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# **Proposal for the design of Long Term Transmission Rights on SWE (South West Europe)**

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Proposal for the design of Long Term Transmission Rights on SWE

RTE, REE and REN are taking into account the following:

### **Whereas**

1. This document is the Regional Design of Long Term Transmission Rights developed by RTE, REE and REN as the Transmission System Operators of South West Europe Region (hereafter referred to as SWE TSOs), which intend to ensure efficient, transparent and non-discriminatory Long Term Transmission Rights on SWE.
2. The Regional Design of Long Term Transmission Rights complies the general principles, goals and other methodologies reflected in Commission Regulation (EU) 2016/1719, of 26 September 2016, establishing a guideline on forward capacity allocation.
3. The expected impact of this Regional Design of Long Term Transmission Rights on South West Europe Region is the stabilization of the current market liquidity for auctions on the FR-ES interconnection and a potential increase of the open interests from market participants on PT-ES interconnection, once the addition of monthly time frame after the migration of the Portuguese – Spanish auctions to the Single Allocation Platform.
4. According to Article 31 of Commission Regulation (EU) 2016/1719, of 26 September 2016, the Regional Design shall include a time schedule for implementation and at least the description of the following items specified in the allocation rules: (a) type of long-term transmission rights; (b) forward capacity allocation time frames; (c) form of product (base load, peak load, off-peak load); (d) the bidding zone borders covered.

RTE, REE and REN therefore hereby agree as follows:

### **Article 1 - Subject matter and scope**

1. The Regional Design of Long Term Transmission Rights on SWE Region shall cover the following:
  - a) Long Term Transmission Rights in FR-ES interconnection; and
  - b) Long Term Transmission Rights in PT-ES interconnection.
2. The scope of the Regional Design of Long Term Transmission Rights does not extend to the assignment of roles and responsibilities to specific parties. Neither does the scope attempt to provide a governance framework for specific roles or responsibilities. These aspects will be defined by the SWE TSOs in accordance with Commission Regulation (EU) 2016/1719, of 26 September 2016.

## **Article 2 - Definitions and interpretation**

For the purposes of this Regional Design, terms used shall have the meaning of the definitions included in Article 2 of Commission Regulation (EU) 2016/1719, of 26 September 2016 and Article 2 of EU Harmonisation of long term Allocation Rules in their latest applicable version.

1. In this Regional Design document, unless the context requires otherwise:
  - a) the singular indicates the plural and vice versa;
  - b) the table of contents and headings are inserted for convenience only and do not affect the interpretation of this document; and
  - c) any reference to legislation, regulations, directive, order, instrument, code or any other enactment shall include any modification, extension or re-enactment of it then in force.

## **Article 3 - Type of long-term transmission rights**

The Long Term Transmission Rights products proposed within SWE are:

- a) Financial Transmission Rights Options for the Portuguese – Spanish border;
- b) Physical Transmission Right for the French – Spanish border.

## **Article 4 – Forward capacity allocation time frames**

For the Capacity Calculation Region of South-West Europe, the allocation time frames per bidding zone border are:

- a) For the Portuguese – Spanish bidding zone border, the long-term transmission rights shall be offered at annual, quarterly and monthly time frames.
- b) For the French – Spanish bidding zone border, the long-term transmission rights shall be offered at annual and monthly time frames.

## **Article 5 – Form of product (base load, peak load, off-peak load)**

For the Capacity Calculation Region of South-West Europe, the form of products per bidding zone border are:

- a) For the Portuguese – Spanish bidding zone border, the long-term transmission rights shall be offered in the form of base load products that may include reduction periods.
- b) For the French – Spanish bidding zone border, the long-term transmission rights shall be offered in the form of base load products that may include reduction periods.

Where the product to be auctioned includes reduction periods, the auction specification shall include for each reduction period information on the duration of the reduction period and the amount of offered capacities.

### **Article 6 – Timeline for implementation**

The arrangements described in Articles 3 to 5 shall be implemented with immediate effect after SWE NRAs approval of this Regional Design and any regulation related with it.

The implementation of monthly products for the Portuguese – Spanish border will occur after the migration of the Portuguese – Spanish auctions to the Single Allocation Platform.

### **Article 7 - Language**

The reference language for the Regional Design of Long Term Transmission Rights on SWE shall be English. For the avoidance of doubt, where TSOs need to translate the Regional Design of Long Term Transmission Rights on SWE into their national language(s), in the event of inconsistencies between the English version published by SWE TSOs in accordance with Article 4(13) of the Commission Regulation (EU) 2016/1719, of 26 September 2016 and any version in another language, the relevant TSOs shall be obliged to dispel any inconsistencies by providing a revised translation of the Regional Design of Long Term Transmission Rights on SWE to their relevant national regulatory authorities.