Network Code on Forward Capacity Allocation

2 April 2014

Notice

This Network Code represents ENTSO-E’s second edition of the Network Code on Forward Capacity Allocation 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. Finally, it takes into account changes proposed by ACER in its opinion of 19 December 2013.

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,


Whereas:


(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) Directive 2009/72/EC and Regulation (EC) No 714/2009 provide for powers and duties of national regulatory authorities with regard to measures taken by Transmission System Operators (TSO), allowing Member States to involve in certain cases also other national authorities. Those competences should also apply to measures taken by TSOs under this Network Code. To ensure consistent cross-border application of the most relevant of those competences, it is necessary to clarify the competence of national regulatory authorities to approve or fix specific terms and conditions or actions necessary to ensure access to cross-border infrastructures, including the procedures for the allocation of capacity and congestion management, or their methodologies. The Network Code does not preclude Member States from providing for the approval or fixing by national regulatory authorities of other relevant terms and conditions or actions necessary to ensure access to cross-border infrastructures, including the procedures for the allocation of capacity and...
congestion management, or their methodologies, within a timeframe allowing the timely delivery of those terms and conditions or actions.

(5) 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.

(6) 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.

(7) 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 an economic efficiency point of view.

(8) 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.

(9) 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.

(10) Price determination for Long Term Transmission Rights shall follow the marginal price principle resulting from the corresponding Forward Capacity Allocation.

(11) 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.

(12) Fallback procedures are in place for the cases when the process of Forward Capacity Allocation is not able to provide results in due time.

(13) 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.

(14) 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.

(15) 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 Platform.

(16) 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.

(17) 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.

(18) 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.

(19) 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.

(20) 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.

(21) 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
  Article 9  REVIEW OF TERMS AND CONDITIONS OR METHODOLOGIES ............................................ 13

TITLE 2  GOVERNANCE.......................................................................................................................................... 14
  CHAPTER 1  ROLES AND RESPONSIBILITIES ............................................................................................. 14
    Article 10  ROLES IN FORWARD CAPACITY ALLOCATION ................................................................. 14
    Article 11  DELEGATION OF ROLES ........................................................................................................ 14
    Article 12  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 13  CAPACITY CALCULATION TIMEFRAMES ........................................................................... 15
    Article 14  CAPACITY CALCULATION REGIONS .................................................................................. 15
    SECTION 2  CAPACITY CALCULATION METHODOLOGY .................................................................. 15
    Article 15  CAPACITY CALCULATION METHODOLOGY .................................................................. 15
    Article 16  RELIABILITY MARGIN ........................................................................................................ 16
    Article 17  OPERATIONAL SECURITY LIMITS, CONTINGENCIES AND ALLOCATION
               CONSTRAINTS ......................................................................................................................... 17
    Article 18  GENERATION SHIFT KEYS .................................................................................................... 17
    Article 19  REMEDIAL ACTIONS IN CAPACITY CALCULATION .......................................................... 17
    Article 20  CROSS ZONAL CAPACITY VALIDATION .............................................................................. 17
    SECTION 3  THE COMMON GRID MODEL ............................................................................................... 17
    Article 21  GENERATION AND LOAD DATA PROVISION METHODOLOGY ........................................... 17
    Article 22  COMMON GRID MODEL METHODOLOGY ......................................................................... 18
    Article 23  SCENARIOS ........................................................................................................................... 18
<table>
<thead>
<tr>
<th>Article</th>
<th>Section</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td></td>
<td>INDIVIDUAL GRID MODEL</td>
</tr>
<tr>
<td>25</td>
<td>4</td>
<td>METHODOLOGY FOR SPLITTING LONG TERM CROSS ZONAL CAPACITY</td>
</tr>
<tr>
<td>26</td>
<td>5</td>
<td>THE CAPACITY CALCULATION PROCESS</td>
</tr>
<tr>
<td>27</td>
<td></td>
<td>GENERAL PROVISIONS</td>
</tr>
<tr>
<td>28</td>
<td>5</td>
<td>CREATION OF THE COMMON GRID MODEL</td>
</tr>
<tr>
<td>29</td>
<td>5</td>
<td>REGIONAL CALCULATIONS OF LONG TERM CROSS ZONAL CAPACITIES</td>
</tr>
<tr>
<td>30</td>
<td>5</td>
<td>VALIDATION AND DELIVERY OF CROSS ZONAL CAPACITY AND SPLIT CROSS ZONAL</td>
</tr>
<tr>
<td>31</td>
<td>6</td>
<td>COORDINATED CURTAILMENT OF CROSS ZONAL CAPACITY</td>
</tr>
<tr>
<td>32</td>
<td>2</td>
<td>BIENNIAL REPORT ON CAPACITY CALCULATION</td>
</tr>
<tr>
<td>33</td>
<td>3</td>
<td>BIDDING ZONES</td>
</tr>
<tr>
<td>34</td>
<td>3</td>
<td>THE FORWARD CAPACITY ALLOCATION</td>
</tr>
<tr>
<td>35</td>
<td>1</td>
<td>GENERAL PROVISIONS</td>
</tr>
<tr>
<td>36</td>
<td>1</td>
<td>OPTIONS FOR CROSS ZONAL TRANSMISSION RISK HEDGING</td>
</tr>
<tr>
<td>37</td>
<td>1</td>
<td>DECISION ON CROSS ZONAL RISK HEDGING OPPORTUNITIES</td>
</tr>
<tr>
<td>38</td>
<td>1</td>
<td>TYPE OF LONG TERM TRANSMISSION RIGHTS</td>
</tr>
<tr>
<td>39</td>
<td>1</td>
<td>PHYSICAL TRANSMISSION RIGHTS</td>
</tr>
<tr>
<td>40</td>
<td>1</td>
<td>FINANCIAL TRANSMISSION RIGHTS - OPTIONS</td>
</tr>
<tr>
<td>41</td>
<td>1</td>
<td>FINANCIAL TRANSMISSION RIGHTS - OBLIGATIONS</td>
</tr>
<tr>
<td>42</td>
<td>1</td>
<td>PRINCIPLES FOR LONG TERM TRANSMISSION RIGHTS REMUNERATION</td>
</tr>
<tr>
<td>43</td>
<td>2</td>
<td>NOMINATION PROCEDURES FOR PHYSICAL TRANSMISSION RIGHTS</td>
</tr>
<tr>
<td>44</td>
<td>2</td>
<td>GENERAL PROVISIONS FOR PHYSICAL TRANSMISSION RIGHTS NOMINATION</td>
</tr>
<tr>
<td>45</td>
<td>2</td>
<td>PROCESSES AND OPERATION</td>
</tr>
<tr>
<td>46</td>
<td>2</td>
<td>TERMS AND CONDITIONS FOR PARTICIPATION IN FORWARD CAPACITY ALLOCATION</td>
</tr>
<tr>
<td>47</td>
<td>2</td>
<td>SUBMISSION OF INPUT DATA TO ALLOCATION PLATFORM</td>
</tr>
<tr>
<td>48</td>
<td>2</td>
<td>OPERATION OF THE FORWARD CAPACITY ALLOCATION</td>
</tr>
<tr>
<td>49</td>
<td>2</td>
<td>PRICING OF THE LONG TERM TRANSMISSION RIGHTS</td>
</tr>
<tr>
<td>50</td>
<td>2</td>
<td>FINANCIAL REQUIREMENTS AND SETTLEMENT</td>
</tr>
</tbody>
</table>
Article 47 ESTABLISHMENT OF FALBACK PROCEDURES ........................................... 29
Article 48 RETURN OF LONG TERM TRANSMISSION RIGHTS .................................. 29
Article 49 SECONDARY TRADING ........................................................................... 30
Article 50 DELIVERY OF RESULTS ......................................................................... 30
Article 51 INITIATION OF FALBACK PROCEDURES ................................................. 30
Article 52 PUBLICATION OF MARKET INFORMATION ............................................ 30
CHAPTER 4 SINGLE ALLOCATION PLATFORM .......................................................... 31
Article 53 GENERAL TASKS ..................................................................................... 31
Article 54 FUNCTIONAL REQUIREMENTS FOR THE SINGLE ALLOCATION PLATFORM ...... 31
Article 55 ESTABLISHMENT OF THE SINGLE ALLOCATION PLATFORM ................... 32
CHAPTER 5 ALLOCATION RULES .............................................................................. 32
Article 56 REQUIREMENTS FOR HARMONISED ALLOCATION RULES ..................... 32
Article 57 INTRODUCTION OF HARMONISED ALLOCATION RULES ....................... 33
CHAPTER 6 FIRMNESS .............................................................................................. 33
Article 58 GENERAL FIRMNESS PROVISIONS .......................................................... 33
Article 59 THE LONG TERM FIRMNESS DEADLINE ............................................... 34
Article 60 DEFINITION OF CAPS ............................................................................. 34
Article 61 COMPENSATION RULES ......................................................................... 35
Article 63 FIRMNESS OF LONG TERM TRANSMISSION RIGHTS IN CASE OF FORCE MAJEURE OR EMERGENCY SITUATIONS ................................................................. 35
CHAPTER 7 CONGESTION INCOME DISTRIBUTION ................................................... 36
Article 64 ESTABLISHMENT OF CONGESTION INCOME DISTRIBUTION ARRANGEMENTS .............................................................................................................. 36
CHAPTER 8 COST RECOVERY ..................................................................................... 36
Article 65 GENERAL PROVISIONS ............................................................................ 36
Article 66 COST OF ESTABLISHING, DEVELOPING AND OPERATING THE SINGLE ALLOCATION PLATFORM ......................................................................................... 36
Article 67 COST OF ESTABLISHING AND OPERATING COORDINATED CAPACITY CALCULATION PROCESS ........................................................................................................ 37
Article 68 COST OF ENSURING FIRMNESS AND REMUNERATION OF LONG TERM TRANSMISSION RIGHTS ......................................................................................... 37
TITLE 4 TRANSITIONAL ARRANGEMENTS ............................................................... 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 run by Allocation Platform(s) 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 a type of Long Term Transmission Right and is either a Financial Transmission Right Obligation or a Financial Transmission Right Option;

- **Financial Transmission Rights 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 period of time in a specific direction;
Financial Transmission Rights 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 period of time 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 entitling its holder 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 for Forward Capacity Allocation applied by Regional Platform(s);

Secondary Trading means the trading of Long Term Transmission Rights through which a Market Participant is able to buy or sell Long Term Transmission Rights which were initially allocated by the Allocation Platform(s);

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 means an automatic application by which the underlying capacity of the non-nominated Physical Transmission Rights is made available for Day Ahead Cross Zonal Capacity Allocation and whereby Physical Transmission Right holders that do not nominate to use their rights receive a payout.
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 12 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 21;
   b) the Common Grid Model methodology and amendments pursuant to Article 22;
   c) the Capacity Calculation methodology and amendments pursuant to Article 15;
   d) the methodology for splitting Cross Zonal Capacity pursuant to Article 25;
   e) the Market Participant’s needs for cross zonal risk hedging opportunities pursuant to Article 35;
   f) the selection of the type and characteristics of the Long Term Transmission Rights pursuant to Article 36;
   g) the Nomination Rules pursuant to Article 41;
   h) the harmonised Allocation Rules pursuant to Article 57;
   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 21;
   b) The Common Grid Model methodology and amendments pursuant to Article 22;
   c) Congestion Income distribution arrangements pursuant to Article 64;
   d) the requirements for the Single Allocation Platform pursuant to Article 54; and
   e) the harmonised Allocation Rules pursuant to Article 57, except Compensation Rules pursuant to Article 61 and regional specificities pursuant to Article 57.

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 15;
   b) the methodology for splitting Cross Zonal Capacity pursuant to Article 25;
   c) Compensation Rules pursuant to Article 61(1);

4. The following shall be subject to approval by each National Regulatory Authority of the concerned Member States on one or more borders, as determined on a case-by-case basis:

   a) the decision on cross-zonal risk hedging opportunities as defined in Article 35 and on the selection of the type and characteristics of the Long Term Transmission Rights pursuant to Article 36;
b) the Nomination Rules pursuant to Article 41;
c) the designation of Regional Platforms for Allocation and Secondary Trading pursuant to Article 69;
d) Compensation Rules pursuant to Article 61(3);
e) Regional specificities of the harmonised Allocation Rules pursuant to Article 56;
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.

Article 9
REVIEW OF TERMS AND CONDITIONS OR METHODOLOGIES

1. The party responsible under the network code for developing a proposal for terms and conditions or methodologies approved pursuant to Article 8 may launch a review of these terms and conditions or methodologies.

2. Where a review of the terms and conditions or methodologies is launched by all relevant parties, they shall develop a proposal to amend or maintain the current terms and conditions or methodologies.

3. The amendments to the terms and conditions or methodologies shall be consulted following the procedure foreseen in Article 5 and approved following the procedure foreseen in Article 8.
TITLE 2
GOVERNANCE

CHAPTER 1
ROLES AND RESPONSIBILITIES

Article 10
ROLES IN FORWARD CAPACITY ALLOCATION

Transmission System Operator shall have the following roles in the Forward Capacity Allocation:

a) Coordinated Capacity Calculators;
b) Single Allocation Platform; and
c) Regional Platform(s).

Article 11
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 12
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 13
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 14
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 15
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 33 and Article 52 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 economic efficiency 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 economic efficiency 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.

6. When developing the capacity calculation methodology for Forward Capacity Allocation, the requirements for the fallback procedure and harmonisation 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 16**
   
   **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 17
OPERATIONAL SECURITY LIMITS, CONTINGENCIES AND ALLOCATION CONSTRAINTS


2. Allocation Constraints for Forward Capacity Allocation, where applied, shall contain only constraints related to transmission losses on the interconnections between Bidding Zones.

Article 18
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 19
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 20
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 21
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.
Methodology] of the Network Code on Capacity Allocation and Congestion Management shall apply.

**Article 22**

**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 15 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 23**

**SCENARIOS**

1. All Transmission System Operators in Capacity Calculation Regions, where security analysis based on multiple scenarios pursuant to Article 15 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 24**

**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 15 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 25**

**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 15(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 15; and
   c) it shall not lead to restrictions in competition.

SECTION 5
THE CAPACITY CALCULATION PROCESS

Article 26
GENERAL PROVISIONS

1. The process 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 15 is applied. For this purpose, no later than twelve months after entry into force of this Network Code the rules defined for the operation to merge the Individual Grid Models 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 Calculators 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 Calculators 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.


Article 27
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 15 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 28
REGIONAL CALCULATIONS OF LONG TERM CROSS ZONAL CAPACITIES
1. Where Transmission System Operators applying the statistical approach pursuant to Article 15 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 15 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 25.

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 29**

**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 20.

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 25.

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 Calculators 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 34.
5. Each Transmission System Operator shall provide Allocation Constraints for the execution of Forward Capacity Allocation pursuant to Article 17.

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 30
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 28. 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 29.

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 58.

SECTION 6
BIENNIAL REPORT ON CAPACITY CALCULATION

Article 31
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. If requested to do so by all National Regulatory Authorities, in every second subsequent year, 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 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, if the latter was also requested.


CHAPTER 2
BIDDING ZONES

Article 32
GENERAL PROVISIONS


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 33
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 34(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 44(1)(b); and

c) is repeatable.
Article 34
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 48;
   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 45; 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 35
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 four 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 a regional level on whether Forward 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 66, Article 68 and Articles 69 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 five 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 six months after the reassessment has been completed.

Article 36
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) where Long Term Transmission Rights exist no later than six months after entry into force of this Network Code. All Transmission System Operators of a region, where Long Term Transmission Rights do not exist shall develop a proposal for the Long Term Transmission Rights to be issued on each Bidding Zone Border(s) no later than six months after a decision of the relevant NRAs to issue Long Term Transmission Rights according to Article 35(2). The proposal shall include 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 in accordance with paragraph 7 of this Article 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 37
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 41.

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 40.
Article 38
FINANCIAL TRANSMISSION RIGHTS - OPTIONS

1. Financial Transmission Rights Option holders shall be entitled to obtain a payment in line with Article 40.

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 39
FINANCIAL TRANSMISSION RIGHTS - OBLIGATIONS

1. Financial Transmission Rights Obligations holders shall be entitled to receive the remuneration pursuant to Article 40(0) or obliged to pay the price pursuant to Article 40(2).


Article 40
PRINCIPLES FOR LONG TERM TRANSMISSION RIGHTS REMUNERATION

1. Allocation Platforms performing the allocation of Transmission Rights on a Bidding Zone Border shall remunerate the Long Term Transmission Rights holders pursuant to Article 37 Article 38 and Article 39 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 responsible for allocating Transmission Rights on a Bidding Zone Border in case the price difference is negative in the direction of the Financial Transmission Rights Obligation.

3. The Long Term Transmission Rights remuneration in paragraph 1 and 2 of this Article shall respect the following principles:

   a) When the Cross Zonal Capacity is allocated through implicit allocation in the Day Ahead timeframe, the Long Term Transmission Rights remuneration shall be equal to the market spread.

   b) When the Cross Zonal Capacity is allocated through explicit auction in the Day Ahead timeframe, the Long Term Transmission Rights remuneration shall be equal to the clearing price of the daily auction.

   c) When the Cross Zonal Capacity is allocated through a method other than implicit allocation or explicit auction in the Day Ahead timeframe, the Long Term Transmission Rights remuneration shall be based on the income from the allocation of that capacity.

4. 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, 2 and 3 of this Article.
5. The proposal for the calculation of the Long Term Transmission Rights remuneration shall take transmission losses on interconnections between Bidding Zones into account, where these losses have been included in the Day Ahead capacity Allocation process.

SECTION 2
NOMINATION PROCEDURES FOR PHYSICAL TRANSMISSION RIGHTS

Article 41
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.

SECTION 3
PROCESSES AND OPERATION

Article 42
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 43
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 44.

Article 44
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 43 and Article 48;
   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 45  
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 46  
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 47  
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 48  
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 equal on the price resulting from the Auction where the Long Term Transmission Rights were reallocated.
Article 49
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 50
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 34(2) no later than the time provided in the Auction specification as defined pursuant to Article 44.

2. The Allocation Platforms shall inform Market Participants on the execution status and clearing prices of their bids.

Article 51
INITIATION OF Fallback PROCEDURES

1. In the event that the Allocation Platforms are unable to deliver either the Auction specification pursuant to Article 44 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 47 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 52
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 44;
   
   b) an indicative Auction calendar setting out the type of Long Term Transmission Rights to be offered pursuant to Article 44 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 34(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 53
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 39;
f) enabling the return of Long Term Transmission Rights pursuant to Article 48;
g) the publication of market information, pursuant to Article 52;
h) providing and operating interfaces for data exchange with Market Participants;
i) the organization of a fallback procedure pursuant to Article 47 and Article 51;
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 54
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 53.

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;
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 53 (j); and
j) data interfaces.

Article 55
ESTABLISHMENT OF THE SINGLE ALLOCATION PLATFORM

1. No later than twelve months after the approval of the set of requirements pursuant to Article 54(2) all Transmission System Operators shall decide on the establishment of the Single Allocation Platform taking into account the requirements pursuant to Article 54 and the requirements for cost recovery according to Article 66.

2. The concerned Transmission System Operators shall ensure that the Single Allocation Platform is operational and compliant with the requirements defined pursuant to Article 54 by a date no later than twelve months after the decision on the establishment pursuant to paragraph 1 of this Article.


CHAPTER 5
ALLOCATION RULES

Article 56
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 42;
3. The harmonised Allocation Rules shall contain regional specificities, where appropriate.

**Article 57**

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 56.

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 56.

**CHAPTER 6**

**FIRMNESS**

**Article 58**

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 30. 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 shall be applied pursuant to Article 60. 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 61.

**Article 59**

**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 59 and Article 61. 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 60**

**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 where relevant, for each interconnection.

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 where relevant, for each interconnection. Following an incident where the monthly compensation payments exceed the monthly cap after the Long Term Firmness Deadline, the relevant National Regulatory Authorities at the respective Bidding Zone Border may review this cap after the Long Term Firmness Deadline and decide, to modify or remove it for any subsequent compensation periods. Such a decision shall be justified on the basis of an assessment of the efficiency of the costs deriving from this decision and the recovery of such costs. Based on such an assessment, the relevant NRAs may on their own initiative, or upon request of relevant TSOs, also decide to redefine or reintroduce the cap.

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.
**Article 61**

**COMPENSATION RULES**

1. All Transmission System Operators of a Capacity Calculation Region shall incorporate in the Allocation Rules according to Article 56 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) pursuant to Article 58 and Article 60; and
   b) the determination of the Long Term Firmness Deadline pursuant to Article 59.

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 62**

**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 63**

**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 64
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.


CHAPTER 8
COST RECOVERY

Article 65
GENERAL PROVISIONS

1. The costs related to the obligations allocated to Transmission System Operators pursuant to Article 10, including but not limited to the costs specified under Article 66, Article 67 and Article 68 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 66
COST OF ESTABLISHING, DEVELOPING AND OPERATING THE SINGLE ALLOCATION PLATFORM

Article 67
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 merging of the Individual Grid Models.

3. All Transmission System Operators of each Capacity Calculation Region shall bear costs related to the establishment and operation of the Coordinated Capacity Calculators.

Article 68
COST OF ENSURING FIRMNESS AND REMUNERATION OF LONG TERM TRANSMISSION RIGHTS

1. Transmission System Operators shall bear the costs incurred when the income from day-ahead capacity allocation is not sufficient to remunerate Long Term Transmission Rights due to the application of Allocation Constraints according to the Network Code on Capacity Allocation and Congestion Management.

2. The costs of ensuring firmness pursuant to Article 58 to Article 63 shall be borne by relevant 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.

3. The costs of ensuring firmness shall be fully recovered via network tariffs or appropriate mechanisms, as determined by national regulatory authorities in accordance with Article 14(1) of Regulation (EC) No 714/2009, in a timely manner unless the national regulatory authority assess, that these costs have been inefficiently incurred.

Such an assessment shall:

a) provide evidence to what extent the costs incurred are due to gross negligence or wilful misconduct of transmission system operators;

b) be made with regard to the information, the time and the tools available to the transmission system operator at the moment it decided to undertake the action; and

c) fully take into account the firmness provisions pursuant to Article 58, Article 59 and Article 60 of this Network Code, and Compensation Rules pursuant to Article 61, as well as the effect of the potential NRA decision to modify or remove the cap on compensation pursuant to Article 60(3).
TITLE 4
TRANSITIONAL ARRANGEMENTS

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 53 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 54, 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.