment of the congestion income distribution (CID) methodology in accordance with Article 57 of Commission Regulation (EU) 2016/1719 (hereinafter referred to "the CID Proposal"); and
- All TSOs' proposal for amendment of the methodology for sharing costs incurred to ensure firmness and remuneration of long-term transmission rights (FRC) in accordance with Article 61 of Commission Regulation (EU) 2016/1719 (hereinafter referred to "the FRC Proposal").

In order to take an informed decision, ACER launched a public consultation on 26 October 2022 inviting all interested stakeholders to provide comments on the three Proposals for amendment. The closing date of the public consultation was 28 November 2022.

ACER invited the stakeholders to comment on the proposed requirements for the long-term allocation algorithm as well as to provide comments on other parts of the SAP Proposal and comments on the CID Proposal and the FRC Proposal.

2 Responses and ACER's assessment of the responses

By the end of the consultation period, ACER received comments from 4 respondents.

This evaluation paper summarises all of the respondents' comments and provides ACER's view on those comments.

Respondents' views	ACER views
<p>Question 1.1: Do you have any comments on the proposed requirements for the long-term allocation algorithm (i.e. Article 39 and Annex to the SAP Proposal)?</p>	
<p>4 respondents (CEZ, Eurelectric, EFET and Nord Pool) provided an answer to this question.</p>	
<p>Stakeholders' viewpoints:</p> <ul style="list-style-type: none"> - Stakeholders share their concerns regarding the establishment of a long-term flow-based allocation (LT FBA) approach. - The main risk linked to an LT FBA approach is that the borders where the market spread between the two bidding zones is low would have very low allocated volumes, since borders with a high market spread would naturally be favoured by the optimization function of the flow-based allocation (FBA) algorithm. This is, according to the stakeholders, not in line with the principle of non-discriminatory access to the grid for all market participants. Therefore, stakeholders believe that the choice of going for an FBA, combined with the proposed optimization function (Article 39(15) of the SAP Proposal) may be a suboptimal solution for the allocation of long-term transmission rights (LTTR) to the market. - Instead, stakeholders suggest to avoid very low capacities awarded on some borders with a long-term power transfer distribution factors (PTDF) domain far from the actual ones, based on market indicators or by ensuring that a minimum quantity will at least be allocated at each border (in order to improve welfare, previous available transfer capacity (ATC) capacities should be a feasible outcome, so the long-term PTDF matrix should be built accordingly). 	<p>ACER considers that the conditions for the application of the long-term flow-based capacity allocation stemming from Article 10(5) and Article 10(3) of the FCA Regulation are well explained and supported with experimentation results in ACER's decision on the Core LT CCM (Decision 03/2023). As described in ACER's Decision, ACER's experimentation results for the Core capacity calculation region showed that the flow-based approach increases economic efficiency (i.e. economic surplus) with the same level of system security.</p> <p>In addition, the application of the long-term flow-based approach was thoroughly discussed at the common ACER-ENTSO-E workshops with market participants dealing with long-term flow-based allocation. More specifically, this issue was addressed during the common workshops held on 27.01.2022, 24.05.2022, 29.09.2022 and 15.02.2023, and at ACER's public workshop (17.11.2022).</p> <p>The provided optimisation function for the flow-based CCRs in the SAP methodology, based on market spread, ensures fair and orderly forward capacity allocation and orderly price formation, and is compatible with the principles of day-ahead and intraday capacity allocation. Since all bids of market participants in the LT FBA auctions are equally considered,</p>

Respondents' views	ACER views
	<p>and selected depending on the welfare maximisation principle, all participating market participants have equal access to the cross-zonal capacity allocated in such auction, which ensures non-discriminatory access to the grid.</p> <p>Regarding the occurrence of low or zero allocated capacities at some of the borders applying the flow-based allocation: ACER explained that the NTC allocation at different borders is independent, therefore bids on a given border do not compete with bids on other borders. Consequently, certain capacities may be allocated on a given border even if the offered prices are lower than the bids on another border for an order of magnitude. On the contrary, flow-based explicit auctions apply the interdependent optimisation of quantities (converted into flow contributions via PTDF) and offered prices across all borders of a region. Therefore, the bids with a higher price formally allocated on one border might outbid the low-price bids on another border, as their common influence is observed at each CNEC in a flow-based region.</p> <p>The optimisation criterion is the maximisation of economic surplus, which provides <u>more valuable quantities to be allocated</u>, and this might in turn result in a lower total amount of allocated quantities. This is the expected outcome of coordinated flow-based auctions.</p> <p>While ACER is generally open to consider any viable proposal that would improve the allocation principles, ACER considers that the alternative proposals/ideas put forward so far are not sufficiently developed and subject to several drawbacks. During the discussions on potential alternative approaches, there were no concrete or relevant proposals on how to extend</p>

Respondents' views	ACER views
<ul style="list-style-type: none"> - If the measures proposed by the stakeholders (see above, p. 3) cannot be implemented, stakeholders insist to have a close monitoring of the level of allocated capacities per border and the ability for market participants to meet their hedging needs. A detailed monitoring of the allocated transmission capacity to each border should be performed, in order to identify if some borders have indeed low/zero volumes allocated. Stakeholders are unclear whether the request for such monitoring should be included in the SAP or in the harmonised allocation rules (HAR). - Another issue with the LT FBA approach is the increased stress put on collaterals requirements for market participants due to the simultaneous auctioning of multiple products. This issue needs to be tackled in the EU HAR. - Eurelectric provides comments on the following Articles of the SAP Proposal: <ul style="list-style-type: none"> o Point 1.1 (e) of the Annex to the SAP Proposal: where will the deterministic rules to select the solution chosen, be published? o Point 1.2 (a)(iii) of the Annex to the SAP Proposal: Eurelectric welcomes the need to ensure transparency on the algorithm and related deterministic 	<p>the optimisation function in an efficient way, take into account the volatility component or define any kind of thresholds for minimum amounts of cross-zonal capacity per bidding zone border in a non-discriminatory manner. Also, the proposal to define certain minimum capacities per bidding zone border or to modify PTDF values could lead to arbitrary management of capacities and allocation results, which may not be consistent with the objectives of non-discrimination and optimised allocation of cross-zonal capacities (Article 3, points (b) and (c) of the FCA Regulation).</p> <p>In its decision on the SAP methodology, ACER added and specified several transparency and monitoring requirements under Article 7 of Annex I, including requirements for a regular assessment of the effects of long-term allocation and distribution of cross-zonal capacities to bidding zone borders, as requested by the respondents.</p> <p>As discussed at the common ACER-ENTSO-E workshop on the long-term flow-based capacity allocation held on 15.02.2023, the TSOs are expected to provide, in coordination with ACER, further analyses and simulations, based on the latest available data. These analyses and simulations will be provided to and discussed with market participants once they are available.</p> <p>ACER agrees that the issue of collaterals is in the scope of the HAR.</p> <p>The Annex of the SAP Proposal was moved to and integrated with the relevant provisions of Annex I of this decision. Transparency and publication requirements were added to these provisions.</p>

Respondents' views	ACER views
<p>rules. Eurelectric suggests to clarify that this transparency should be ensured to all stakeholders, including the market participants.</p> <ul style="list-style-type: none"> ○ Article 38: Eurelectric supports the issuance of LTTR beyond one year-ahead horizon. 	<p>ACER notes respondents' support for the issuance of LTTR beyond one year-ahead horizon but considers this out of scope of the SAP Proposal.</p>
Question 1.2: Do you have any comments on other requirements of the SAP Proposal?	
<p>4 respondents (CEZ, Eurelectric, EFET and Nord Pool) provided an answer to this question.</p>	
<p>Stakeholders' viewpoints:</p> <ul style="list-style-type: none"> - CEZ considers that the changes implemented to replace JAO by the SAP in the SAP Proposal are unclear. - Nord Pool provides comments on the following Articles of the SAP Proposal for amendments: <ul style="list-style-type: none"> ○ Article 4: It is difficult to understand why the maximum implementation time differs depending on the type of link (AC vs DC). ○ Article 4: It is difficult to understand how the provisions of the Article allow to secure an overall efficient solution related to all Member States and interconnectors. 	<p>In Article 5 of Annex I, ACER specified that JAO is the SAP operator.</p> <p>The implementation timeline defined in Article 3¹ of Annex I and explained in recital 37 of the SAP Decision does not differ per types of links (AC or DC), but per position of the links towards the flow-based CCR in question:</p> <ul style="list-style-type: none"> • in the first phase (yearly auctions for 2025) the evolved flow based (EFB) approach would be applied only on HVDC interconnectors internal to a flow-based CCR (the internal AC interconnectors apply the flow-based allocation); • the second phase (yearly auctions for 2026) and third phase (yearly auctions for 2027) consider the EFB application on external links of flow-based CCRs, equally for DC links and

¹ According to the numbering of the initial TSO proposal, implementation details were specified in Article 4.

Respondents' views	ACER views
<ul style="list-style-type: none"> ○ Articles 36 and 42: Force majeure provisions are not in line with the basic properties of a hedging product. Also, it is assumed that the LTTRs are to be in the form of FTRs, thus without physical right to cross zonal capacity or any requirement on physical scheduling, and therefore hard to see how force majeure can be triggered by the Operational Security Limits (reference to Article 36(1)). ○ Articles 46, 47 and 48: To enable competitive and transparent secondary trading in LTTRs there should logically not only be a process to "return or transfer" or have LTTRs posted on a Notice Board, but rather also a formalised registry of LTTR holders. 	<p>AC links (where eligible according to the definition of EFB: links at radial non-meshed AC bidding zone borders).</p> <p>ACER considers that the implementation target defined in Article 3 of Annex I allows for a maximum level of coordination within the flow-based CCRs and on their external borders, with equal treatment of all bidding zone borders eligible for applying the EFB approach. ACER carefully examined the implementation phases defined in Article 3 jointly with all TSOs and NRAs, in order to impose a realistic implementation timeline. ACER accepted the TSOs' reasoning as explained in Recital 37 of the SAP decision, and reached consensus with the TSOs and NRAs in this respect.</p> <p>Regarding provisions on force majeure, the SAP proposal is mainly referring to the HAR. The provisions on force majeure are not contradicting the requirements on force majeure from the FCA and CACM Regulation in any way.</p> <p>The provisions of the SAP Proposal allow for the return and transfer of LTTRs and are referring to the HAR where these processes are further specified.</p>

Respondents' views	ACER views
Question 2: Do you have any comments on the FCA CIDM Proposal?	
1 respondent (Nord Pool) provided an answer to this question.	

Respondents' views	ACER views
<p>Stakeholder's viewpoints: Nord Pool considers that it is not clear on what basis ACER expects that the proposed amendments in the CID Proposal would only have negligible and only indirect impacts on market participants via TSOs' tariffs.</p>	<p>The CID Proposal defines how congestion income from allocated cross-zonal capacities is distributed amongst the TSOs. Market participants do not have a direct role in this process and are not directly affected by it. The only impacts on market participants from this process are indirect ones, as the congestion income affects the TSO's budget for investments and the TSO's tariffs which are paid by consumers. While these impacts are considered in ACER's decisions, the impact of the CID process on market participants is considered as minimal.</p>

Respondents' views	ACER views
Question 3: Do you have any comments on the FRC Proposal?	
No responses were provided to this question.	

Respondents' views	ACER views
Question 4: Do you have any other relevant comments?	
No responses were provided to this question.	

3 List of respondents

Organisation	Type
CEZ, a.s.	Energy company
Eurelectric	Association
EFET- European Federation of Energy Traders	Association
Nord Pool	Energy company