

**APPROVAL BY THE SEE CCR
REGULATORY AUTHORITIES AGREED AT THE SEE
CCR ENERGY REGULATORS' REGIONAL FORUM**

OF

**THE SEE CCR TSOs PROPOSAL FOR DESIGN OF
LONG TERM TRANSMISSION RIGHTS**

18 April 2018

I. Introduction and legal context

This document elaborates an agreement of the SEE CCR Regulatory Authorities, agreed on 18 April 2018 at the SEE CCR Energy Regulators' Regional forum, on the SEE CCR TSOs proposal for design of Long Term Transmission Rights (LTTR), submitted in accordance with Article 31 of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation (Regulation 2016/1719).

This agreement of the SEE CCR Regulatory Authorities shall provide evidence that a decision on the design for LTTR does not, at this stage, need to be adopted by ACER pursuant to Article 4(10) of Regulation 2016/1719. It is intended to constitute the basis on which the SEE CCR Regulatory Authorities will each subsequently make national decisions pursuant to Article 4(9) of Regulation 2016/1719 to approve the proposal for the design for LTTR, submitted by SEE CCR TSOs in line Article 4(11) Regulation 2016/1719.

The legal provisions that lie at the basis of the design for LTTR, and this SEE CCR Regulatory Authorities agreement on the design for LTTR, can be found in Articles 3, 4, and 31 of Regulation 2016/1719. They are set out here for reference.

Article 3 of Regulation 2016/1719:

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 Regulation 2016/1719:

- 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 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. (...)
 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. (...)
 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 31 of Regulation 2016/1719:

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 (...).*
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. (...)
- 8. (...)
- 9. (...)
- 10. (...)

II. The SEE CCR TSOs proposal

The proposal for the design for LTTR was consulted by the SEE CCR TSOs from 20 February 2017 to 20 March 2017, in line with Articles 31 and 6 of Regulation 2016/1719. The final SEE CCR TSOs proposal for the design for LTTR, dated April 2017, was received by the last Regulatory Authority of the SEE CCR on 15 June 2017. The proposal included a time schedule for implementation and thus, was effective from 2018 allocation.

Article 4(9) of Regulation 2016/1719 requires SEE CCR Regulatory Authorities to consult and closely cooperate and coordinate with each other in order to reach agreement and make decisions within six months following receipt of submissions of the last Regulatory Authority concerned. A decision was therefore required by each Regulatory Authority by 15 December 2017. On 12 December 2017, the SEE CCR Regulatory Authorities at the SEE CCR Energy Regulators' Regional Forum unanimously agreed to request an amendment to the design for LTTR submitted by SEE CCR TSOs. On this basis, each SEE CCR Regulatory Authority sent the request for amendment to their respective TSO.

The amended SEE CCR TSOs' proposal for the design for LTTR was received by the last Regulatory Authority of the SEE CCR on 23 February 2018. Therefore, according to Article 4(11) of Regulation 2016/1719, a decision is required by each SEE CCR Regulatory Authority by 23 April 2018.

The amended SEE CCR TSOs proposal for the design for LTTR specifies the features of the LTTR to be issued on the Greece-Bulgaria and Bulgaria-Romania bidding zone borders. In particular for the above mentioned borders:

- (a) LTTR are PTR with UIOSI principle;
- (b) LTTR are allocated on yearly and monthly timeframes;
- (c) LTTR are offered as base load products that may include reduction periods and are offered on the hourly basis for allocation time frames.

The proposal includes, also, a time schedule for implementation and thus, the products described shall be implemented on all bidding zone borders of SEE CCR from 2019 onwards or earlier if this is possible.

III. SEE CCR Regulatory Authority position

On the first SEE CCR TSOs' proposal for design for LTTR.

The SEE CCR Regulatory Authorities agreed to request an amendment by the SEE CCR TSOs to the proposal for the design for LTTR. The basic elements requested by the SEE CCR Regulatory Authorities to be amended were:

- 1. Any reference to the "Allocation Platform" should be replaced by the "single allocation platform", as defined in Regulation 2016/1719.

2. The regional design of LTTR shall be implemented on all bidding zone borders of SEE CCR from 2019 allocation onwards or earlier if this is possible.

On the amended SEE CCR TSOs' proposal for design for LTTR.

After assessing the amended version of the design for LTTR submitted by the SEE CCR TSOs, the SEE CCR Regulatory Authorities acknowledge that their requests have been fulfilled and have reached the agreement that the proposal for the design for LTTR is complying with the provisions of Regulation 2016/1719.

IV. Conclusions

The SEE CCR Regulatory Authorities have assessed, consulted and closely cooperated and coordinated to reach an agreement on the amended proposal for the design of LTTR submitted by the SEE CCR TSOs. On 18 April 2018, the SEE CCR Regulatory Authorities agreed that the amended SEE CCR design of LTTR meets the requirements of Regulation 2016/1719 and as such can be approved.

SEE CCR Regulatory Authorities must therefore make their decisions by 23 April 2018, on the basis of this agreement in accordance with the two months deadline as set out in the Regulation 2016/1719. Following national decisions taken by each Regulatory Authority, SEE CCR TSOs will be required to publish the methodology on the internet in line with Article 4(13) of Regulation 2016/1719.