

Network Code on Forward Capacity Allocation

1 October 2013

Notice

This Network Code represents ENTSO-E's final proposal as of 1 October 2013 in line with the ACER Framework Guidelines on Capacity Allocation and Congestion Management for Electricity published on 29 July 2011 after the EC mandate letter was received by ENTSO-E on 21 September 2012. It reflects the comments received by ENTSO-E during the public consultation held between 29 March 2013 and 29 May 2013. Furthermore, it is based on the input received through extensive informal dialogue with stakeholders, as well as bilateral/ trilateral meetings with ACER and with the European Commission.

This document called "Network Code on Forward Capacity Allocation" is released for submission to the Agency for the Cooperation of Energy Regulators for its reasoned opinion in accordance with the provisions of the Article 6(7) of Regulation (EC) N°714/2009.

It shall be noted that on 14 March 2013 ACER issued a Recommendation to the European Commission to adopt the NC CACM. As a result of this recommendation and of the on-going adoption process by the EC, the final version of the NC CACM may be subject to amendments. Consequently, such amendments will also affect relevant parts of the NC FCA, where such parts shall be applicable to all Capacity Allocation timeframes, including Forward Capacity Allocation. For the purposes of clarity the parts of the NC FCA which shall be identical to the NC CACM contain cross-references to the relevant articles of the NC CACM.

THE EUROPEAN COMMISSION,

Having regard to Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC,

Having regard to Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators (ACER),

Having regard to Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003 and especially Article 6,

Whereas:

- (1) Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC and Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 underline the need for an increased cooperation and coordination among Transmission System Operators within a European Network of Transmission System Operators for Electricity (ENTSO-E) to create Network Codes for providing and managing effective and transparent access to the transmission networks across borders, and to ensure coordinated and sufficiently forward-looking planning and sound technical evolution of the transmission system in the European Union, including the creation of interconnection capacities, with due regard to the environment.
- (2) ENTSO-E has drafted this Network Code on Forward Capacity Allocation aiming at setting out clear and objective requirements for Transmission System Operators, National Regulatory Authorities, Market Participants and Allocation Platforms in order to contribute to non-discrimination, effective competition, optimised resource allocation on a pan-European level and the efficient functioning of the internal electricity market and to ensure System Security.
- (3) This Network Code has been drafted in accordance with the Article 8(7) of Regulation (EC) No 714/2009 according to which the Network Codes shall be developed for cross-border issues and market integration issues and shall be without prejudice to the right of Member States to establish national rules which do not affect cross-border trade.
- (4) A well-functioning market shall rely on an efficient Long Term capacity calculation process by the Transmission System Operators, taking into account the System Security and the needs of market participants. This process will take place at least at the yearly and monthly timeframes and will be coordinated among Transmission System Operators, at least at a regional level.
- (5) All the necessary data for the Long Term capacity calculation will be gathered in the Common Grid Model, representing the European interconnected system. In order to take into account the uncertainties inherent to the Long Term timeframes, an alternative approach based on statistical analysis may be used.
- (6) There are two permissible approaches for the Long Term capacity calculation and allocation: Coordinated Net Transmission Capacity based or Flow Based. The Flow Based Approach can

be applied where interdependencies on Cross Zonal Capacity between Bidding Zones are high and the approach is justified from a social welfare point of view.

- (7) Nomination Rules contain detailed information on the nomination procedure for Physical Transmission Rights including requirements, timings, gate closures and interactions with the Secondary Trading for Long Term Transmission Rights.
- (8) In order to allow a transparent and non-discriminatory allocation of Long Term Cross Zonal Capacity, Allocation Platforms need(s) to publish all the relevant information about the auction before its opening. Such information shall include at least timings, participation requirements and offered products. After the allocation takes place, Allocation Platforms shall publish the result of the auction defining the volume of the allocated Long Term Transmission Rights expressed in MW.
- (9) Price determination for Long Term Transmission Rights shall follow the marginal price principle resulting from the corresponding Forward Capacity Allocation.
- (10) Long Term Transmission Rights holders are entitled to return their Long Term Transmission Rights for their reallocation in a subsequent Forward Capacity Allocation for which Long Term Transmission Rights holders may receive a payment. In addition, Market Participants are also entitled to either transfer or purchase already allocated Long Term Transmission Rights. For such transfer or purchase it is required that the Transmission System Operators are appropriately informed and are notified who the Long Term Transmission Rights holder will be as the counterparty of the respective Transmission System Operators.
- (11) Fallback procedures are in place for the cases when the process of Forward Capacity Allocation is not able to provide results in due time.
- (12) Transmission System Operators shall establish and operate a Single Allocation Platform at the pan-European level. The Single Allocation Platform is a single point of contact for Market Participants participating in Explicit Auctions to acquire Long Term Transmission Rights. This central platform shall be developed by all Transmission System Operators to ease the operation of allocation of Long Term Transmission Rights for Market Participants.
- (13) The Single Allocation Platform shall also facilitate and support the transfer of Long Term Transmission Rights from one eligible Market Participant to another by providing a communication platform. It is then up to the respective Market Participants to conclude trades with each other transferring Long Term Transmission Rights. This Network Code does not prevent any third party to set-up secondary trading platforms for exchange of Long Term Transmission Rights or to exchange such Long Term Transmission Rights on existing trading venues under the applicable legislation, provided that the requirements under this Network Code are respected.
- (14) The Allocation Rules shall at least contain the description of the allocation process for Long Term Transmission Rights including the minimum 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 are participating in Secondary Trading, the UIOSI principles, Force Majeure and liability. Allocation Rules outline also the contractual obligations to be respected by Market Participants wanting to purchase Long Term Transmission Rights on an Allocation Platforms.

- (15) Currently there are multiple sets of Allocation Rules across Europe governing the contractual arrangements for Long Term Transmission Rights. For the purpose of harmonising Allocation Rules for Physical Transmission Rights and Financial Transmission Rights at the European level, Transmission System Operators will develop a set of harmonised Allocation Rules.
- (16) Given the contractual nature of the Allocation Rules and the likelihood that these rules will need to be amended over time to meet Market Participant needs, this Network Code shall clearly outline the minimum harmonised principles that will need to be included in the harmonised Allocation Rules.
- (17) The NC CACM establishes a Day Ahead firmness deadline and a related compensation regime for the compensation of the holders of Long Term Transmission Rights for curtailments of Long Term Transmission Rights after such deadline. Where before the Day Ahead Firmness Deadline, Transmission System Operators curtail Long Term Transmission Rights, they have to reimburse or compensate the Long Term Transmission Rights holders whose Long Term Transmission Rights have been curtailed. However, cumulated compensation payments from Transmission System Operators to such holders should not be higher than the total congestion income derived from the allocation of Long Term Transmission Rights for a fixed period of time.
- (18) Caps on the compensation to be paid to Market Participants for curtailing Long Term Transmission Rights shall be introduced, taking into the account the liquidity of the relevant markets and the possibility for transmission system users to adjust their cross-border positions as well as in the case of curtailments of long duration.
- (19) Until the introduction of Day Ahead market coupling, alternative compensation arrangements apply as a transitional measure. These transitional arrangements shall be fair, transparent and non-discriminatory.
- (20) It is necessary that Regional Platforms continue to operate as a transitory measure until the Single Allocation Platform is in place and fully operational.

HAS ADOPTED THIS NETWORK CODE:

CONTENTS

TITLE 1	GENERAL PROVISIONS.....	9
Article 1	SUBJECT MATTER AND SCOPE.....	9
Article 2	DEFINITIONS	9
Article 3	CONFIDENTIALITY OBLIGATIONS.....	11
Article 4	OBJECTIVES OF CAPACITY ALLOCATION AND CONGESTION MANAGEMENT	11
Article 5	CONSULTATION	11
Article 6	PUBLICATION OF INFORMATION.....	12
Article 7	TRANSPARENCY OF INFORMATION.....	12
Article 8	REGULATORY APPROVALS.....	12
TITLE 2	GOVERNANCE.....	14
CHAPTER 1	ROLES AND RESPONSIBILITIES	14
Article 9	ROLES IN FORWARD CAPACITY ALLOCATION.....	14
Article 10	DELEGATION OF ROLES	14
Article 11	ESTABLISHMENT OF STAKEHOLDER COMMITTEE FOR FORWARD CAPACITY ALLOCATION.....	14
TITLE 3	REQUIREMENTS.....	15
CHAPTER 1	CAPACITY CALCULATION FOR FORWARD CAPACITY ALLOCATION	15
SECTION 1	GENERAL REQUIREMENTS.....	15
Article 12	CAPACITY CALCULATION TIMEFRAMES.....	15
Article 13	CAPACITY CALCULATION REGIONS.....	15
SECTION 2	CAPACITY CALCULATION METHODOLOGY	15
Article 14	CAPACITY CALCULATION METHODOLOGY	15
Article 15	RELIABILITY MARGIN	16
Article 16	OPERATIONAL SECURITY LIMITS, CONTINGENCIES AND ALLOCATION CONSTRAINTS	17
Article 17	GENERATION SHIFT KEYS.....	17
Article 18	REMEDIAL ACTIONS IN CAPACITY CALCULATION.....	17
Article 19	CROSS ZONAL CAPACITY VALIDATION.....	17
SECTION 3	THE COMMON GRID MODEL.....	17
Article 20	GENERATION AND LOAD DATA PROVISION METHODOLOGY	17
Article 21	COMMON GRID MODEL METHODOLOGY	18
Article 22	SCENARIOS.....	18
Article 23	INDIVIDUAL GRID MODEL.....	18

SECTION 4.....	18
SPLITTING OF CROSS ZONAL CAPACITY.....	18
Article 24 METHODOLOGY FOR SPLITTING LONG TERM CROSS ZONAL CAPACITY.....	18
SECTION 5 THE CAPACITY CALCULATION PROCESS.....	19
Article 25 GENERAL PROVISIONS.....	19
Article 26 CREATION OF THE COMMON GRID MODEL.....	20
Article 27 REGIONAL CALCULATIONS OF LONG TERM CROSS ZONAL CAPACITIES	20
Article 28 VALIDATION AND DELIVERY OF CROSS ZONAL CAPACITY AND SPLIT CROSS ZONAL CAPACITY	20
Article 29 COORDINATED CURTAILMENT OF CROSS ZONAL CAPACITY.....	21
SECTION 6 BIENNIAL REPORT ON CAPACITY CALCULATION	22
Article 30 BIENNIAL REPORT ON CAPACITY CALCULATION	22
CHAPTER 2 BIDDING ZONES.....	22
Article 31 GENERAL PROVISIONS.....	22
CHAPTER 3 THE FORWARD CAPACITY ALLOCATION	22
SECTION 1 GENERAL PROVISIONS.....	22
Article 32 OBJECTIVES OF FORWARD CAPACITY ALLOCATION	22
Article 33 INPUT AND RESULTS OF FORWARD CAPACITY ALLOCATION	23
SECTION 1 OPTIONS FOR CROSS ZONAL TRANSMISSION RISK HEDGING	23
Article 34 DECISION ON CROSS ZONAL RISK HEDGING OPPORTUNITIES	23
Article 35 TYPE OF LONG TERM TRANSMISSION RIGHTS	24
Article 36 PHYSICAL TRANSMISSION RIGHTS.....	25
Article 37 FINANCIAL TRANSMISSION RIGHTS - OPTIONS.....	26
Article 38 FINANCIAL TRANSMISSION RIGHTS - OBLIGATIONS	26
Article 39 PRINCIPLES FOR LONG TERM TRANSMISSION RIGHTS REMUNERATION	26
SECTION 2 NOMINATION PROCEDURES FOR PHYSICAL TRANSMISSION RIGHTS.....	27
Article 40 GENERAL PROVISIONS FOR PHYSICAL TRANSMISSION RIGHTS NOMINATION.....	27
SECTION 3 PROCESSES AND OPERATION	28
Article 41 TERMS AND CONDITIONS FOR PARTICIPATION IN FORWARD CAPACITY ALLOCATION	28
Article 42 SUBMISSION OF INPUT DATA TO ALLOCATION PLATFORM.....	28
Article 43 OPERATION OF THE FORWARD CAPACITY ALLOCATION.....	28
Article 44 PRICING OF THE LONG TERM TRANSMISSION RIGHTS	29
Article 45 FINANCIAL REQUIREMENTS AND SETTLEMENT	29
Article 46 ESTABLISHMENT OF FALLBACK PROCEDURES.....	29

Article 47	RETURN OF LONG TERM TRANSMISSION RIGHTS.....	29
Article 48	SECONDARY TRADING	30
Article 49	DELIVERY OF RESULTS	30
Article 50	INITIATION OF FALLBACK PROCEDURES.....	30
Article 51	PUBLICATION OF MARKET INFORMATION.....	30
CHAPTER 4	SINGLE ALLOCATION PLATFORM.....	31
Article 52	GENERAL TASKS.....	31
Article 53	FUNCTIONAL REQUIREMENTS FOR THE SINGLE ALLOCATION PLATFORM.....	31
Article 54	ESTABLISHMENT OF THE SINGLE ALLOCATION PLATFORM	32
CHAPTER 5	ALLOCATION RULES.....	33
Article 55	REQUIREMENTS FOR HARMONISED ALLOCATION RULES.....	33
Article 56	INTRODUCTION OF HARMONISED ALLOCATION RULES.....	33
CHAPTER 6	FIRMNESS	34
Article 57	GENERAL FIRMNESS PROVISIONS	34
Article 58	THE LONG TERM FIRMNESS DEADLINE	34
Article 59	DEFINITION OF CAPS	34
Article 60	COMPENSATION RULES.....	35
Article 62	FIRMNESS OF LONG TERM TRANSMISSION RIGHTS IN CASE OF FORCE MAJEURE OR EMERGENCY SITUATIONS.....	35
CHAPTER 7	CONGESTION INCOME DISTRIBUTION	36
Article 63	ESTABLISHMENT OF CONGESTION INCOME DISTRIBUTION ARRANGEMENTS.....	36
CHAPTER 8	COST RECOVERY	36
Article 64	GENERAL PROVISIONS.....	36
Article 65	COST OF ESTABLISHING, DEVELOPING AND OPERATING THE SINGLE ALLOCATION PLATFORM	37
Article 66	COST OF ESTABLISHING AND OPERATING COORDINATED CAPACITY CALCULATION PROCESS	37
Article 67	COST OF ENSURING FIRMNESS	37
TITLE 4	TRANSITIONAL ARRANGEMENTS	38
Article 68	GENERAL PROVISIONS.....	38
Article 69	REGIONAL PLATFORMS FOR ALLOCATION	38
Article 70	DURATION OF REGIONAL PLATFORMS	38
Article 71	REGIONAL ALLOCATION RULES	39
Article 72	TRANSITIONAL ARRANGEMENTS FOR FIRMNESS	39
Article 73	CONTROL AREA BASED FORWARD CAPACITY CALCULATION AND ALLOCATION	39

Article 74	TRANSITIONAL ARRANGEMENTS ACCORDING TO THE NETWORK CODE ON CAPACITY ALLOCATION AND CONGESTION MANAGEMENT	40
TITLE 5	FINAL PROVISIONS.....	40
Article 75	ENTRY INTO FORCE.....	40

TITLE 1

GENERAL PROVISIONS

Article 1

SUBJECT MATTER AND SCOPE

1. This Network Code establishes common rules for Forward Capacity Allocation including the establishment of a common methodology and process for determining the Cross Zonal Capacity. Within the framework of this Network Code, Capacity Allocation shall refer to Explicit Allocation unless stated otherwise.
2. The requirements set forth by this Network Code shall apply to Transmission System Operators, National Regulatory Authorities, the Agency, Allocation Platforms and Market Participants.
3. In Member States where more than one Transmission System Operator exists, this Network Code shall apply to all Transmission System Operators within that Member State. Where a Transmission System Operator does not have a function relevant to one or some obligations under this Network Code, Member States may under the national regulatory regime provide that the responsibility to comply with one or some obligations under this Network Code is assigned to one or more different Transmission System Operators. In case of such assignment, the Network Code shall apply accordingly to the Transmission System Operator(s) to which responsibilities have been assigned.

Article 2

DEFINITIONS

For the purpose of this Network Code, the definitions in Article 2 of Regulation (EC) No 714/2009, Commission Regulations establishing Network Codes that have been adopted according to Article 6(11) of Regulation (EC) No 714/2009, Regulation (EU) No 543/2013 as well as article 2 of directive 2009/72/EC shall apply. In addition, the following definitions shall apply:

Allocation Platform means the Single Allocation Platform or Regional Platform(s) for the attribution of Long Term Cross Zonal Capacity;

Allocation Rules means the rules for Forward Capacity Allocation applied by Allocation Platforms;

Auction means the process by which Long Term Cross Zonal Capacity is offered and allocated to Market Participants who submit bid(s);

Compensation Rules means the rules according to which each Transmission System Operator responsible for the Bidding Zone Border, where Long Term Transmission Rights have been allocated, compensates Market Participants for curtailing the Long Term Transmission Rights;

Financial Transmission Right means Financial Transmission Right Obligation or Financial Transmission Right Option;

Financial Transmission Right Obligation means a right entitling its holder to receive or obliging its holder to pay a financial remuneration based on the Day Ahead Market results between two Bidding Zones during a specified time period in a specific direction;

Financial Transmission Right Option means a right entitling its holder to receive a financial remuneration based on the Day Ahead Market results between two Bidding Zones during a specified time period in a specific direction;

Forward means the timeframe in which transmission rights are allocated ahead of the Day Ahead timeframe;

Forward Capacity Allocation means the attribution of Long Term Cross Zonal Capacity through an Auction;

Long Term means a time period longer than 24 hours;

Long Term Firmness Deadline means a defined point in time before the Day Ahead Firmness Deadline;

Long Term Transmission Right means a Physical Transmission Right or Financial Transmission Right Option or a Financial Transmission Right Obligation acquired in the Forward Capacity Allocation;

Market Spread means the difference between the Day Ahead prices of the two concerned Bidding Zones for the respective Market Time Period in a specific direction;

Nomination means the notification of the use of Long Term Cross Zonal Capacity by a Physical Transmission Rights holder and their counterparty to the respective Transmission System Operator(s);

Nomination Rules means the rules with regard to the notification of use of Long Term Cross Zonal Capacity by a Physical Transmission Rights holder and their counterparty to the respective Transmission System Operator(s);

Physical Transmission Right means a right whose holder is entitled to physically transfer a certain volume of electricity in a certain period of time between two Bidding Zones in a specific direction;

Regional Platform means a platform or regionally coordinated platforms for the attribution of Long Term Cross Zonal Capacity for a single border or set of borders;

Regional Allocation Rules means the rules applying for the attribution of Long Term Cross Zonal Capacity on (a) Regional Platform(s);

Revenue Adequacy means the principle according to which the Long Term Transmission Right payouts are linked to the collected Day Ahead congestion income in order to mitigate the risk to Transmission System Operators of financial deficits due to specific design aspects of Day Ahead Capacity Allocation such as, but not limited to transmission losses;

Secondary Trading means the trading of Long Term Transmission Rights through which a Market Participant, in compliance with a set of specific requirements, is able to buy or sell Long Term Transmission Rights which were initially allocated by the Allocation Platforms;

Single Allocation Platform means a pan-European platform established by all Transmission System Operators for the attribution of Long Term Cross Zonal Capacity and support of Secondary Trading;

Stakeholder Committee for Forward Capacity Allocation means a group of appointed representatives comprising the European Commission, ACER, NRAs, Transmission System Operators and Market Participants (such as but not limited to traders, generation companies, industrial consumers, small supply companies involved in Forward Capacity Allocation);

Use it or sell it (UIOSI) means the principle according to which the underlying Cross Zonal Capacity of Physical Transmission Rights purchased and non-nominated is automatically made available for Day Ahead Capacity Allocation and according to which the holder of these Physical Transmission Rights receives remuneration from the Transmission System Operators.

Article 3
CONFIDENTIALITY OBLIGATIONS

The confidentiality obligations as defined in [Article on Confidentiality] of the Network Code on Capacity Allocation and Congestion Management shall apply to this Network Code.

Article 4
OBJECTIVES OF CAPACITY ALLOCATION AND CONGESTION MANAGEMENT

This Network Code shall facilitate the objectives as referred to in [Article on Objectives] of the Network Code on Capacity Allocation and Congestion Management.

Article 5
CONSULTATION

1. The party responsible under this Network Code for developing the proposal in question shall consult with Market Participants and, when justified, with the Stakeholder Committee according to Article 11 for a period of not less than four weeks. The proposal shall be consulted on in all Member States concerned.
2. At least the following proposals shall be subject to consultation:
 - a) The Generation and Load Data provision methodology and amendments pursuant to Article 20;
 - b) the Common Grid Model methodology and amendments pursuant to Article 21;
 - c) the Capacity Calculation methodology and amendments pursuant to Article 14;
 - d) the methodology for splitting Cross Zonal Capacity pursuant to Article 24;
 - e) the Market Participant's needs for cross zonal risk hedging opportunities pursuant to Article 34;
 - f) the selection of the type and characteristics of the Long Term Transmission Rights pursuant to Article 35;
 - g) the Nomination Rules pursuant to Article 40;
 - h) the harmonised Allocation Rules pursuant to Article 56;
 - i) the establishment of Regional Platforms pursuant to Article 69;
 - j) the Regional Allocation Rules pursuant to Article 71; and
 - k) the control area based Forward capacity calculation and allocation pursuant to Article 73.
3. The views of stakeholders emerging from the consultations undertaken pursuant to paragraph 1 of this Article shall be duly considered by the party to whom the obligation is addressed prior to the submission of the document for regulatory approval, if required, or prior to publication in all other cases. In all cases, a clear and robust justification of the reasons for including or not including the views emerging from the consultation in the submission shall be developed and published in a timely manner.

Article 6
PUBLICATION OF INFORMATION

1. The items consulted upon according to Article 5(1) shall be made publically available after their approval no later than one month after the decision of the National Regulatory Authorities, if regulatory approval is required, or after finalisation in all other cases by the party to whom the obligation is addressed.
2. Each Transmission System Operator and Allocation Platform shall ensure that published documents are clear, transparent and easily accessible.

Article 7
TRANSPARENCY OF INFORMATION

All entities referred to in Article 1(2) shall ensure transparency of published information pursuant to [*Article on Transparency of Information*] of the Network Code on Capacity Allocation and Congestion Management.

Article 8
REGULATORY APPROVALS

1. The principles and procedures for the regulatory approvals as defined in [*Article on regulatory approvals*] of the Network Code on Capacity Allocation and Congestion Management shall apply to the regulatory approvals described in paragraphs 2 to 4 of this Network Code.
2. The following shall be subject to approval by all National Regulatory Authorities:
 - a) the Generation and Load Data provision methodology and amendments pursuant to Article 20;
 - b) The Common Grid Model methodology and amendments pursuant to Article 21;
 - c) Congestion Income distribution arrangements pursuant to Article 63;
 - d) the requirements for the Single Allocation Platform pursuant to Article 53; and
 - e) the harmonised Allocation Rules pursuant to Article 56, except Compensation Rules pursuant to Article 60 and regional specificities pursuant to Article 56.
3. The following shall be subject to approval by each National Regulatory Authority of the concerned Capacity Calculation Region:
 - a) the Capacity Calculation Methodology and amendments pursuant to Article 14;
 - b) the methodology for splitting Cross Zonal Capacity pursuant to Article 24;
4. The following shall be subject to approval by each National Regulatory Authority of the concerned Member States, as determined on a case-by-case basis:
 - a) the decision on cross-zonal risk hedging opportunities as defined in Article 34 and on the selection of the type and characteristics of the Long Term Transmission Rights pursuant to Article 35;
 - b) the Nomination Rules pursuant to Article 40;

- c) the designation of Regional Platforms for Allocation and Secondary Trading pursuant to Article 69;
 - d) Compensation Rules pursuant to Article 60;
 - e) Regional specificities of the harmonised Allocation Rules pursuant to Article 55;
 - f) the Regional Allocation Rules pursuant to Article 71;
 - g) the transitional Compensation Rules pursuant to Article 72; and
 - h) the control area based Forward capacity calculation and allocation pursuant to Article 73.
5. For each of the approvals specified in paragraphs 2 to 4, each Transmission System Operator shall, prior to the expiry of the deadline for developing the terms and conditions or methodologies, submit those terms and conditions or methodologies, to the competent National Regulatory Authority for approval. All submissions shall include a proposed timescale for implementation and a description of the expected impact of the proposal.

TITLE 2
GOVERNANCE
CHAPTER 1
ROLES AND RESPONSIBILITIES

Article 9
ROLES IN FORWARD CAPACITY ALLOCATION

While respecting the principles of transparency, proportionality and non-discrimination, each Member State shall, where required, assign to the respective Transmission System Operator the following roles:

- a) Coordinated Capacity Calculator(s);
- b) European Merging Function;
- c) Single Allocation Platform; and
- d) Regional Platform(s).

Article 10
DELEGATION OF ROLES

Transmission System Operators shall be entitled to delegate all or part of any role assigned to them under this Network Code to one or more competent third parties pursuant to the principles defined in [*Article on delegation of roles*] of the Network Code on Capacity Allocation and Congestion Management.

Article 11
ESTABLISHMENT OF STAKEHOLDER COMMITTEE FOR FORWARD CAPACITY ALLOCATION

1. All Transmission System Operators shall establish a Stakeholder Committee for Forward Capacity Allocation. The members of this Stakeholder Committee shall comprise representatives from Transmission System Operators, the European Commission, ACER, NRAs and Market Participants involved in the Forward Capacity Allocation.
2. The Stakeholder Committee for Forward Capacity Allocation shall advise Transmission System Operators regarding the operation and development of Forward Capacity Allocation.
3. The Stakeholder Committee for Forward Capacity Allocation shall make publicly available all documents related to its activity.

TITLE 3 REQUIREMENTS

CHAPTER 1 CAPACITY CALCULATION FOR FORWARD CAPACITY ALLOCATION

SECTION 1 GENERAL REQUIREMENTS

Article 12 CAPACITY CALCULATION TIMEFRAMES

All Transmission System Operators of 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 timeframes.

Article 13 CAPACITY CALCULATION REGIONS

The Capacity Calculation Regions determined pursuant to [*Article on Capacity Calculation Regions*] of the Network Code on Capacity Allocation and Congestion Management shall apply for Long Term capacity calculation timeframes.

SECTION 2 CAPACITY CALCULATION METHODOLOGY

Article 14 CAPACITY CALCULATION METHODOLOGY

1. No later than twelve months after the entry into force of this Network Code, all Transmission System Operators of each Capacity Calculation Region shall develop a common coordinated capacity calculation methodology for Forward Capacity Allocation.
2. The capacity calculation methodology for Forward Capacity Allocation shall ensure compatibility and consistency with the capacity calculation methodology of the Day Ahead and Intraday timeframes pursuant to the Network Code on Capacity Allocation and Congestion Management. The methodology for Forward Capacity Allocation shall meet the following objectives:
 - a) be coherent with Forward Capacity Allocation as defined between Article 32 and Article 51 of this Network Code; and
 - b) manage the uncertainty of the Long Term capacity calculation timeframes in a coordinated and consistent manner in the calculation of Long Term Cross Zonal Capacity.

3. The uncertainty of the Long Term capacity calculation timeframes shall be taken into account when applying:
 - a) a security analysis based on multiple scenarios applying capacity calculation inputs, the Capacity Calculation Approach and the validation of Cross Zonal Capacity as defined in [*Article on Capacity Calculation methodology*] of the Network Code on Capacity Allocation and Congestion Management; or
 - b) a statistical approach based on historical Cross Zonal Capacity for Day Ahead or Intraday timeframes calculated in a coordinated manner, if it can be demonstrated that this approach may:
 - increase the efficiency of the capacity calculation methodology for Forward Capacity Allocation developed pursuant to this Article;
 - better take into account the uncertainties in Long Term Cross Zonal Capacity calculation as the approach developed pursuant to paragraph 3 (a) of this Article; and
 - increase Social Welfare with the same level of System Security.
4. The Capacity Calculation Approach for the Long Term capacity calculation timeframes shall be a Coordinated Net Transmission Capacity Approach or a Flow Based Approach. All Transmission System Operators of Capacity Calculation Regions may apply the Flow Based Approach for Long Term capacity calculation timeframes, where the application of the Flow Based Approach fulfils the following prerequisites:
 - a) the Flow Based Approach leads to an increase in Social Welfare in the Capacity Calculation Region(s) with the same level of System Security;
 - b) the transparency and the accuracy of the results produced by the Flow Based Approach have been ensured in the Capacity Calculation Region(s); and
 - c) the Transmission System Operators provide Market Participants with six months to adapt their processes.
5. When developing the capacity calculation methodology for Forward Capacity Allocation in a Capacity Calculation Region, where security analysis based on multiple scenarios is applied, the requirements for the capacity calculation inputs, Capacity Calculation Approach and validation of Cross Zonal Capacity as defined in [*Article on Capacity Calculation methodology*] of the Network Code on Capacity Allocation and Congestion Management shall apply.
7. When developing the capacity calculation methodology for Forward Capacity Allocation, the requirements for the fallback procedure, harmonisation and reassessment of the capacity calculation methodology as defined in [*Article on Capacity Calculation methodology*] of the Network Code on Capacity Allocation and Congestion Management shall apply.

Article 15
RELIABILITY MARGIN

When defining the method for the Reliability Margin and its sizing for a Long Term capacity calculation timeframe, the requirements set in [*Article on Reliability Margin*] of the Network Code on Capacity Allocation and Congestion Management shall apply.

Article 16

OPERATIONAL SECURITY LIMITS, CONTINGENCIES AND ALLOCATION CONSTRAINTS

1. When defining Operational Security Limits and Contingencies for Long Term capacity calculation timeframes, the requirements set in [*Article on Operational Security Limits, Contingencies and Allocation Constraints*] of the Network Code on Capacity Allocation and Congestion Management shall apply.
2. Allocation Constraints for Forward Capacity Allocation, where applied, shall contain constraints intended to increase Social Welfare.

Article 17

GENERATION SHIFT KEYS

When defining Generation Shift Keys for a Long Term capacity calculation timeframe, the requirements set in [*Article on Generation Shift Keys*] of the Network Code on Capacity Allocation and Congestion Management shall apply.

Article 18

REMEDIAL ACTIONS IN CAPACITY CALCULATION

For the Long Term capacity calculation, each TSO may take into account only Remedial Actions, which are under their control and are technically available in real time operation. If Remedial Actions are taken into account in Long Term capacity calculation, the requirements set in [*Article on Remedial Actions in Capacity Calculation*] of the Network Code on Capacity Allocation and Congestion Management shall apply.

Article 19

CROSS ZONAL CAPACITY VALIDATION

For the validation of the Long Term Cross Zonal Capacity, the requirements set in [*Article on Cross Zonal Capacity Validation*] of the Network Code on Capacity Allocation and Congestion Management shall apply.

SECTION 3 THE COMMON GRID MODEL

Article 20

GENERATION AND LOAD DATA PROVISION METHODOLOGY

1. No later than four months after the entry into force of this Network Code, all Transmission System Operators shall develop a proposal for a single Generation and Load Data provision methodology for Forward Capacity Allocation to deliver generation and load data required to establish the Common Grid Model for Long Term capacity calculation timeframes. The generation and load data provision methodology shall take into account and complement the Generation and Load Data provision methodology according to [*Article on Generation and Load Data Provision Methodology*] of the Network Code on Capacity Allocation and Congestion Management.
2. When developing the generation and load data provision methodology for Forward Capacity Allocation, the requirements set in [*Article on Generation and Load Data Provision*

Methodology] of the Network Code on Capacity Allocation and Congestion Management shall apply.

Article 21
COMMON GRID MODEL METHODOLOGY

1. No later than six months after the entry into force of this Network Code, all Transmission System Operators shall develop a Common Grid Model methodology for Forward Capacity Allocation.
2. The Common Grid Model methodology for Forward Capacity Allocation shall take into account and complement the Common Grid Model methodology according to [*Article on Common Grid Methodology*] of the Network Code on Capacity Allocation and Congestion Management. The methodology shall enable the establishment of the Common Grid Model for Long Term capacity calculation timeframes in Capacity Calculation Regions where security analysis based on multiple scenarios pursuant to Article 14 is applied.
3. When developing the Common Grid Model methodology for Forward Capacity Allocation, the requirements set in [*Article on Common Grid Model methodology*] of the Network Code on Capacity Allocation and Congestion Management shall apply.

Article 22
SCENARIOS

1. All Transmission System Operators in Capacity Calculation Regions, where security analysis based on multiple scenarios pursuant to Article 14 is applied, shall define a common set of scenarios for each Long Term capacity calculation timeframe to be used in the Common Grid Model for each Long Term capacity calculation timeframe.
2. When developing the common set of scenarios, the requirements set in [*Article on Scenarios*] of the Network Code on Capacity Allocation and Congestion Management shall apply.

Article 23
INDIVIDUAL GRID MODEL

When developing the Individual Grid Model for a Long Term capacity calculation timeframe in Capacity Calculation Regions, where security analysis based on multiple scenarios pursuant to Article 14 is applied, the requirements set in [*Article on Individual Grid Model*] of the Network Code on Capacity Allocation and Congestion Management shall apply.

SECTION 4
SPLITTING OF CROSS ZONAL CAPACITY

Article 24
METHODOLOGY FOR SPLITTING LONG TERM CROSS ZONAL CAPACITY

1. No later than twelve months after the entry into force of this Network Code, all Transmission System Operators of each Capacity Calculation Region shall develop a methodology for

splitting Long Term Cross Zonal Capacity in a coordinated manner between different Forward Capacity Allocation timeframes for their Capacity Calculation Region.

2. The methodology for splitting Long Term Cross Zonal Capacity shall meet the objectives set in Article 14(2) of this Network Code and it shall be based on the following conditions:
 - a) it shall meet the needs of Market Participants;
 - b) it shall be coherent with the capacity calculation methodology for Forward Capacity Allocation according to Article 14; and
 - c) it shall not lead to restrictions in competition.
3. All Transmission System Operators of each Capacity Calculation Region shall be entitled to launch a reassessment of the methodology for splitting Long Term Cross Zonal Capacity between different Forward Capacity Allocation timeframes for their Capacity Calculation Region. A reassessment shall be launched not earlier than one year after the previous assessment or reassessment.
4. Where a reassessment of the methodology of a Capacity Calculation Region is launched, all Transmission System Operators of that Capacity Calculation Region shall develop a proposal to amend or maintain the current methodology for splitting Long Term Cross Zonal Capacity between different Capacity Allocation timeframes for their Capacity Calculation Region.

SECTION 5

THE CAPACITY CALCULATION PROCESS

Article 25

GENERAL PROVISIONS

1. The European Merging Function established pursuant to *[Article on General Provisions under Section on Capacity Calculation Process]* of the Network Code on Capacity Allocation and Congestion Management shall merge the Individual Grid Models into a Common Grid Model for each Long Term capacity calculation timeframe for Capacity Calculation regions, where security analysis based on multiple scenarios pursuant to Article 14 is applied. For this purpose, no later than twelve months after entry into force of this Network Code the rules defined for the operation of the European Merging function pursuant to *[Article on General Provisions under Section on Capacity Calculation Process]* of the Network Code on Capacity Allocation and Congestion Management shall be supplemented with operational rules for Long Term capacity calculation timeframes.
2. The Coordinated Capacity Calculator(s) established pursuant to *[Article on General Provisions under Section on Capacity Calculation Process]* of the Network Code on Capacity Allocation and Congestion Management shall calculate Long Term Cross Zonal Capacities on a regional basis. For this purpose, no later than twelve months after entry into force of this Network Code the rules defined for the operation of the Coordinated Capacity Calculator(s) pursuant to *[Article on General Provisions under Section on Capacity Calculation Process]* of the Network Code on Capacity Allocation and Congestion Management shall be supplemented with operational rules for Long Term capacity calculation timeframes.
3. The requirements set in *[Article on General Provisions under Section Capacity Calculation Process]* of the Network Code on Capacity Allocation and Congestion Management shall apply for Long Term capacity calculation timeframes.

Article 26
CREATION OF THE COMMON GRID MODEL

When creating the Common Grid Model for a Long Term capacity calculation timeframe in Capacity Calculation Regions, where security analysis based on multiple scenarios pursuant to Article 14 is applied, the requirements set in [*Article on Creation of the Common Grid Model*] of the Network Code on Capacity Allocation and Congestion Management shall apply.

Article 27
REGIONAL CALCULATIONS OF LONG TERM CROSS ZONAL CAPACITIES

1. Where Transmission System Operators applying the statistical approach pursuant to Article 14 take into account the uncertainty for Long Term capacity calculation timeframes, they shall include the process for calculation of Long Term Cross Zonal Capacity and the justification for the statistical approach in the capacity calculation methodology for Forward Capacity Allocation. In the process for calculation of Long Term Cross Zonal Capacity Transmission System Operators shall include at least:
 - a) a selection of historical Day Ahead or Intraday Cross Zonal Capacity data sets from a single period or a set of periods and ordering the data into a duration curve;
 - b) calculation of capacity corresponding to the risk level for the selected data set;
 - c) calculation of Long Term Cross Zonal Capacity to be offered to Forward Capacity Allocation taking into account a margin to reflect the difference between historical Cross Zonal Capacity values and forecasted Long Term Cross Zonal Capacity values; and
 - d) rules to take into account available information about planned outages, new infrastructure and generation and load pattern for the Long Term capacity calculation timeframe.
2. The requirements set in [*Article on Regional Calculation of Cross Zonal Capacity*] of the Network Code on Capacity Allocation and Congestion Management shall apply to Long Term capacity calculation timeframes in Capacity Calculation Regions, where security analysis based on multiple scenarios pursuant to Article 14 is applied.
3. Each Coordinated Capacity Calculator shall split the calculated Long Term Cross Zonal Capacity for each Forward Capacity Allocation applying the methodology for splitting Cross Zonal Capacity pursuant to Article 24.
4. Each Coordinated Capacity Calculator shall submit the calculated Long Term Cross Zonal Capacity and the validated splitting of Long Term Cross Zonal Capacity for validation to each Transmission System Operator within the relevant Capacity Calculation Region.

Article 28
VALIDATION AND DELIVERY OF CROSS ZONAL CAPACITY AND SPLIT CROSS ZONAL CAPACITY

1. Each Transmission System Operator shall validate calculated Long Term Cross Zonal Capacity on its Bidding Zone Borders or Critical Network Elements for each Long Term capacity calculation timeframe pursuant to Article 19.

2. Each Transmission System Operator shall validate calculated splitting of Long Term Cross Zonal Capacity on its Bidding Zone Borders or Critical Network Elements pursuant to Article 24.
3. Each Transmission System Operator shall send its capacity validation and validated splitting of this capacity for each Forward Capacity Allocation to the relevant Coordinated Capacity Calculator(s) and to the other Transmission System Operators of the relevant Capacity Calculation Region(s).
4. Validated splitting of Long Term Cross Zonal Capacity shall be provided by each Coordinated Capacity Calculator for the execution of Forward Capacity Allocation pursuant to Article 33.
5. Each Transmission System Operator shall provide Allocation Constraints for the execution of Forward Capacity Allocation pursuant to Article 16.
6. Transmission System Operators shall, upon request, provide to their National Regulatory Authorities a report detailing how the value of Long Term Cross Zonal Capacity for a specific Long Term capacity calculation timeframe has been obtained.

Article 29
COORDINATED CURTAILMENT OF CROSS ZONAL CAPACITY

1. Transmission System Operators shall coordinate curtailments of already allocated Long Term Cross Zonal Capacity, if the curtailments concern a timeframe more than 48 hours ahead of real time. The coordination of such curtailments shall follow the principles set out in this Article. In case of curtailment within 48 hours ahead of real time, Transmission System Operators shall apply the result from Day-ahead and Intraday Capacity Calculation.
2. If a Transmission System Operator needs to curtail already allocated Long Term Cross Zonal Capacity, it shall send a request to the responsible Coordinated Capacity Calculator to launch the coordinated calculation of necessary curtailments of Long Term Cross Zonal Capacity on a regional basis pursuant to Article 27. The Transmission System Operator shall support its request with all relevant information for the purpose of this update.
3. The Coordinated Capacity Calculator shall provide the updated Cross Zonal Capacity to the relevant Transmission System Operators for validation.
4. Each Transmission System Operator shall validate the updated Cross Zonal Capacity on its Bidding Zone Borders or Critical Network Elements pursuant to Article 28.
5. The Coordinated Capacity Calculator shall provide the validated updated Cross Zonal Capacity to the relevant Transmission System Operators and Allocation Platforms to perform curtailment pursuant to Article 57.

SECTION 6

BIENNIAL REPORT ON CAPACITY CALCULATION

Article 30

BIENNIAL REPORT ON CAPACITY CALCULATION

1. No later than two years after the entry into force of this Network Code all Transmission System Operators shall prepare and send to all National Regulatory Authorities the first report on the Long Term Capacity Calculation.
2. For all subsequent reports, if requested to do so by all National Regulatory Authorities, all Transmission System Operators shall prepare and send to all National Regulatory Authorities a report on the Long Term Capacity Calculation. This report shall be submitted in every second subsequent year and together with the biennial report on the Capacity Calculation according to [*Article on Biennial Report on Capacity Calculation*] of the Network Code on Capacity Allocation and Congestion Management.
3. When preparing the report on the Long Term Capacity Calculation, the requirements set in [*Article on Biennial Report on Capacity Calculation*] of the Network Code on Capacity Allocation and Congestion Management shall apply.

CHAPTER 2

BIDDING ZONES

Article 31

GENERAL PROVISIONS

1. The Bidding Zones determined pursuant to [*Articles of Chapter 2 on Bidding Zones*] of the Network Code on Capacity Allocation and Congestion Management shall apply to Long Term capacity calculation and Forward Capacity Allocation timeframes.
2. Where Bidding Zone Border(s) no longer exist, holders of Long Term Transmission Rights on those Bidding Zone Border(s) shall be entitled to reimbursement based on the initial price paid for the Long Term Transmission Rights.

CHAPTER 3

THE FORWARD CAPACITY ALLOCATION

SECTION 1

GENERAL PROVISIONS

Article 32

OBJECTIVES OF FORWARD CAPACITY ALLOCATION

1. The Forward Capacity Allocation shall enable Long Term cross zonal trade and provide Market Participants with Long Term cross zonal hedging opportunities against congestion costs and Day Ahead congestion pricing, compatible with Bidding Zone delimitation.

2. The Forward Capacity Allocation shall determine the results specified in Article 33(2) in a manner which:
 - a) uses the marginal pricing principle to generate results for each Bidding Zone Border, direction of utilization and Market Time Period;
 - b) allocates no more than the offered Long Term Cross Zonal Capacity according to Article 43(1)(b); and
 - c) is repeatable.

Article 33

INPUT AND RESULTS OF FORWARD CAPACITY ALLOCATION

1. For the determination of the results for Forward Capacity Allocation as defined in paragraph 2 of this Article, the Allocation Platforms shall use the following inputs:
 - a) Validated splitting of Long Term Cross Zonal Capacity submitted by each Coordinated Capacity Calculator and capacities associated with returned Long Term Transmission Rights pursuant to Article 47;
 - b) Allocation Constraints, where appropriate; and
 - c) Bids submitted by Market Participants.
2. The Allocation Platforms shall for each Forward Capacity Allocation, at least, simultaneously determine the following results for each Bidding Zone Border, direction of utilization and Market Time Period:
 - a) the volume of allocated Long Term Transmission Rights expressed in MW;
 - b) the price of Long Term Transmission Rights pursuant to Article 44; and
 - c) the execution status of bids.
3. The Allocation Platforms shall use best endeavours to ensure that Auction results are accurate.
4. Each Transmission System Operator shall ensure that the Auction results are consistent with the inputs provided to the Allocation Platforms according to paragraph 1 of this Article.

SECTION 1

OPTIONS FOR CROSS ZONAL TRANSMISSION RISK HEDGING

Article 34

DECISION ON CROSS ZONAL RISK HEDGING OPPORTUNITIES

1. Each Transmission System Operator shall issue Long Term Transmission Rights unless National Regulatory Authorities competent on the relevant Bidding Zone Border(s) have issued a decision that the Transmission System Operators shall not issue Long Term Transmission Rights pursuant to paragraph 3 of this Article.

2. No later than 2 months after the entry into force of this Network Code, all National Regulatory Authorities competent on Bidding Zone Borders, where Long Term Transmission Rights do not exist, shall issue a decision pursuant to paragraph 3 of this Article. Such a decision shall be based on an assessment pursuant to paragraph 4 of this Article not older than three years.
3. National Regulatory Authorities competent on Bidding Zone Border(s) shall be entitled to decide whether the respective Transmission System Operators shall not issue Long Term Transmission Rights on such Bidding Zone Border(s).
4. The decision in paragraph 3 of this Article shall be based on an assessment, which shall include at least:
 - a) a consultation with Market Participants about their needs for cross zonal risk hedging opportunities on the concerned Bidding Zone Border(s); and
 - b) an evaluation performed in a coordinated manner on whether Forward financial electricity markets are well developed and have shown their efficiency or whether other cross zonal hedging opportunities are needed. Such evaluation shall be based on transparent criteria.
5. Where competent National Regulatory Authorities decide that Long Term Transmission Rights shall not be issued by the respective Transmission System Operators, Section 4 of Chapter 1, Chapter 3 to Chapter 7, Article 65, Article 67 and Articles 68 to 74 shall not apply to Transmission System Operators of the Bidding Zone Border(s) subject to the National Regulatory Authorities' decision.
6. Upon request of the respective Transmission System Operators, or on their own initiative, and at least every three years, National Regulatory Authorities competent on each Bidding Zone Border shall perform an assessment or reassessment in line with paragraph 4 of this Article. When such a reassessment is followed by a decision pursuant to paragraph 3 of this Article, such a decision shall not be issued more than three years after the reassessment has been completed.

Article 35

TYPE OF LONG TERM TRANSMISSION RIGHTS

1. Long Term Cross Zonal Capacity shall be allocated to Market Participants by the Allocation Platforms in the form of Physical Transmission Rights pursuant to the Use-it-or-sell-it (UIOSI) principle or in the form of Financial Transmission Rights.
2. All Transmission System Operators of each Bidding Zone Border shall offer Long Term Cross Zonal Capacity, through the Allocation Platforms, to Market Participants for at least annual and monthly timeframes pursuant to paragraph 3 of this Article. All Transmission System Operators of each Bidding Zone Border may also decide jointly to offer Long Term Cross Zonal Capacity on additional timeframes following consultation with concerned Market Participants and approval by all National Regulatory Authorities competent on the Bidding Zone Border(s).
3. All Transmission System Operators of each Capacity Calculation Region shall develop a proposal for the Long Term Transmission Rights to be issued on each Bidding Zone Border(s) no later than eight months after entry into force of this Network Code, including timescales

for implementation and at least the description of the following characteristics defined in the Allocation Rules:

- a) type of Long Term Transmission Rights (Physical Transmission Rights, Financial Transmission Rights Option, Financial Transmission Rights Obligation);
 - b) Forward Capacity Allocation timeframe (e.g. yearly, monthly);
 - c) form of product (e.g. base, peak, off-peak);
 - d) the Bidding Zone Border(s) covered;
 - e) participating Transmission System Operators; and
 - f) involved National Regulatory Authority(ies).
4. For the proposed Long Term Transmission Rights to be issued, each Transmission System Operator shall duly consider the result of the stakeholder consultation pursuant to Article 5.
 5. The allocation of Physical Transmission Rights and Financial Transmission Rights in parallel at the same Bidding Zone Border is not allowed.
 6. A review of Long Term Transmission Rights offered between two Bidding Zones may be launched by:
 - a) all National Regulatory Authorities competent on each Bidding Zone Border(s); or
 - b) all National Regulatory Authorities competent on each Bidding Zone Border(s) based upon a recommendation from the Agency or all Transmission System Operators of the concerned Bidding Zone Border(s).
 7. All Transmission System Operators of the Capacity Calculation Region shall be responsible to undertake the review as described in paragraph 6 of this Article.
 8. Each Transmission System Operator involved in the review shall:
 - a) perform the assessment of the offered Long Term Transmission Rights taking into account the characteristics defined in paragraph 3 of this Article ;
 - b) if considered necessary, propose alternative Long Term Transmission Rights, including a proposal on timescales for implementation, taking into account the result of the assessment of the offered Long Term Transmission Rights;
 - c) perform a public consultation regarding:
 - the results of the assessment of the offered Long Term Transmission Rights; and
 - the proposal for alternative Long Term Transmission Rights if applicable; and
 - d) after finalisation of the public consultation and within three months of the issuance of the decision to launch a review, make the proposal(s) to the competent National Regulatory Authority(ies) to maintain or amend the type of Long Term Transmission Rights to allocate in future allocations.

Article 36 PHYSICAL TRANSMISSION RIGHTS

1. Each Physical Transmission Right holder shall be entitled to nominate all or part of its Physical Transmission Rights pursuant to Article 40.

2. Where the Physical Transmission Rights holder does not nominate by the deadline specified in the Nomination Rules, the Physical Transmission Rights holder shall be entitled to obtain a payment in line with Article 39(1).

Article 37

FINANCIAL TRANSMISSION RIGHTS - OPTIONS

1. Financial Transmission Rights Option holders shall be entitled to obtain a payment in line with Article 39(1).
2. The implementation of Financial Transmission Rights Options shall be subject to the application of Day Ahead price coupling according to [Articles of Chapter 5] of the Capacity Allocation and Congestion Management Network Code.

Article 38

FINANCIAL TRANSMISSION RIGHTS - OBLIGATIONS

1. Financial Transmission Rights Obligations holders shall be entitled to receive the remuneration pursuant to Article 39(1) or obliged to pay the price pursuant to Article 39(2).
2. All Transmission System Operators may develop a proposal for common rules for the implementation of Financial Transmission Rights Obligations on the Bidding Zone Border(s) they are responsible for.
3. Where the proposal in paragraph 2 is developed, the implementation of Financial Transmission Rights Obligations shall be subject to the following preconditions:
 - a) application of Day Ahead price coupling pursuant to [Articles of Chapter 5] of the Capacity Allocation and Congestion Management Network Code; and
 - b) common rules for Financial Transmission Rights Obligations as defined in paragraph 2 of this Article.

Article 39

PRINCIPLES FOR LONG TERM TRANSMISSION RIGHTS REMUNERATION

1. Allocation Platforms on a Bidding Zone Border shall remunerate the Long Term Transmission Rights holders based on the Market Spread between the two concerned Bidding Zones in case the price difference is positive in the direction of the Long Term Transmission Rights.
2. The Financial Transmission Rights Obligation holders shall remunerate the Allocation Platforms based on the Market Spread between the two concerned Bidding Zones in case the price difference is negative in the direction of the Financial Transmission Rights Obligation.
3. All Transmission System Operators on a Bidding Zone Border shall develop a proposal for the calculation of Long Term Transmission Rights remuneration respecting the principles set in paragraph 1 and 2 of this Article as well as the principle of Revenue Adequacy for the following cases:
 - a) the Cross Zonal Capacity is allocated through market coupling in the Day Ahead timeframe; or

- b) the Cross Zonal Capacity is allocated through a method other than market coupling in the Day Ahead timeframe.

SECTION 2

NOMINATION PROCEDURES FOR PHYSICAL TRANSMISSION RIGHTS

Article 40

GENERAL PROVISIONS FOR PHYSICAL TRANSMISSION RIGHTS NOMINATION

1. Where Transmission System Operators issue and apply Physical Transmission Rights on Bidding Zone Border(s), they shall enable Physical Transmission Rights holders and/or their counterparties the possibility to nominate their electricity exchange schedules. Physical Transmission Rights holders may authorise eligible third parties in line with the Nomination Rules to nominate their electricity exchange schedules on their behalf.
2. No later than twelve months after the entry into force of this Network Code, all Transmission System Operators issuing Physical Transmission Rights on a Bidding Zone Border shall develop a proposal of Nomination Rules for electricity exchange schedules between Bidding Zone Borders. Nomination Rules shall contain at least the following information:
 - a) entitlement for Physical Transmission Rights holder to nominate;
 - b) minimum technical requirements to nominate;
 - c) description of the Nomination process;
 - d) Nomination timings; and
 - e) format of Nomination and communication.
3. Transmission System Operators shall progressively harmonise the Nomination Rules on all Bidding Zone Borders on which Physical Transmission Rights are applied.
4. Physical Transmission Rights holders, their counterparties where applicable or an authorised third party acting on their behalf shall nominate all or part of their Physical Transmission Rights between Bidding Zone Borders in compliance with the Nomination Rules.
5. All Transmission System Operators may launch a reassessment of the Nomination Rules for Physical Transmission Rights on a Bidding Zone Border where these Physical Transmission Rights are being issued. A reassessment shall be launched not earlier than one year after the previous assessment or reassessment.
6. Where a reassessment of the Nomination Rules for Physical Transmission Rights is launched, all relevant Transmission System Operators shall develop a proposal to amend or maintain the current Nomination Rules for Physical Transmission Rights pursuant to paragraph 2 of this Article.

SECTION 3 PROCESSES AND OPERATION

Article 41

TERMS AND CONDITIONS FOR PARTICIPATION IN FORWARD CAPACITY ALLOCATION

1. Market Participants shall be registered with the Allocation Platforms and meet all eligibility requirements under the corresponding Allocation Rules before being entitled to participate in the Auction(s) or perform Secondary Trading. The eligibility requirements shall follow the principles of non-discrimination and transparency.
2. Following a Market Participant's request for registration the Allocation Platforms shall notify the Market Participant whether it fulfils all eligibility requirements and is entitled to participate in the Auction(s) or perform Secondary Trading from a specified date.
3. Market Participants shall fully comply with the corresponding Allocation Rules. They shall keep all information relating to their participation up to date and notify the Allocation Platforms of any changes to this information without undue delay.
4. The Allocation Platforms shall be entitled to suspend or withdraw a Market Participant's right to participate in the Auction(s) or perform Secondary Trading following a breach of or non-compliance with its contractual obligations under the corresponding Allocation Rules.
5. The suspension or withdrawal of its right shall not exonerate a Market Participant or the Allocation Platforms from its obligations related to Long Term Transmission Rights allocated before the suspension or withdrawal and pursuant to the corresponding Allocation Rules.
6. Market Participants may also request the withdrawal of their right according to this Article at any time, in order to terminate their participation in the Auction(s) or the performance of Secondary Trading according to the corresponding Allocation Rules.

Article 42

SUBMISSION OF INPUT DATA TO ALLOCATION PLATFORM

Each Transmission System Operator shall ensure that validated splitting of Long Term Cross Zonal Capacity is submitted to the Allocation Platforms prior to the publication of the auction specification as established in Article 43.

Article 43

OPERATION OF THE FORWARD CAPACITY ALLOCATION

1. No later than the time specified in the corresponding Allocation Rules for each Forward Capacity Allocation, the Allocation Platforms shall define and publish an Auction specification containing at a minimum the following information, without prejudice to fallback procedures:
 - a) date and time of gate opening and gate closure of the Auction;
 - b) validated splitting of Long Term Cross Zonal Capacity and type of the Long Term Transmission Rights that will be auctioned according to Article 42 and Article 47;
 - c) format of bids;
 - d) date and time of publication of Auction results; and
 - e) the period during which Auction results can be contested.

2. The Long Term Cross Zonal Capacity published pursuant to paragraph 1(b) of this Article may not be changed during a period prior to the gate closure of the Auction. This period shall be specified in the corresponding Allocation Rules.
3. Each Market Participant shall submit its bids to the Allocation Platforms prior to the gate closure time provided in the Auction specification and respecting the conditions provided in the Auction specification pursuant to paragraph 1 of this Article.
4. The Allocation Platforms shall ensure the confidentiality of submitted bids.

Article 44
PRICING OF THE LONG TERM TRANSMISSION RIGHTS

The price of Long Term Transmission Rights for each Bidding Zone Border, direction of utilization and Market Time Period shall be determined based on the marginal price principle and expressed in Euro.

Article 45
FINANCIAL REQUIREMENTS AND SETTLEMENT

1. The Allocation Platforms shall provide invoicing or self-billing procedures for the settlement of debits or credits resulting from the allocation of Long Term Transmission Rights, the return of Long Term Transmission Rights and the remuneration of Long Term Transmission Rights. These procedures shall be determined in the corresponding Allocation Rules.
2. In order to participate in the Auction(s) a Market Participant shall be required to secure bids and allocated Long Term Transmission Rights with sufficient collaterals as defined in the corresponding Allocation Rules.

Article 46
ESTABLISHMENT OF FALLBACK PROCEDURES

1. In the event that Forward Capacity Allocation is unable to produce results the default fallback procedure shall be the postponement of the Forward Capacity Allocation.
2. All Transmission System Operators on both sides of a Bidding Zone Border shall be entitled to implement other coordinated fallback solutions. In such cases, these Transmission System Operators shall develop a coordinated proposal for reliable fallback procedures.

Article 47
RETURN OF LONG TERM TRANSMISSION RIGHTS

1. Long Term Transmission Rights holders may return their Long Term Transmission Rights to the Allocation Platforms for subsequent Forward Capacity Allocation.
2. Long Term Transmission Rights holders willing to return their Long Term Transmission Rights for a subsequent Forward Capacity Allocation shall notify the Allocation Platforms to which the Long Term Transmission Rights are associated as set out in the Allocation Rules.

3. Long Term Transmission Rights holders who return their Long Term Transmission Rights shall be remunerated by the Allocation Platforms. Such remuneration shall be based on the price resulting from the Auction where the Long Term Transmission Rights were reallocated.

Article 48
SECONDARY TRADING

1. Long Term Transmission Rights holders shall be entitled to transfer all or part of their Long Term Transmission Rights through Secondary Trading to other Market Participants according to the corresponding Allocation Rules.
2. Long Term Transmission Rights holders transferring their Long Term Transmission Rights through Secondary Trading shall notify the Allocation Platforms.
3. Market Participants acquiring a Long Term Transmission Rights through Secondary Trading shall confirm to the Allocation Platforms the notification sent by the previous Long Term Transmission Rights holder pursuant to the paragraph 2 of this Article.

Article 49
DELIVERY OF RESULTS

1. The Allocation Platforms shall notify the Transmission System Operators responsible for the Bidding Zone Border to which the Long Term Transmission Rights are associated, Market Participants and Long Term Transmission Rights holders about the result of the Forward Capacity Allocation specified in Article 33(2) no later than the time provided in the Auction specification as defined pursuant to Article 43.
2. The Allocation Platforms shall inform Market Participants on the execution status and clearing prices of their bids.

Article 50
INITIATION OF FALLBACK PROCEDURES

1. In the event that the Allocation Platforms are unable to deliver either the Auction specification pursuant to Article 43 or part or all of the results of the Forward Capacity Allocation by the time specified in the Allocation Rules, fallback procedures established pursuant to Article 46 shall be followed.
2. The Allocation Platforms shall notify Transmission System Operators responsible on the Bidding Zone Border, where a fallback procedure may be initiated, as soon as a failure to deliver the items defined in paragraph 1 of this Article is identified. The Allocation Platforms shall as soon as reasonably practicable notify Market Participants that fallback procedures shall be followed.

Article 51
PUBLICATION OF MARKET INFORMATION

1. Allocation Platforms shall publish at minimum the following information for each Bidding Zone Border and direction of utilization:

- a) Auction specification as described in Article 43;
 - b) an indicative Auction calendar setting out the type of Long Term Transmission Rights to be offered pursuant to Article 43 and the date(s) when this Long Term Transmission Rights shall be offered to Market Participants.
 - c) Forward Capacity Allocation results as defined in Article 33(2);
 - d) number of Market Participants in each Auction;
 - e) a list of Market Participants eligible for Secondary Trading; and
 - f) the Allocation Platforms' contact details.
2. Allocation Platforms shall publish the information required pursuant to paragraph 1 of this Article, respecting the timing provided in the corresponding Auction specification and in Regulation (EU) No 543/2013.
 3. The Allocation Platforms shall ensure that historical data for a period of not less than five years is freely available.

CHAPTER 4

SINGLE ALLOCATION PLATFORM

Article 52

GENERAL TASKS

The Single Allocation Platform shall be responsible for performing the Forward Capacity Allocation based on the provisions set out in this Network Code. In particular, the Single Allocation Platform shall be responsible, at least, for:

- a) the registration of Market Participants;
- b) providing a single point of contact to Market Participants;
- c) the operation of Auction procedures;
- d) the financial settlement of allocated Long Term Transmission Rights with Market Participants, including management of collaterals;
- e) cooperation with a clearing house function, if such a function is required by the common rules for the implementation of Financial Transmission Rights obligations according to Article 38(2);
- f) enabling the return of Long Term Transmission Rights pursuant to Article 47;
- g) the publication of market information, pursuant to Article 51;
- h) providing and operating interfaces for data exchange with Market Participants;
- i) the organization of a fallback procedure pursuant to Article 46 and Article 50;
- j) providing a communication platform, on which Market Participants can indicate to other Market Participants their interest to transfer or purchase Long Term Transmission Rights which have been initially allocated by Allocation Platforms and on which Market Participants can contact each other in order to perform the transfer of Long Term Transmission Rights.

Article 53

FUNCTIONAL REQUIREMENTS FOR THE SINGLE ALLOCATION PLATFORM

1. No later than nine months after the entry into force of this Network Code all Transmission System Operators shall develop a common set of requirements for the Single Allocation

Platform. Thereby, Transmission System Operators shall take into account the tasks of the Single Allocation Platform according to Article 52.

2. The set of requirements for the Single Allocation Platform shall at least include provisions for:
 - a) the expected Bidding Zone Borders to be covered;
 - b) technical availability and reliability of provided services;
 - c) operational processes;
 - d) products to be offered (Physical Transmission Rights and Financial Transmission Rights);
 - e) Forward Capacity Allocation timeframes;
 - f) allocation methods and algorithms ;
 - g) principles of financial settlement and risk management;
 - h) consistent contractual framework with Market Participants;
 - i) means of communication among Market Participants with regards to the communication platform pursuant to Article 52 (j); and
 - j) data interfaces.
3. All Transmission System Operators, which issue Long Term Transmission Rights, shall be entitled to launch a reassessment of the common set of requirements defined pursuant to paragraph 2 of this Article. A reassessment shall be launched not earlier than one year after the previous assessment or reassessment.
4. Where a reassessment of the common set of requirements is launched, all Transmission System Operators shall develop a proposal to amend or maintain the current common set of requirements pursuant to paragraph 2 of this Article.

Article 54 **ESTABLISHMENT OF THE SINGLE ALLOCATION PLATFORM**

1. No later than twelve months after the approval of the set of requirements pursuant to Article 53(2) all Transmission System Operators shall decide on the establishment of the Single Allocation Platform taking into account the requirements pursuant to Article 53 and the requirements for cost recovery according to Article 65.
2. The concerned Transmission System Operators shall ensure that the Single Allocation Platform is operational and compliant with the requirements defined pursuant to Article 53 by a date no later than twelve months after the decision on the establishment pursuant to paragraph 1 of this Article.
3. The provisions of this Network Code regarding the establishment of the Single Allocation Platform shall be without prejudice to Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors.

CHAPTER 5 ALLOCATION RULES

Article 55 REQUIREMENTS FOR HARMONISED ALLOCATION RULES

1. The harmonised Allocation Rules for Physical Transmission Rights and the harmonised Allocation Rules for Financial Transmission Rights shall be consistent with each other, unless the characteristics of the product require them to differ.
2. The harmonised Allocation Rules for Physical Transmission Rights and the harmonised Allocation Rules for Financial Transmission Rights shall individually contain at least:
 - a) harmonised definitions and interpretation;
 - b) harmonised provisions on eligibility and entitlement, suspension and renewal and costs of participation pursuant to Article 41;
 - c) a description of the Forward Capacity Allocation process including at least provisions on Auction specification, submission of bids, publication of Auction results, contestation period and fallback procedures pursuant to Article 41, Article 42, Article 43, Article 46, Article 47 and Article 48;
 - d) a description of the types of Long Term Transmission Rights which are offered, including the remuneration principles pursuant to Article 39;
 - e) harmonised provisions for Secondary Trading pursuant to Article 48;
 - f) harmonised provisions for the return of Long Term Transmission Rights pursuant to Article 47;
 - g) principle description of the applicable Nomination Rules pursuant to Article 40;
 - h) harmonised Use-It-Or-Sell-It (UIOSI) provisions in case of Physical Transmission Rights pursuant to Article 36;
 - i) Firmness provisions and Compensation Rules pursuant to Article 57, Article 58 and Article 60;
 - j) harmonised provisions for financial requirements and settlement pursuant to Article 45; and
 - k) a contractual framework between the Allocation Platforms and the Market Participants including provisions on the applicable law, the applicable language as well as confidentiality, dispute resolution, liability and force majeure.
3. The harmonised Allocation Rules shall contain regional specificities, where appropriate.

Article 56 INTRODUCTION OF HARMONISED ALLOCATION RULES

1. No later than twelve months after the entry into force of this Network Code, all Transmission System Operators shall develop a proposal for harmonised Allocation Rules for Physical Transmission Rights pursuant to the requirements of Article 55.
2. No later than twelve months after the entry into force of this Network Code, all Transmission System Operators shall develop a proposal for harmonised Allocation Rules for Financial Transmission Rights pursuant to the requirements of Article 55.

3. All Transmission System Operators shall be entitled to launch a reassessment of the harmonised Allocation Rules. A reassessment shall be launched not earlier than one year after the previous assessment or reassessment.
4. Where a reassessment of the harmonised Allocation Rules is launched, all Transmission System Operators shall develop a proposal to amend or maintain the current harmonised Allocation Rules pursuant to Article 55.

CHAPTER 6 FIRMNESS

Article 57

GENERAL FIRMNESS PROVISIONS

1. Prior to the Day Ahead Firmness Deadline, all Transmission System Operators shall be entitled to curtail Long Term Transmission Rights to ensure System Security pursuant to Article 29 to ensure System Security. Where Transmission System Operators curtail Long Term Transmission Rights they shall report this to the respective National Regulatory Authorities on an annual basis. In cases of curtailment, Transmission System Operators on the Bidding Zone Border, where Long Term Transmission Rights have been curtailed, shall compensate the Long Term Transmission Rights holder whose Long Term Transmission Rights have been curtailed.
2. When Long Term Transmission Rights are curtailed, all Transmission System Operators shall compensate the capped Market Spread. A cap based on congestion income and/or a price cap shall be applied pursuant to Article 59. The cap based on congestion income shall limit the monthly compensation payments to the amount of congestion income derived from the capacity allocation by the Transmission System Operator over a predefined period of time pursuant to Article 60. The price cap shall be defined in the Compensation Rules as a maximum Market Spread which is used for calculating the compensation.

Article 58

THE LONG TERM FIRMNESS DEADLINE

1. Each Transmission System Operator on the same Bidding Zone Border shall define a Long Term Firmness Deadline which separates the period before the Day Ahead Firmness Deadline into two sub-periods, the time before and the time after the Long Term Firmness Deadline, for the purposes of compensation pursuant to Article 58 and Article 60. Allocated Long Term Transmission Rights shall be more firm in the sub-period after than before the Long Term Firmness Deadline.
2. In the case of Physical Transmission Rights, the Long Term Firmness Deadline shall correspond to the nomination deadline defined in the Nomination Rules. In the case of Financial Transmission Rights, the Long Term Firmness Deadline shall be placed between nineteen hours and two hours before Day-ahead Gate Closure Time.

Article 59

DEFINITION OF CAPS

1. Caps limiting the compensation for curtailment shall be defined on a Bidding Zone Border basis.

2. The cap based on congestion income for the sub-period before the Long Term Firmness Deadline shall limit compensations on the congestion income from the Long Term Transmission Rights in the respective month at the respective Bidding Zone Border and in the applicable direction.
3. The cap based on congestion income for the sub-period after the Long Term Firmness Deadline shall limit compensations on the total congestion income in the respective month at the respective Bidding Zone Border and in the applicable direction.
4. Where the cap based on congestion income applies the compensation payments for curtailments after the Long Term Firmness Deadline shall be prioritised compared to compensation payments for curtailments before the Long Term Firmness Deadline.
5. The price cap(s) shall be set as a minimum on the 95th percentile of the hourly Market Spread of the past three years, i.e. in 95% of the hours of the last three years the Market Spread is lower than the price cap. The price cap(s) shall be defined on a yearly basis in the Compensation rules.

Article 60
COMPENSATION RULES

1. All Transmission System Operators of a Capacity Calculation Region shall incorporate in the Allocation Rules according to Article 55 of this Network Code a set of Compensation Rules for the curtailments of Long Term Transmission Rights.
2. The Compensation Rules shall include, at least;
 - a) the applied cap(s) based on congestion income and/or price cap(s) pursuant to Article 57 and Article 59; and
 - b) the determination of the Long Term Firmness Deadline pursuant to Article 58.
3. Each Transmission System Operator shall be entitled to develop a proposal for Compensation Rules for outages which last for a long period of time and for outages which affect a Bidding Zone Border consisting of one single interconnector.

Article 61
THE DAY AHEAD FIRMNESS DEADLINE

The single Day Ahead Firmness Deadline as determined according to [Article on The Day Ahead Firmness Deadline] of the Network Code on Capacity Allocation and Congestion Management shall apply for the purposes of the Forward Capacity Allocation according to this Network Code.

Article 62
FIRMNESS OF LONG TERM TRANSMISSION RIGHTS IN CASE OF FORCE MAJEURE OR EMERGENCY SITUATIONS

1. In the event of a Force Majeure situation or an Emergency Situation, Transmission System Operators may curtail Long Term Transmission Rights. In all cases, curtailment shall be undertaken in a coordinated manner having liaised with all directly affected Transmission System Operators.
2. The Transmission System Operator which invokes the Force Majeure or the Emergency Situation shall publish a notification describing the nature of the Force Majeure and its probable duration.

3. Long Term Transmission Rights, which become subject to an Emergency Situation or Force Majeure situation, shall be reimbursed for the period of that Emergency Situation or Force Majeure situation by the Transmission System Operator which invokes the Force Majeure or Emergency Situation. In this case, Market Participants shall be entitled to compensation equal to the value of the Long Term Transmission Rights set during the Forward Capacity Allocation process.
4. The Transmission System Operator which invokes a Force Majeure or an Emergency Situation shall make every possible effort to limit the consequences and duration of the Force Majeure or Emergency Situation.

CHAPTER 7 CONGESTION INCOME DISTRIBUTION

Article 63

ESTABLISHMENT OF CONGESTION INCOME DISTRIBUTION ARRANGEMENTS

1. No later than twelve months after the entry into force of this Network Code, all Transmission System Operators shall develop a proposal for a methodology for sharing Congestion Income for Forward Capacity Allocation.
2. The methodology for sharing Congestion Income for Forward Capacity Allocation shall take into account and complement the methodology for sharing Congestion Income according to [*Article on Establishment of Congestion Income Distribution Arrangements*] of the Network Code on Capacity Allocation and Congestion Management.
3. When developing the methodology for sharing Congestion Income for Forward Capacity Allocation, the requirements set in [*Article on Establishment of Congestion Income Distribution Arrangements*] of the Network Code on Capacity Allocation and Congestion Management shall apply.

CHAPTER 8 COST RECOVERY

Article 64

GENERAL PROVISIONS

1. The costs related to the obligations allocated to Transmission System Operators pursuant to Article 9, including but not limited to the costs specified under Article 65, Article 66 and Article 67 shall be assessed by all National Regulatory Authorities.
2. Costs assessed as reasonable, efficient and proportionate shall be recovered via network tariffs or appropriate mechanisms as determined by National Regulatory Authorities.
3. If requested to do so by National Regulatory Authorities, any party defined in Article 1, shall, within three months of such a request, use best endeavours to provide such information as reasonably requested by National Regulatory Authorities to facilitate the assessment of the costs incurred.
4. Any costs incurred by Market Participants in meeting the requirements of this Network Code shall be borne by those Market Participants.

Article 65

COST OF ESTABLISHING, DEVELOPING AND OPERATING THE SINGLE ALLOCATION PLATFORM

1. All Transmission System Operators issuing Long Term Transmission Rights on the Single Allocation Platform shall bear costs related to the establishment and operation of the Single Allocation Platform.

Article 66

COST OF ESTABLISHING AND OPERATING COORDINATED CAPACITY CALCULATION PROCESS

1. Each Transmission System Operator shall bear the costs related to the provision of inputs to the Capacity Calculation.
2. All Transmission System Operators shall bear costs related to the establishment and operation of the European Merging Function.
3. All Transmission System Operators of each Capacity Calculation Region shall bear costs related to the establishment and operation of the Coordinated Capacity Calculator(s).

Article 67

COST OF ENSURING FIRMNESS

The costs of ensuring firmness pursuant to Article 57 to Article 62 shall be borne by Transmission System Operators. These costs shall include, but shall not be limited to the costs of Redispatching, Countertrading, correcting imbalances, incurred market mechanism imbalance costs and compensation mechanisms associated with ensuring firmness.

TITLE 4

TRANSITIONAL ARRANGEMENTS

Article 68

GENERAL PROVISIONS

The transitional arrangements shall promote the objectives of this Network Code related to the establishment and operation of the Single Allocation Platform and shall apply for a period of no longer than twelve months after entry into operation of the Single Allocation Platform. The arrangements shall be compatible and consistent with the provisions of Article 52 to Article 54.

Article 69

REGIONAL PLATFORMS FOR ALLOCATION

1. As a transitory measure, all Transmission System Operators shall be entitled to designate existing Regional Platforms for Forward Capacity Allocation subject to approval by the National Regulatory Authorities of the relevant Member States.
2. Regional Platforms for Forward Capacity Allocation and Secondary Trading shall only be allowed if the following conditions are cumulatively met:
 - a) Regional Platform(s) shall not hamper the improvement and harmonisation process of harmonised Allocation Rules;
 - b) Regional Platform(s) shall not have an adverse impact on the liquidity of Long Term Transmission Rights on Bidding Zone Border(s);
 - c) Regional Platform(s) shall facilitate the transfer of Forward Capacity Allocation to the Single Allocation Platform; and
 - d) concerned Transmission System Operators and National Regulatory Authorities shall have consulted, at least, with the Stakeholders of the Bidding Zone Border(s).

Article 70

DURATION OF REGIONAL PLATFORMS

1. The operation of Regional Platforms shall terminate once the Single Allocation Platform has been established and its tasks referred to in Article 52 are fully operational.
2. After the moment in time referred to in paragraph 1 of this Article, all Transmission System Operators may delegate the Forward Capacity Allocation on their Bidding Zone Border(s) to Regional Platforms for a single period not longer than twelve months and subject to a regulatory approval, in case:
 - a) Transmission System Operators on the Bidding Zone Border(s) have defined specific regional requirements in relation to the Single Allocation Platform, which deviate from the set of requirements defined according to Article 53, and this deviation has been approved by the National Regulatory Authorities competent on the Bidding Zone Border(s); or
 - b) on a Bidding Zone Border where the single price coupling on the Day Ahead timeframe has not been implemented and Explicit Allocation is still being performed in this timeframe.
3. The prolongation of operation of Regional Platforms according to paragraph 2 of this Article shall only be approved if the conditions of Article 69 (2) are met.

4. Within the twelve months transitory period pursuant to paragraph 2 of this Article, the operation of Regional Platforms shall end:
 - a) in case of paragraph 2(a) of this Article, the National Regulatory Authorities competent on the Bidding Zone Border(s) do not deem the specific requirements as reasonable anymore and withdraw their approval; or
 - b) in case of paragraph 2(b) of this Article, the price coupling is introduced on the Bidding Zone Border(s).

Article 71
REGIONAL ALLOCATION RULES

1. Where Transmission System Operators designate existing Regional Platforms for Forward Capacity Allocation pursuant to Article 69 and Article 70 they may use Regional Allocation Rules subject to approval by the National Regulatory Authorities competent on the Bidding Zone Border(s) for which the Regional Platform(s) are responsible.
2. Regional Allocation Rules shall only be approved if the following conditions are cumulatively met:
 - a) the Regional Allocation Rules shall not hamper the improvement and harmonization process of harmonised Allocation Rules;
 - b) Regional Allocation Rules shall not have an adverse impact on the liquidity of Long Term Transmission Rights on Bidding Zone Border(s); and
 - c) Transmission System Operators and National Regulatory Authorities of the Bidding Zone Border(s) shall have consulted, at least, with the Stakeholders of the Bidding Zone Border(s).

Article 72
TRANSITIONAL ARRANGEMENTS FOR FIRMNESS

Until the introduction of price coupling in the Day Ahead timeframe, alternative Compensation Rules shall apply as a transitional firmness measure. These transitional arrangements shall be fair, transparent and non-discriminatory. Compensation for curtailment of Long Term Transmission Rights on Bidding Zone Border(s) where Day Ahead price coupling has not been introduced yet shall be equal to at least the Initial Price Paid.

Article 73
CONTROL AREA BASED FORWARD CAPACITY CALCULATION AND ALLOCATION

1. Where a Bidding Zone consists of more than one Control Area, Transmission System Operators of this Bidding Zone and Transmission System Operators of adjacent Bidding Zones shall be entitled to calculate and split Long Term Cross Zonal Capacity and allocate Long Term Transmission Rights on the borders between the individual Control Areas. In this case, all provisions of this Network Code referring to Bidding Zone Borders shall be applied to the concerned borders between Control Areas accordingly.
2. Subject to approval by the National Regulatory Authorities competent for the concerned Bidding Zones, paragraph 1 of this Article shall apply for a transitional period up to 12 months after:
 - a) the entry into force of this Network Code; or
 - b) a change of the Bidding Zone configuration.

Article 74
**TRANSITIONAL ARRANGEMENTS ACCORDING TO THE NETWORK CODE ON CAPACITY ALLOCATION AND
CONGESTION MANAGEMENT**

The transitional arrangements provided for under [*Article on Island Systems with Central Dispatch*] of Network Code on Capacity Allocation and Congestion Management shall also apply to the relevant parts of this Network Code.

TITLE 5
FINAL PROVISIONS

Article 75
ENTRY INTO FORCE

This Network Code shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

This Network Code shall be binding in its entirety and directly applicable in all Member States.