

**Approval by all concerned Regulatory Authorities of
Capacity Calculation Region Hansa**

of

**Capacity Calculation Region Hansa TSO proposal for
regional design of long-term transmission rights in
accordance with Article 31 of the Commission
regulation (EU) 2016/1719 of 26 September 2016
establishing a guideline on forward capacity allocation**

2 March 2020

I. Introduction and legal context

This document elaborates an agreement of 21 February 2020, made by the concerned Regulatory Authorities of the Capacity Calculation Region (“CCR”) Hansa, the German regulator, Bundesnetzagentur (“BNetzA”), the Dutch regulator, Autoriteit Consument & Markt (“ACM”), and the Danish regulator, Danish Utility Regulator (“DUR”), on the regional design of long-term transmissions rights. This is pursuant to Article 31 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (“FCA GL”). In accordance with Article 30(7) of FCA GL, the German TSOs, TenneT TSO GmbH and 50Hertz Transmission GmbH, the Dutch TSO, TenneT TSO BV, and the Danish TSO, Energinet, are the sole TSOs amongst the CCR Hansa TSOs, obliged to submit this proposal for regulatory approval. The concerned CCR Hansa Regulatory Authorities are therefore BNetzA, ACM, and DUR.

However, the views of the Polish regulator, Urząd Regulacji Energetyki (“URE”), the Swedish regulator, Energimarknadsinspektionen (“Ei”), and the Norwegian regulator, Reguleringsmyndigheten for energi (“NVE-RME”)¹, have been acknowledged in the process.

This document is intended to constitute the basis on which all concerned CCR Hansa Regulatory Authorities will each subsequently make national decisions pursuant to Article 4(7)(c) of FCA GL to approve the proposal submitted by all CCR Hansa TSOs and the Norwegian TSO, Statnett. The concerned CCR Hansa TSOs are: TenneT TSO GmbH, 50Hertz Transmission GmbH, Tennet NL BV, and Energinet. The legal provisions relevant to the submission and approval of the proposal, and this CCR Hansa Regulatory Authority agreed opinion, can be found in Articles 3, 4, 6, 9, 30, and 31, of FCA GL. They are set out below for reference:

Article 3 of FCA GL:

This Regulation aims at:

- (a) promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants;*
- (b) optimising the calculation and allocation of long-term cross-zonal capacity;*
- (c) providing non-discriminatory access to long-term cross-zonal capacity;*
- (d) ensuring fair and non-discriminatory treatment of TSOs, the Agency, regulatory authorities and market participants;*
- (e) respecting the need for a fair and orderly forward capacity allocation and orderly price formation;*
- (f) ensuring and enhancing the transparency and reliability of information on forward capacity allocation;*
- (g) contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union.*

Article 4 of FCA GL:

¹ NVE-RME is expected to join the CCR Hansa NRA Group at a later point in time.

1. *TSOs shall develop the terms and conditions or methodologies required by this Regulation and submit them for approval to the competent regulatory authorities within the respective deadlines set out in this Regulation. Where a proposal for terms and conditions or methodologies pursuant to this Regulation needs to be developed and agreed by more than one TSO, the participating TSOs shall closely cooperate. TSOs, with the assistance of ENTSO for Electricity, shall regularly inform the competent regulatory authorities and the Agency about the progress of the development of these terms and conditions or methodologies.*
2. ..
3. ..
4. ..
5. *Each regulatory authority shall be responsible for approving the terms and conditions or methodologies referred to in paragraphs 6 and 7.*
6. ..
7. *The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities of the concerned region:*
 - a. ..
 - b. ..
 - c. *the regional design of long-term transmission rights pursuant to Article 31;*
 - d. ..
 - e. ..
8. *The proposal for terms and conditions or methodologies shall include a proposed timescale for their implementation and a description of their expected impact on the objectives of this Regulation. Proposals on terms and conditions or methodologies subject to the approval by several or all regulatory authorities shall be submitted to the Agency at the same time that they are submitted to regulatory authorities. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within three months on the proposals for terms and conditions or methodologies.*
9. *Where the approval of the terms and conditions or methodologies requires a decision by more than one regulatory authority, the competent regulatory authorities shall consult and closely cooperate and coordinate with each other in order to reach an agreement. Where applicable, the competent regulatory authorities shall take into account the opinion of the Agency. Regulatory authorities shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs 6 and 7, within six months following the receipt of the terms and conditions or methodologies by the regulatory authority or, where applicable, by the last regulatory authority concerned.*
10. *Where the regulatory authorities have not been able to reach an agreement within the period referred to in paragraph 9, or upon their joint request, the Agency shall adopt a decision concerning the submitted proposals for terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 713/2009.*

11. *In the event that one or several regulatory authorities request an amendment to approve the terms and conditions or methodologies submitted in accordance with paragraphs 6 and 7, the relevant TSOs shall submit a proposal for amended terms and conditions or methodologies for approval within two months following the requirement from the regulatory authorities. The competent regulatory authorities shall decide on the amended terms and conditions or methodologies within two months following their submission. Where the competent regulatory authorities have not been able to reach an agreement on terms and conditions or methodologies pursuant to paragraphs 6 and 7 within the two-month deadline, or upon their joint request, the Agency shall adopt a decision concerning the amended terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 713/2009. If the relevant TSOs fail to submit a proposal for amended terms and conditions or methodologies, the procedure provided for in paragraph 4 shall apply.*
12. *TSOs responsible for developing a proposal for terms and conditions or methodologies or regulatory authorities responsible for their adoption in accordance with paragraphs 6 and 7, may request amendments of these terms and conditions or methodologies. The proposals for amendment to the terms and conditions or methodologies shall be submitted to consultation in accordance with the procedure set out in Article 6 and approved in accordance with the procedure set out in this Article.*
13. *TSOs responsible for establishing the terms and conditions or methodologies in accordance with this Regulation shall publish them on the internet after approval by the competent regulatory authorities or, if no such approval is required, after their establishment, except where such information is considered as confidential in accordance with Article 7.*

Article 6 of FCA GL:

1. *TSOs responsible for submitting proposals for terms and conditions or methodologies or their amendments in accordance with this Regulation shall consult stakeholders, including the relevant authorities of each Member State, on the draft proposals for terms and conditions or methodologies where explicitly set out in this Regulation. The consultation shall last for a period of not less than one month.*
2. *The proposals for terms and conditions or methodologies submitted by the TSOs at Union level shall be published and submitted to consultation at Union level. Proposals submitted by the TSOs at regional level shall be submitted to consultation at least at regional level. Parties submitting proposals at bilateral or at multilateral level shall consult at least the Member States concerned.*
3. *The entities responsible for the proposal for terms and conditions or methodologies shall duly consider the views of stakeholders resulting from the consultations undertaken in accordance with paragraph 1, prior to its submission for regulatory approval if required in accordance with Article 4 or prior to publication in all other cases. In all cases, a clear and robust justification for including or not the views resulting from the consultation shall be developed and published in a timely manner before or simultaneously with the publication of the proposal for terms and conditions or methodologies.*

Article 9 of FCA GL:

1. *All TSOs in each capacity calculation region shall ensure that long-term cross-zonal capacity is calculated for each forward capacity allocation and at least on annual and monthly time frames.*

Article 30 of FCA GL:

1. TSOs on a bidding zone border shall issue long-term transmission rights unless the competent regulatory authorities of the bidding zone border have adopted coordinated decisions not to issue long-term transmission rights on the bidding zone border. When adopting their decisions, the competent regulatory authorities of the bidding zone border shall consult the regulatory authorities of the relevant capacity calculation region and take due account of their opinions.
2. Where long-term transmission rights do not exist on a bidding zone border at the entry into force of this Regulation, the competent regulatory authorities of the bidding zone border shall adopt coordinated decisions on the introduction of long-term transmission rights no later than six months after the entry into force of this Regulation.
3. ..
4. ..
5. ..
6. In case the competent regulatory authorities choose to issue a request as referred to in paragraph 5(b), the relevant TSOs shall develop the necessary arrangements and submit them to the competent regulatory authorities' approval no later than six months after the request by the competent regulatory authorities. Those necessary arrangements shall be implemented no later than six months after approval by the competent regulatory authorities. The competent regulatory authorities may extend the implementation time upon request from the relevant TSOs by a period of no more than 6 months.
7. Where 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, Articles 16, 28, 29, 31 to 57, 59 and 61 shall not apply to the TSOs of the bidding zone borders.
8. ..

Article 31 of FCA GL:

1. Long-term cross-zonal capacity shall be allocated to market participants by the allocation platform in the form of physical transmission rights pursuant to the UIOSI principle or in the form of FTRs — options or FTRs — obligations.
2. All TSOs issuing long-term transmission rights shall offer long-term cross-zonal capacity, through the single allocation platform, to market participants for at least annual and monthly time frames. All TSOs in each capacity calculation region may jointly propose to offer long-term cross-zonal capacity on additional time frames.
3. No later than six months after the entry into force of this Regulation, TSOs in each capacity calculation region where long-term transmission rights exist shall jointly develop a proposal for the regional design of long-term transmission rights to be issued on each bidding zone border within the capacity calculation region.

No later than six months after the coordinated decisions of the regulatory authorities of the bidding zone border to introduce long-term transmission rights pursuant Article 30(2), TSOs of the concerned capacity calculation region, shall jointly develop a proposal for the regional design of long-term transmission rights to be issued on each bidding zone border within the concerned capacity calculation region.

Regulatory authorities of Member States in which the current regional design of long-term transmission rights is part of a TSO cross-border re-dispatch arrangement for the purpose of ensuring that operation remains within operational security limits may decide to maintain physical long-term transmission rights on its bidding zone borders.

4. *The proposals referred to in paragraph 3 shall include a time schedule for implementation and at least the description of the following items specified in the allocation rules:*
 - a. *type of long-term transmission rights;*
 - b. *forward capacity allocation time frames;*
 - c. *form of product (base load, peak load, off-peak load);*
 - d. *the bidding zone borders covered.*
5. *The proposals shall be subject to consultation in accordance with Article 6. For the proposed long-term transmission rights to be issued, each TSO shall duly consider the result of the consultation.*
6. *The allocation of physical transmission rights and FTRs — options in parallel at the same bidding zone border is not allowed. The allocation of physical transmission rights and FTRs — obligations in parallel at the same bidding zone border is not allowed.*
7. *A review of long-term transmission rights offered on a bidding zone border may be launched by:*
 - a. *all regulatory authorities of the bidding zone border, at their own initiative; or*
 - b. *all regulatory authorities of the bidding zone border based upon a recommendation from the Agency or joint request by all TSOs of the concerned bidding zone border.*
8. *All TSOs in each capacity calculation region shall be responsible for undertaking the review as provided for in paragraph 9.*
9. *Each TSO involved in the review of long-term transmission rights shall:*
 - a. *assess the offered long-term transmission rights taking into account the characteristics in paragraph 4;*
 - b. *if considered necessary, propose alternative long-term transmission rights, taking into account the result of the assessment in subparagraph (a);*
 - c. *(c) carry out a consultation in accordance with Article 6 regarding:*
 - i. *the results of the assessment of the offered long-term transmission rights;*
 - ii. *if applicable, the proposal for alternative long-term transmission rights.*
10. *Following the consultation referred to in paragraph 9(c) and within three months of the issuance of the decision to launch a review, the TSOs of the capacity calculation region concerned shall jointly submit a proposal to the competent regulatory authorities to maintain or amend the type of long-term transmission rights.*

FCA GL entered into force on 17 October 2016. The prior version of the FCA GL Article 31 method for Hansa was approved by BNetzA and DERA (now DUR) by way of a position paper of 8 March 2018 and subsequent national decisions in Germany and Denmark. Pursuant to ACER Decision no 04/2019 of 1 April 2019, the new bidding zone border between the bidding zones of Denmark 1 and of the Netherlands (i.e. the DK1-NL bidding zone border) was attributed to CCR Hansa. This results in the amendment of the Hansa regional design. The Hansa regional design draft proposal, as amended upon the Hansa TSOs' initiative, was consulted through ENTSO-E via the online ENTSO-E Consultation Hub for one month from 10 April 2019 until 12 May 2019 in line with Article 6 of FCA GL. There have been no reactions to the consultation.

II. The CCR Hansa TSO proposal

The proposal states that on the bidding zone border DK1-NL there will be offered financial transmission rights - options, as yearly and monthly base-load products.

From the perspective of BNetzA and DUR, the proposal is adding the new DK1-NL bidding zone border to the already approved and implemented regional design. For ACM, the DK1-NL bidding zone border was allocated to CCR Hansa by way of ACER Decision no 04/2019 of 1 April 2019. By way of this, the bidding zone border DK1-NL became assigned to CCR Hansa, and ACM became a CCR Hansa regulator. The CCR Hansa regional method as a whole therefore has to be approved by ACM for the first time. All concerned CCR Hansa Regulatory Authorities emphasize that the regional method in place in 2019 for the German-Danish borders already is the same as the conditions proposed for the DK1-NL bidding zone border. Likewise, ACM and DUR have individually approved national methods for long-term transmission right for the Cobra Cable that are similar to the methodology proposed. Ref. to DUR decision of 18 June 2019 (in Danish), and ACM decision of 20 September 2018 (in Dutch).

The concerned CCR Hansa Regulatory Authorities therefore consider that the proposed amendment to the methodology (introduction of FTRs on the bidding zone border DK1-NL) does not introduce requirements other than market participants are currently accustomed to. The concerned CCR Hansa Regulatory Authorities also emphasize that the regional requirements for CCR Hansa have been consulted on. However, the Regulatory Authorities did not receive any consultation responses.

All concerned Regulatory Authorities position

All concerned Regulatory Authorities of CCR Hansa have reached the agreement that the proposed regional design of long-term transmission rights meet the requirements of FCA GL.

III. Conclusions

All concerned CCR Hansa Regulatory Authorities have assessed, consulted and coordinated and closely cooperated with URE, Ei, and NVE-RME, to reach an agreement that the regional design of long-term transmission rights for CCR Hansa meet the requirements of FCA GL and as such can be approved by all concerned CCR Hansa Regulatory Authorities.

All concerned CCR Hansa Regulatory Authorities must make their national decisions latest 24 March 2020, on the basis of this agreement in accordance with a six month deadline as set out in the FCA GL. Following national decisions taken by each concerned Regulatory Authority, all CCR Hansa TSOs will be required to publish the regional requirements on the internet in line with Article 4(13) of FCA GL.