
HAR Review 2026 Explanatory Note

10 June 2026

Disclaimer

This explanatory document is submitted by All TSOs to the Agency for the Cooperation of Energy Regulators for information and clarification purposes only accompanying the “All TSOs’ proposal for amendment of the Harmonised Allocation Rules for Long Term Transmission Rights” in accordance with Article 51 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation.

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I. Introduction

The Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (hereinafter “FCA Regulation”) was published in the official Journal of the European Union on 27 September 2016 and entered into force on 17 October 2016. The FCA Regulation sets out rules regarding the type of Long-Term Transmission Rights that can be allocated via explicit auctions, and the way holders of transmission rights are compensated in case their right is curtailed. The overarching goal is to promote the development of liquid and competitive forward markets in a coordinated way across Europe and provide market participants with the ability to hedge their risk associated with cross-border electricity trading. In order to deliver these objectives, a number of steps are required.

One of these steps is the introduction of harmonised rules for Long Term Transmission Rights at Union level. In accordance with Article 51 of the FCA Regulation, 6 months after the entry into force of the FCA Regulation, All TSOs shall develop a proposal for the harmonised allocation rules for Long Term Transmission Rights (hereinafter “HAR”). The proposal for the HAR was submitted to all National Regulatory Authorities on 18 April 2017 and was approved by ACER on 2 October 2017.

According to Article 68(5) of HAR “the Allocation Rules and the border and/or regional specific annexes included thereto shall be periodically reviewed by the Allocation Platform and the relevant TSOs at least every two years involving the Registered Participants.”. The HAR were amended in 2019, 2021, 2023 and 2025 (ACER Decisions 14/2019, 15/2021, 18/2023 and 08/2025).

Based on the above, All TSOs have elaborated on a draft reviewed HAR where they proposed especially changes in order to improve the collateral management for flow-based auctions.

II. Main changes

1 Collateral management

Under Long-Term Flow-Based Allocation (LTFBA), collateral requirements mechanically cumulate across borders, leading to a substantial increase in collateral requirements compared to per-border auctions. Ex-ante bid filtering based on Maximum Payment Obligations (MPO), including approaches complemented with bid-price caps, overestimates final payment obligations while still possibly exposing TSOs to some settlement risks. To enhance collateral management, TSOs and SAP commissioned a study to investigate possible improvements.

The study results showed that optimal bid filtering based on the auction final clearing prices (i.e. the final payment obligations) is technically feasible and can be embedded directly in the clearing algorithm. Furthermore, it demonstrated that optimal bid filtering:

- avoids unnecessary bid rejections for registered participants,
- fully secures TSOs against settlement risk,
- preserves auction outcomes close to the no-filtering benchmark.

With the implementation of the optimal bid filtering, the calculation and application of the bid price cap will be removed. It also brings additional changes to how the credit limit is handled and how the outstanding payment obligations are determined and managed. In addition to the change in the clearing algorithm, the following new approach is proposed: registered participants will have the option to define a specific amount of collateral – referred to as “reserved collateral” - to be set aside for the long-term flow-based auction during the bidding period. In such case, the reserved collateral, which cannot exceed the registered participant’s credit limit, will be blocked as outstanding payment obligation. If a registered participant chooses not to

specify a reserved amount, the system will calculate the maximum payment obligation (MPO) based on all submitted bids at bidding period closure. In this case, the amount of collateral blocked for the auction will not exceed the registered participant's overall credit limit.

TSOs and SAP are making every effort to achieve go-live of the enhanced collateral management by November 2027. However, they wish to draw attention to the very tight timeline and the associated risk that the planned go-live date may not be met. In particular, the following risks have been identified:

- Unresolved detailed issues: Although TSOs and SAP have carried out a proof-of-concept study confirming the fundamental feasibility of the chosen collateral management approach, a number of detailed questions remain open and must still be clarified. The resolution of these issues may negatively affect the envisaged timeline.
- Vendor selection: SAP is initiating the vendor selection process at the earliest possible stage in order to identify and contract the most suitable IT vendor. As part of this process, SAP defines the go-live date of November 2027 as a binding requirement. Nevertheless, it cannot be ruled out that no IT vendor will be found who can implement all requirements within the prescribed timeframe.
- Regulatory uncertainty: While TSOs and SAP can already begin IT planning on the basis of their proposed amendments to the HAR and the SAP methodologies, these proposals will only become final from a regulatory perspective once approved by ACER. Any changes required by ACER to the proposed methodologies may modify the requirements in a way that adversely affects the implementation schedule and/or exceeds the scope of existing IT vendor contracts.

Article 2: Definitions and interpretation

Definition of “price cap” is deleted because the price cap is not used anymore.

Article 23: Credit Limit

Paragraph 5 is amended to clarify how outstanding payment obligations are determined and managed, depending on the type of auction (cNTC or LTFB auction) and whether the registered participant has specified reserved collateral.

Article 23a: Reserved collateral for auctions with flow-based allocation

Proposed new Article to describe the process of setting reserved collateral for a flow-based auction.

Article 27: General provisions for auctions

Paragraph 3 is amended to clarify the different process of credit limit check for the two types of auctions: For cNTC-based auctions, bids are evaluated against the registered participant’s credit limit after the bidding period closure. For flow-based auctions, bids are evaluated either against the credit limit or, if specified, against reserved collateral during the auction results determination.

Article 29: Auction specification

Publication of price cap for bid collaterals by SAP according to Art. 29(3b) is not needed anymore as price caps are not used in new bid filtering approach. Thus, the requirement can be deleted.

Article 34: Credit limit verification

Amendments to reflect changes due to the new approach:

- Paragraph 1 is amended to clarify that, in case of flow-based auctions, the auction tool will calculate the MPO and check it against the credit limit during the bidding period only in case the registered participant has not specified a reserved collateral.
- Paragraph 2 is amended to clarify that the credit limit verification at the end of the bidding period and the corresponding bid rejection is applicable only for cNTE-based auctions.
- Addition of paragraph 3 to refer to the credit limit verification process during the auction results determination in case of flow-based auctions.
- (New) Paragraph 5 amended to reflect changes regarding the outstanding payment obligation determination, already described in Article 23 paragraph 5.
- Merger of (new) paragraphs 6-7, since with the removal of bid price cap, the calculation of MPO will be the same for both types of auctions (cNTE-based and flow-based).

Article 35: Auction results determination

Amendments to reflect changes due to the new approach:

- Paragraph 1 is amended to specify that credit limit verification at the end of the bidding period is only applicable for cNTE-based auctions.
- Paragraph 3 is amended to clarify that in case of flow-based auctions, the credit limit or, if specified, the reserved collateral is a new boundary condition of the optimisation function.
- Additional paragraph 6 explains the process of checking the final payment obligations against the credit limit or, if specified, the reserved collateral and the corresponding bid rejection during the auction result determination process.

Article 68: Duration and amendment of the HAR

Requirement for TSOs to analyse and explore more efficient methods for calculation MPO is not necessary anymore because this task has been completed with the present amendment.

2 Contestation Period

Clarifications regarding contestation period

The term "contestation period" is used inconsistently throughout the document. In some instances, it refers only to the period during which registered participants may submit contestation, while in others it encompasses the entire timeframe, including the period in which the single allocation platform may decide on the contestation.

To address this inconsistency, it is proposed to introduce a new definition of "contestation period" in Article 2(2) and to amend the following Articles accordingly: Article 29(2)(a)(xi), Article 29(3)(a)(xi), and Article 38(1).

3 Curtailment Cap for DC Borders

When curtailing LTTRs a compensation cap can be applicable according to Article 59. The determination of the compensation cap differs between AC (described in Art 59(2)) and DC borders (described in Art 59(3)). Therefore, both need to be mentioned when referring to the compensation cap.

Article 65: Invoicing and payment conditions

Article 65 which deals with Invoicing and payment conditions, makes reference to the cap for AC borders according to Article 59(2), but is missing the reference to the cap for DC borders (Article 59(3)). Thus, a reference to the cap for DC borders (Article 59(3)) is added in paragraphs 6 and 7 where it is currently done for AC borders already.

4 Changes related to the new auction tool

The following changes are relevant for the new auction tool which is planned to go-live in September 2027.

Wording update for technological compatibility – several Articles

Throughout the document, replacement of the terms "send" and "sent" with "provide" and "provided" is proposed when referring to the distribution of files to registered participants or the acceptance/refusal of registration, bank guarantees, and similar actions. This change will provide greater flexibility regarding the channels used for such actions in the future, including the potential for execution via API.

Affected Articles: Registration: Article 9(4), Article 16(2),(3) Bank guarantee: Article 21(5), Article 22(3), Article 24(5), Files: Article 29(3)(a)(xiii), Article 33(2), Article 39(1),(3),(4),(6), Article 42(1),(6),(10), Article 46(3)(b),(4), Article 47(2), Invoice: Article 65(4), Amendment notice: Article 689(1),(2).

The change in Article 47(2) is worth highlighting: Currently, rights documents are generated and sent by email for each oriented bidding zone border to every registered participant, resulting in the distribution of approximately 1,000 files. To improve efficiency and flexibility, rights documents will instead be made available through the auction tool and via API, which is increasingly used by market participants. The proposed change removes the requirement to "send" rights documents, allowing for centralized and digital access, and supporting future technological developments.

Update to transfer invoicing – Article 63(6)

Currently, transfers for future allocation that have not yet been invoiced require manual invoicing by the single allocation platform outside the regular invoicing cycle. The proposed change introduces an automated process: once a transferer initiates a transfer, the corresponding amount is immediately blocked from their credit limit and is then debited during the next invoicing cycle. This update increases transparency, ensures that the due amount is explicitly included in the credit limit calculation for registered participants and streamlines the process by eliminating the need for manual intervention.

5 REMIT II related amendment

In accordance with Regulation (EU) 2024/1106 (REMIT II), and once the REMIT II implementing regulation enters into force, Organised Market Places (OMPs) such as the single allocation platform will be required to report all transactions – including transfers with prices – to ACER. To meet this forthcoming regulatory obligation, it is essential that registered participants provide the single allocation platform with accurate and complete price information for all transfers conducted on the platform. Therefore, it is proposed to include

this requirement in Article 42(2) of the HAR, which will establish a clear obligation for registered participants to submit price information as part of the transfer process. This amendment will ensure that the single allocation platform can fulfill its reporting duties under REMIT II, enhance transparency, and support the integrity and efficiency of market operations.

III. Introduction to TSO response to public consultation

In accordance with Article 6 of the FCA Regulation, the HAR was formally consulted via formal web-based consultation between 5 March 2026 and 9 April 2026. During this public consultation, ENTSO-E received responses from three stakeholders.

This document lists All TSOs' assessment of the comments provided to the public consultation of the HAR review. This document provides responses per individual comment received, in order to give a consistent view on All TSOs' approach towards the HAR.

This document is not legally binding. It only aims at clarifying the assessment of the comments received from stakeholders during the formal public consultation of the HAR. This document is not supplementing the HAR document, nor can it be used as a substitute to them.

All TSOs acknowledge and thank stakeholders for the effort that they have invested in providing feedback for the consultation on the HAR; this feedback is a major contributor to bringing improvements and transparency to the process.

IV. Annex 1 – Public consultation responses received

This Annex 1 deals with the public consultation responses received based on the HAR version prepared for submission to ACER on 10 June 2026.

HAR article / topic	Stakeholder	Stakeholder response	All TSOs response
Collateral improvement	Energy Traders Europe	Collateral requirement solution Despite our concerns, we acknowledge TSOs' plans to implement flow-based allocation. As previously stressed, easing collateral requirements is essential if flow-based auctions are introduced. As auctions move towards a single pan-European framework, market participants may need to back bids across up to 20 borders simultaneously, which will place significant strain, particularly on smaller market participants.	TSOs thank you for your feedback and confirm their acknowledgment.
Collateral improvement	Energy Traders Europe	In this context, we welcome the proposed transition to optimal bid filtering based on final clearing prices. This represents a clear improvement compared to the current Maximum Payment Obligation (MPO)-based approach, as it better aligns collateral requirements with actual financial exposure and could significantly reduce the financial burden on market participants.	TSOs thank you for your feedback and confirm their acknowledgment.
Collateral improvement	Energy Traders Europe	However, despite these improvements, collateral requirements under Long-Term Flow-Based Allocation (LTFBA) are expected to remain structurally higher than under per-border auctions due to the aggregation of exposure across multiple bidding zone borders.	TSOs thank you for your feedback and confirm their acknowledgment.
Collateral improvement - Reserved Collateral	Energy Traders Europe	The proposed reserved collateral mechanism introduces useful flexibility but also additional complexity. Efficient collateral allocation across auctions will require advanced optimisation capabilities and may disadvantage smaller or less sophisticated participants, potentially creating an uneven playing field.	TSOs thank you for your feedback. We acknowledge the concerns regarding the proposed solution for the reserved collateral mechanism. However, in our view, the advantages of this solution outweigh the disadvantages, so we continue to support it. To avoid any misunderstanding, we would like to point out that designating reserved collateral is not a requirement, but merely an option for MPs.

Collateral improvement - Go-live	Energy Traders Europe	<p>Crucially, these improvements are not expected to be implemented before November 2027, whereas flow-based auctions are planned to be introduced in November 2026. This temporal misalignment would expose market participants to significantly higher collateral requirements for the November 2026 auction without the mitigating measures now being proposed.</p> <p>In addition, important implementation risks remain, including unresolved IT delivery constraints and potential regulatory changes. We therefore recommend aligning the implementation of flow-based allocation with the availability of improved collateral solutions, alongside robust testing and full transparency.</p> <p>While the proposed improvements to collateral management are a step in the right direction, their delayed implementation means that market participants would face increased collateral requirements in the interim. We maintain that the implementation of flow-based allocation should be aligned with effective safeguards to preserve forward market efficiency and ensure access to hedging instruments across all borders. Therefore, we call for clarification on the collateral solution that will be applied in the interim.</p>	<p>TSOs thank you for your feedback.</p> <p>We acknowledge the concerns raised and confirm our commitment to implementing the enhanced collateral management as early as possible. The legal deadline of November 2028 is intended to ensure certainty while the remaining work is completed to guarantee a secure and stable go-live. If the November 2027 deadline cannot be met, the TSOs are committed to introducing the solution at the earliest feasible monthly auction once all technical, operational, and regulatory prerequisites are met.</p> <p>The currently applicable HAR already provides a collateral framework for LTFBA, namely the bid price cap, which is designed to ease the collateral burden on market participants. The current collateral management proposal introduces a new and improved collateral solution, developed in response to requests from ACER and market participants to explore more efficient collateral management for LTFBA, and is intended to replace the existing bid price cap approach. TSOs are therefore not delaying the introduction of collateral arrangements as such, but are working on a more advanced solution, which requires additional time due to its legal, operational and IT complexity.</p>
Other topics	Energy Traders Europe	<p>Other comments</p> <p>We support the proposed clarifications regarding the contestation period and the inclusion of DC borders in curtailment compensation cap references, which improve legal clarity and consistency.</p>	<p>TSOs thank you for your feedback and confirm their acknowledgment.</p>
Other topics	Energy Traders Europe	<p>We also welcome the changes related to the new auction tool, provided that robust testing, sufficient transition periods, and equal access for all market participants are ensured.</p>	<p>TSOs thank you for your feedback and confirm their acknowledgment.</p>
General comment	Eurelectric	<p>Eurelectric welcomes the opportunity to comment on ENTSO-E’s amendment proposal for a better management of collateral rules in the LTTR Harmonised Allocation Rules (the amendment).</p>	<p>TSOs thank you for your feedback and confirm their acknowledgment.</p>
Collateral improvement	Eurelectric	<p>The change from border-per-border sequential auctions towards a single flow-based auction also mechanically increases the collateral burden for market participants (MPs), who need to post sufficient collateral to cover all their bids at once.</p>	<p>TSOs thank you for your feedback and confirm their acknowledgment.</p>
Collateral improvement	Eurelectric	<p>The interim solution adopted during the last review of the HAR tried to address this issue by applying a price cap to the Maximum Payment Obligation (MPO) of market participants after the gate closure time, thus limiting the amount of collateral they may have to post. However, this price cap, which is based on exogenous reference prices (historical day-ahead prices scaled to mimic forward prices), continues to overestimate MPs’ final payment obligation and will lead to the unnecessary filtering of bids which are fully compliant with MPs’ credit limit when considering auction results. This is highlighted in results presented by the TSOs, which show that the ratio of final payment obligation to maximum payment obligation is below 35% for a large majority of MPs. At the same time, this approach might still expose TSOs to settlement risks.</p>	<p>TSOs thank you for your feedback and confirm their acknowledgment.</p>
Collateral improvement	Eurelectric	<p>Eurelectric appreciates that ENTSO-E is now proposing an improved bid filtering process which integrates the credit verification step in the auction result determination, thereby rejecting only bids which would exceed MPs’ credit limit when considering these same results. The proof of concept (PoC) supporting this approach indeed suggests positive results across investigated KPIs, substantially improving</p>	<p>TSOs thank you for your feedback and confirm their acknowledgment.</p>

		<p>auction surplus and traded volumes compared to the ex-ante bid filtering process.</p>	
<p>Collateral improvement - Go-live</p>	Eurelectric	<p>Considering the benefits of this approach, we regret that the solution will not be implemented for the first flow-based auction in November 2026. While TSOs and the Single Allocation Platform have committed to enabling a go-live of the enhanced collateral solution by November 2027, the current proposal would also allow for a go-live in 2028, meaning that MPs will be exposed to excessive collateral burden and unnecessary bid filtering for a protracted period. Eurelectric stresses that the November 2027 deadline is of the utmost importance to market participants and that the enhanced collateral solution should be implemented as early as possible.</p>	<p>TSOs thank you for your feedback. We acknowledge the concerns raised and confirm our commitment to implementing the enhanced collateral management as early as possible. The legal deadline of November 2028 is intended to ensure certainty while the remaining work is completed to guarantee a secure and stable go-live. If the November 2027 deadline cannot be met, the TSOs are committed to introducing the solution at the earliest feasible monthly auction once all technical, operational, and regulatory prerequisites are met. The currently applicable HAR already provides a collateral framework for LTFBA, namely the bid price cap, which is designed to ease the collateral burden on market participants. The current collateral management proposal introduces a new and improved collateral solution, developed in response to requests from ACER and market participants to explore more efficient collateral management for LTFBA, and is intended to replace the existing bid price cap approach. TSOs are therefore not delaying the introduction of collateral arrangements as such, but are working on a more advanced solution, which requires additional time due to its legal, operational and IT complexity.</p>
Documents	Eurelectric	<p>We would like to note that the initially published consultation documents and presentation did not allow market participants to fully understand the functioning of the enhanced collateral solution. We appreciate that the full PoC was eventually made available on the consultation website and recommend such levels of transparency in the future.</p>	<p>TSOs thank you for your feedback. From our perspective, we had already provided all relevant information necessary to understand the proposed collateral management framework at the outset. We acknowledge that you consider this insufficient. Therefore, we have provided additional slides. We will continue to transparently provide all relevant documents and information in future consultations.</p>
<p>Collateral improvement - Reserved Collateral</p>	Eurelectric	<p>Finally, some questions remain regarding the concrete management of collaterals and bids: - Reserved collateral (art. 23a): we welcome the possibility for market participants to define a specific amount of reserved collaterals for the flow-based auction. Our understanding is that a single amount of collateral would be blocked for all borders of a given auction (e.g. CAL) to ensure that the remaining amount of the credit limit remains available for market participants to use elsewhere. - What is the expected benefit of this solution? - How would it be exactly implemented?</p>	<p>TSOs thank you for your feedback and confirm your understanding. We see the following possible benefits for market participants:</p> <ul style="list-style-type: none"> - Greater flexibility, as reserved collateral gives market participants the possibility to limit and manage their exposure more precisely - Increases predictability and operational certainty, as it helps to ensure that collateral intended for participation in other auctions remains available for that purpose <p>In the auction platform UI, market participants will have the possibility to define a budget (so-called Reserved Collateral) for a specific LTFBA auction. This amount will be blocked in their account, and the awarded capacity will never exceed this amount. If a market participant does not inform a reserved collateral, the system will follow the Maximum Payment Obligation principle and block collateral accordingly. The exact design is still under discussion.</p>
<p>Collateral improvement - Bid prioritisation</p>	Eurelectric	<p>- Bids prioritisation: while the reservation of collateral may prove useful to MPs, we would like to suggest the implementation of a priority listing of bids in flow-based auctions. This method would allow MPs to prioritise bids on borders that are more important to their risk management strategy.</p>	<p>TSOs investigate and assess the possibility of such complementary solution, but are not able to confirm that it will be considered for the go-live of the collateral improvement approach as it requires additional IT implementation effort.</p>
General comment	EDF	<p>EDF welcomes this ENTSO-E consultation on HAR Review 2026 which aims at proposing changes to improve the collateral management for flow-based auctions.</p>	<p>TSOs thank you for your feedback and confirm their acknowledgment.</p>

Collateral improvement	EDF	Beyond our doubts already expressed regarding the added value of the flow-based approach for long-term horizons, flow-based allocation has inherently negative effects on collaterals, increasing them to a level disproportionate to the risk exposure of TSOs. Indeed, whereas ATC auctions were historically organized on a border-by-border basis, collateral requirements increase under the long-term flow-based allocation due to the simultaneous allocation of all borders. A collateral cap based on exogenous reference prices (SDAC and forward prices) was therefore implemented in order to cap the maximum payment obligation. EDF agrees that this ex-ante bid filtering based on Maximum Payment Obligations (MPO), including approaches complemented with bid-price caps, overestimates final payment obligations while still possibly exposing TSOs to some settlement risks.	TSOs thank you for your feedback and confirm their acknowledgment.
Collateral improvement	EDF	Based on a Proof of Concept, ENTSO-E proposes a bid filtering based on the auction final clearing prices to solve the problem of over/underestimation of collaterals. EDF welcomes this proposal which shows positive results across investigated KPIs, suggesting that the approach can strongly mitigate EDF concerns about a damaging collateral burden.	TSOs thank you for your feedback and confirm their acknowledgment.
Collateral improvement - Go-live	EDF	Nevertheless, EDF regrets that this evolution is conducted outside the scope of the LTFBA and will not be available at the go live scheduled for November 2026. TSOs and SAP indicate that they are making every effort to achieve go-live of the enhanced collateral management by November 2027. Nevertheless, they draw attention to the very tight timeline and the associated risk that the planned go-live date may not be met. EDF stresses that this deadline is of the utmost importance for market participants due to the actual collateral management and that the proposed solution has been under discussion for several months/years already.	TSOs thank you for your feedback. We acknowledge the concerns raised and confirm our commitment to implementing the enhanced collateral management as early as possible. The legal deadline of November 2028 is intended to ensure certainty while the remaining work is completed to guarantee a secure and stable go-live. If the November 2027 deadline cannot be met, the TSOs are committed to introducing the solution at the earliest feasible monthly auction once all technical, operational, and regulatory prerequisites are met. The currently applicable HAR already provides a collateral framework for LTFBA, namely the bid price cap, which is designed to ease the collateral burden on market participants. The current collateral management proposal introduces a new and improved collateral solution, developed in response to requests from ACER and market participants to explore more efficient collateral management for LTFBA, and is intended to replace the existing bid price cap approach. TSOs are therefore not delaying the introduction of collateral arrangements as such, but are working on a more advanced solution, which requires additional time due to its legal, operational and IT complexity.
Collateral improvement - Proof of Concept Study	EDF	While EDF welcomes the general results of the PoC, in particular a strong reduction of paradoxically filtered out volumes, EDF notes however that the consultation documents do not provide sufficiently detailed definitions of the KPIs nor the methodology used to compute them, making it difficult to fully assess the robustness of the proposed approach. In addition, we regret the lack of more detailed information regarding the implementation options that were considered and their respective impacts e.g. in terms of economic efficiency or algorithmic capabilities. Among other questions: <ul style="list-style-type: none"> • Were there other types of solutions envisaged? • Was the proposed solution chosen based on the KPIs? the slides indicate that the Proof of Concept shows positive results regarding all investigated KPIs. EDF understands that other KPIs were possible. Then how were the investigated KPIs selected? 	TSOs thank you for your feedback. From our perspective, we had already provided all relevant information necessary to understand the proposed collateral management framework at the outset. We acknowledge that you consider this insufficient. Therefore, we have provided additional slides. We will continue to transparently provide all relevant documents and information in future consultations. <p>Below are our answers to your specific questions:</p> <ul style="list-style-type: none"> • As shown in the slides provided, four different models or approaches to bid filtering were analysed as part of the study: <ol style="list-style-type: none"> 1. No bid filtering 2. Ex-ante bid filtering 3. Ex-ante bid filtering with price caps

		<ul style="list-style-type: none"> What is the list of pros and cons regarding the different envisaged solutions? 	<p>4. Optimal bid filtering based on final payment obligation (model to be implemented)</p> <ul style="list-style-type: none"> Optimal bid filtering based on final payment obligation was selected based on the analysed KPIs, as it yielded positive results across all KPIs. From our perspective, all relevant KPIs were analysed, so there was no formal selection of KPIs by the TSOs. Both variants of ex-ante bid filtering result in high collateral requirements for market participants if they wish to reduce the number of bids that are filtered out due to insufficient collaterals. Assuming the same amount of placed collaterals, this filtering leads to lower traded volumes and a smaller auction surplus. In contrast, the implementation effort for ex-ante bid filtering is lower. The proposed solution of optimal bid filtering based on the final payment obligation does entail increased implementation effort. However, collateral requirements for MPs and the number of paradoxically filtered-out bids decrease, while traded volumes and the auction surplus increase.
Collateral improvement - Bid prioritisation	EDF	<p>Furthermore, EDF welcomes the possibility for market participants to specify an amount to be reserved from its credit limit (referred to as reserved collateral) for a specific auction with flow-based allocation. Nevertheless, we would welcome more details on its application. EDF understands that the concept offers to reserve this amount for a given auction to ensure that the remaining amount of this credit limit would be available for a subsequent auction. This feature, while possibly interesting for some market participants, would not be as interesting as having the possibility to express a preference for some bidding zone borders, e.g. through a prioritization of borders to be filtered.</p>	<p>Regarding the bid prioritization, TSOs investigate and assess the possibility of such complementary solution, but are not able to confirm that it will be considered for the go-live of the collateral improvement approach as it requires additional IT implementation effort.</p>
Collateral improvement - Documents	EDF	<p>At last, EDF regrets that all the consultation documents are not available at the launch of the consultation.</p>	<p>TSOs thank you for your feedback. From our perspective, we had already provided all relevant information necessary to understand the proposed collateral management framework at the outset. We acknowledge that you consider this insufficient. Therefore, we have provided additional slides. We will continue to transparently provide all relevant documents and information in future consultations.</p>

V. Annex 2 – Public consultation responses not applicable to proposed HAR amendments

This Annex 2 deals with the public consultation responses received which were not directly applicable to proposed amendments of the HAR.

Stakeholder	Stakeholder response	All TSOs response
Energy Traders Europe	<p>General comments</p> <p>We reiterate our fundamental concerns regarding the introduction of flow-based allocation in the forward timeframe. While day-ahead and intraday timeframes are well suited to flow-based allocation, where actual flows are nominated by market participants and actively managed by TSOs, this</p>	<p>We thank you for your input. However, the feedback does not relate directly to the content of the proposed HAR amendments. Justification for the flow-based approach was provided by ACER in ACER Decisions No 14/2021 (for Core LT CCM) and No 16/2019 (for Nordic LT CCM).</p>

	<p>is not the case in the forward timeframe, where TSOs do not manage flows.</p> <p>A flow-based approach to allocating LTTRs tends to maximise the revenue generated by LTTR auctions. This results in transmission capacity being allocated primarily to borders with the highest price spreads, leaving other borders with limited or zero capacity. While we welcome the introduction of minimum capacity levels into the capacity calculation, these alone do not guarantee that capacity will be effectively allocated across all borders.</p> <p>Maximising auction revenue is not equivalent to maximising economic efficiency, as required under the FCA Regulation. LTTR auctions must be considered in the broader context of forward electricity markets, where their primary role is to enable hedging of cross-border price risks. By supporting hedging, LTTRs enhance liquidity in forward markets.</p> <p>Limiting the availability of cross-border hedging instruments on certain borders would reduce liquidity in adjacent forward markets, increase hedging costs for market participants, and ultimately lead to higher costs for consumers. This would undermine the overall economic efficiency of the forward market.</p>	
Eurelectric	<p>Eurelectric has repeatedly questioned the added value of applying a flow-based capacity calculation in the forward timeframe, as LTTR auctioning continues increasingly moves towards a purely financial market. In addition, the planned application of a benchmark ensuring minimum capacities in the calculation phase indicates that flow-based capacity calculation bears a high risk of low or zero capacities on certain borders, as was demonstrated by market experts.</p>	<p>We thank you for your input. However, the feedback does not relate directly to the content of the proposed HAR amendments. Justification for the flow-based approach was provided by ACER in ACER Decisions No 14/2021 (for Core LT CCM) and No 16/2019 (for Nordic LT CCM).</p>