

Konstantin Staschus

Tel +32 2 741 09 55
Fax +32 2 741 09 51

konstantin.staschus@entsoe.eu

ACER
Alberto Pototschnig
Trg republike 3
1000 Ljubljana
Slovenia

4 April 2014

Network Code on Forward Capacity Allocation (NC FCA) Resubmission

Dear Mr Pototschnig,

We write with regards to ACER's reasoned opinion on the Network Code on Forward Capacity Allocation (NC FCA).

Further to our letter of 22 January 2014 informing you of our intention to update the NC FCA, ENTSO-E is pleased to submit the amended code to the Agency for your consideration. It is accompanied by an Explanatory Document which outlines the amendments that ENTSO-E has made to the code, in light of the Agency's Opinion.

We particularly highlight the considerably improved firmness regime that we have included in this version of the code. This improvement is supported by reinforced cost recovery provisions for firmness costs which are an essential pre-requisite for the TSOs' recovery of compensation payments. ENTSO-E believes that this approach ensures market friendly compensation provisions, while allowing TSOs to provide maximum capacity to the market. This firmness regime avoids the possibility, that in extreme circumstances disproportionate costs to ensure firmness would automatically be transferred to the end consumer. In this sense, it is the most appropriate solution to deliver competitive electricity prices to European consumers.

ENTSO-E is confident that the resubmitted code satisfactorily addresses the points raised by ACER in its opinion. We have carefully analysed the compliance of this updated code with the framework guideline on Capacity Allocation and Congestion Management (CACM) and are confident that the code is in line with the guideline.

We would like to thank our ACER and NRAs colleagues for their cooperation during the redrafting period and are confident that the enhancements we have made will enable ACER to issue a recommendation to the European Commission in order to proceed to the adoption of the code.

Yours sincerely,



Konstantin Staschus, PhD
Secretary-General
ENTSO-E