



**Approval by Capacity Calculation Region Hansa
Regulatory Authorities
of
Capacity Calculation Region Hansa TSOs’
Methodology for splitting long-term cross-zonal
capacity in accordance with Article 16 of
Commission Regulation (EU) 2016/1719 of 26
September 2016 establishing a Guideline on Forward
Capacity Allocation**

04 May 2020

I. Introduction and legal context

This document establishes an agreement among all relevant Capacity calculation region (“CCR”) Hansa Regulatory Authorities, in relation to the Hansa CCR TSOs’ proposal for a methodology for splitting long-term cross-zonal capacity in a coordinated manner between different long-term time frames. Hansa CCR TSOs have developed this proposal pursuant to Article 16 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (“FCA GL”). The agreement, reached on 04 May 2020, is established among all relevant CCR Hansa Regulatory Authorities, namely Bundesnetzagentur (BNetzA), Danish Utility Regulator (DUR) and Authority for Consumers & Markets (ACM).

BNetzA, DUR and ACM are referred to as “relevant regulatory authorities” because, within CCR Hansa, long-term transmission rights are issued only across West Denmark (DK1) and



Germany (DE); East Denmark and Germany; and West Denmark (DK1) and the Netherlands (NL).

However, the relevant CCR Hansa Regulatory Authorities have acknowledged the views of Energimarknadsinspektionen (Ei), Urząd Regulacji Energetyki (URE) and Norges vassdrags- og energidirektorat (NVE)¹, in the submission, amendment and approval process.

This document is intended to constitute the basis on which all relevant CCR Hansa Regulatory Authorities will each subsequently make national decisions pursuant to FCA GL article 4(7)(b) to approve the proposal submitted by CCR Hansa TSOs (50hertz, TenneT TSO GmbH, TenneT NL BV, and Energinet).

The legal provisions relevant to the submission and approval of the proposal, and this opinion agreed by all relevant CCR Hansa Regulatory Authorities agreed, can be found in Articles 4, 6, 16 of Regulation 2016/1719. They are set out below for reference.

Article 4 of Regulation (EU) 2016/1719:

1. *TSOs shall develop the terms and conditions or methodologies required by this Regulation and submit them for approval to the competent regulatory authorities within the respective deadlines set out in this Regulation. Where a proposal for terms and conditions or methodologies pursuant to this Regulation needs to be developed and agreed by more than one TSO, the participating TSOs shall closely cooperate. TSOs, with the assistance of ENTSO for Electricity, shall regularly inform the competent regulatory authorities and the Agency about the progress of the development of these terms and conditions or methodologies.*
2. ..
3. ..
4. ..
5. *Each regulatory authority shall be responsible for approving the terms and conditions or methodologies referred to in paragraphs 6 and 7.*
6. ..
7. *The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities of the concerned region:*
 - a. ..
 - b. *the methodology for splitting cross-zonal capacity pursuant to Article 16;*
 - c. ..

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

d. ..

e. ..

8. *The proposal for terms and conditions or methodologies shall include a proposed timescale for their implementation and a description of their expected impact on the objectives of this Regulation. Proposals on terms and conditions or methodologies subject to the approval by several or all regulatory authorities shall be submitted to the Agency at the same time that they are submitted to regulatory authorities. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within three months on the proposals for terms and conditions or methodologies.*
9. *Where the approval of the terms and conditions or methodologies requires a decision by more than one regulatory authority, the competent regulatory authorities shall consult and closely cooperate and coordinate with each other in order to reach an agreement. Where applicable, the competent regulatory authorities shall take into account the opinion of the Agency. Regulatory authorities shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs 6 and 7, within six months following the receipt of the terms and conditions or methodologies by the regulatory authority or, where applicable, by the last regulatory authority concerned.*
10. *Where the regulatory authorities have not been able to reach an agreement within the period referred to in paragraph 9, or upon their joint request, the Agency shall adopt a decision concerning the submitted proposals for terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 713/2009.*
11. *In the event that one or several regulatory authorities request an amendment to approve the terms and conditions or methodologies submitted in accordance with paragraphs 6 and 7, the relevant TSOs shall submit a proposal for amended terms and conditions or methodologies for approval within two months following the requirement from the regulatory authorities. The competent regulatory authorities shall decide on the amended terms and conditions or methodologies within two months following their submission. Where the competent regulatory authorities have not been able to reach an agreement on terms and conditions or methodologies pursuant to paragraphs 6 and 7 within the two-month deadline, or upon their joint request, the Agency shall adopt a decision concerning the amended terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 713/2009. If the relevant TSOs fail to submit a proposal for amended terms and conditions or methodologies, the procedure provided for in paragraph 4 shall apply.*
12. *TSOs responsible for developing a proposal for terms and conditions or methodologies or regulatory authorities responsible for their adoption in accordance with paragraphs 6 and 7, may request amendments of these terms and conditions or methodologies. The proposals for amendment to the terms and conditions or methodologies shall be submitted to consultation in accordance with the procedure set out in Article 6 and approved in accordance with the procedure set out in this Article.*

13. TSOs responsible for establishing the terms and conditions or methodologies in accordance with this Regulation shall publish them on the internet after approval by the competent regulatory authorities or, if no such approval is required, after their establishment, except where such information is considered as confidential in accordance with Article 7.

Article 6 of Regulation (EU) 2016/1719:

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

Article 16 of Regulation (EU) 2016/1719:

1. No later than the submission of the capacity calculation methodology referred to in Article 10, the TSOs of each capacity calculation region shall jointly develop a proposal for a methodology for splitting long-term cross-zonal capacity in a coordinated manner between different long-term time frames within the respective region. The proposal shall be subject to consultation in accordance with Article 6.
 2. The methodology for splitting long-term cross-zonal capacity shall comply with the following conditions: (a) it shall meet the hedging needs of market participants; (b) it shall be coherent with the capacity calculation methodology; (c) it shall not lead to restrictions in competition, in particular for access to long-term transmission rights.
- 27.9.2016 L 259/50 Official Journal of the European Union EN.

II. The CCR Hansa TSO proposal

The CCR Hansa TSO proposal for splitting long-term cross-zonal capacity was submitted to consultation by CCR Hansa TSOs through the ENTSO-E consultation hub, from 25 April 2019 to 27 May 2019, in line with Article 16 and Article 6(2) of FCA GL.²

The proposal for splitting long-term cross-zonal capacity developed by all CCR Hansa TSOs is dated 18th June 2019, and the latest reception date among the relevant CCR Hansa Regulatory Authorities was 3rd July 2019. The proposal included an annex and a separate explanatory document.

The relevant CCR Hansa Regulatory Authorities evaluated the proposal and subsequently sent a Request for Amendments to the methodology for splitting long-term capacity dated 3rd January 2020.

The main comments by NRAs to the TSO's proposal were:

- **Missing Capacity Ratio Split**

The proposal did not include neither the ratio of yearly product to monthly product, the “capacity split ratio” nor a methodology that clearly and comprehensively describes how this ratio will be calculated. It was, therefore requested to amend the proposal, such that the methodology contains the Capacity Split Ratio. Furthermore, it was requested that the capacity split ratio is harmonized at all relevant bidding zone borders and in both directions. Moreover, the relevant CCR Hansa Regulatory Authorities suggested a split of 60% for the yearly capacity and 40% for the monthly-allocated capacity.

- **Implementation Timeline**

The CCR Hansa Regulatory Authorities considered that the methodology for splitting long-term cross-zonal capacity can be implemented regardless of the previous implementation of the long-term capacity calculation methodology (Article 10 of Regulation (EU) 2016/1719). It was consequently requested that the methodology shall be implemented for the first auction of yearly products after the methodology is approved.

- **Revision**

The CCR Hansa Regulatory Authorities requested that the proposal shall include an obligation to evaluate the working of the methodology, within 3 years of the implementation of the methodology.

² https://consultations.entsoe.eu/markets/fca_art-16_hansa_ccr/ [16-04-2020]



Following the request for amendments, all CCR Hansa TSOs sent an amended proposal for the methodology for splitting long-term cross-zonal capacity dated 6th March 2020. In addition, on 22 April 2020 CCR HANSA TSOs submitted a further document, which contains a detailed description on how the “capacity split ratio” is applied and which adjustments will result from a possible future introduction of additional capacity products.

The latest reception date among CCR Hansa Regulatory Authorities was on 6th March 2020. It follows from Article 9(10) of Regulation 2015/1222 that CCR Hansa Regulatory Authorities have to consult and closely cooperate and coordinate with each other in order to reach an agreement. A decision is required by each relevant CCR Hansa Regulatory Authority by 6th May 2020, two months after the latest reception among the relevant CCR HANSA Regulatory Authorities.

The main elements of the methodology for splitting long-term cross-zonal capacity are:

- a capacity ratio split
- an independent implementation
- the provision of a revision

III. All CCR Hansa Regulatory Authority position

All CCR Hansa Regulatory Authorities found initially that the original proposal for splitting long-term cross-zonal capacity did not fulfil all of the requirements of Regulation (EU) 2016/1716. As a response to the request for amendments, all CCR Hansa TSOs made several amendments to the original proposal for splitting long-term cross-zonal capacity.

Following the amendments, all Regulatory Authorities of CCR Hansa deem the methodology to meet the requirements of Article 16 of Regulation (EU) 2016/1716 and therefore approvable.

IV. Conclusions

All CCR Hansa Regulatory Authorities have assessed, consulted, coordinated and closely cooperated to reach an agreement that the methodology for splitting long-term cross-zonal capacity for CCR Hansa meets the requirements of Regulation 2016/1719 and as such can be approved by all CCR Hansa Regulatory Authorities.

The amended proposal of the methodology for splitting long-term cross-zonal capacity was received by the last CCR Hansa Regulatory Authority on 6th March 2020. All CCR Hansa Regulatory Authorities must therefore make their decisions on 6th May 2020 at the latest on



the basis of this agreement and in accordance with the two-month deadline as set out in Regulation (EU) 2016/1719. Following national decisions taken by each Regulatory Authority, all CCR Hansa TSOs will be required to publish the Splitting Rules on the internet in line with Article 4(13) of Regulation (EU) 2016/1719.