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**Capacity Calculation Region Nordics' regional design of long-term transmission rights in accordance with Article 31 of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation**

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The Transmission System Operators within Capacity Calculation Region Nordic, taking into account the following:

### Whereas

- (1) This document is the common proposal developed by the relevant Transmission System Operators (hereafter referred to as “**TSOs**”) within Capacity Calculation Region Nordic (hereafter referred to as “**CCR Nordic**”) for the regional design of long-term transmission rights (hereafter referred to as “**LTTRs**”).
- (2) The proposal for regional design of LTTRs (hereafter referred to as the “**Regional design of LTTRs**”) takes into account the general principles and goals set in Commission Regulation (EU) 2016/1719 establishing a guideline on forward capacity allocation (hereafter referred to as the “**FCA Regulation**”) as well as Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-zonal exchanges in electricity (hereafter referred to as “**Regulation (EC) No 714/2009**”). The goal of the FCA Regulation is the coordination and harmonisation of forward capacity calculation and allocation in the long-term capacity markets, and it sets requirements for the TSOs to co-operate on a pan-European level, and across bidding-zone borders. The FCA Regulation also sets rules for establishing European Harmonised Allocation Rules and regional/border specific annexes (hereafter referred to as “**EU HAR**”). The EU HAR established according to the FCA Regulation shall contain at least the description of the allocation process/procedure for LTTRs, 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 transferring their LTTRs, the use-it-or-sell-it principle (hereafter referred to as “**UIOSI**”), rules as regards to force majeure and liability. The EU HAR should also outline the contractual obligations to be respected by market participants. The Regional design of LTTRs is based on the rules set out in EU HAR.
- (3) Article 31 of the FCA Regulation constitutes the legal basis for the Regional design of LTTRs and defines specific requirements that the Regional design of LTTRs should take into account. Article 31 has the following content:

*“1. Long-term cross-zonal capacity shall be allocated to market participants by the allocation platform in the form of physical transmission rights pursuant to the UIOSI principle or in the form of FTRs – options or FTRs – obligations.”*

*“2. All TSOs issuing long-term transmission rights shall offer long-term cross-zonal capacity, through the single allocation platform, to market participants for at least annual and monthly time frames. All TSOs in each capacity calculation region may jointly propose to offer long-term cross-zonal capacity on additional time frames.”*

*“3. No later than six months after the entry into force of this Regulation, TSOs in each capacity calculation region where long-term transmission rights exist shall jointly develop a proposal for the regional design of long-term transmission rights to be issued on each bidding zone border within the capacity calculation region.*

*No later than six months after the coordinated decisions of the regulatory authorities of the bidding zone border to introduce long-term transmission rights pursuant Article 30(2), TSOs of*

*the concerned capacity calculation region, shall jointly develop a proposal for the regional design of long-term transmission rights to be issued on each bidding zone border within the concerned capacity calculation region.*

*Regulatory authorities of Member States in which the current regional design of long-term transmission rights is part of a TSO cross-border re-dispatch arrangement for the purpose of ensuring that operation remains within operational security limits may decide to maintain physical long-term transmission rights on its bidding zone borders.”*

*“4. The proposals referred to in paragraph 3 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.”*

*“5. The proposals shall be subject to consultation in accordance with Article 6. For the proposed long-term transmission rights to be issued, each TSO shall duly consider the result of the consultation.”*

*“6. The allocation of physical transmission rights and FTRs - options in parallel at the same bidding zone border is not allowed. The allocation of physical transmission rights and FTRs – obligations in parallel at the same bidding zone border is not allowed.”*

- (4) In regards to regulatory approval, Article 4(7) of the FCA Regulation states:

*“The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities of the concerned region: [...] (c) the regional design of long-term transmission rights pursuant to Article 31”*

- (5) According to Article 4(8) of the FCA Regulation the expected impact of the Regional design of LTTRs on the objectives of the FCA Regulation has to be described and is presented below.
- (6) The Regional design of LTTRs generally contributes to and does not in any way hamper the achievement of the objectives of Article 3 of the FCA Regulation. In particular, the Regional design of LTTRs serves the objectives promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants as the regional design envisage the use of the of the EU HAR and the Single Allocation Platform established according to the FCA Regulation (hereafter referred to as the “SAP”) and a common description of the long-term products in regards to form, timeframes and type.
- (7) The objective of optimising the allocation of long-term cross-zonal capacity is achieved with this Regional design of LTTRs, notably because the long-term cross-zonal capacities are offered through the Single Allocation Platform.
- (8) Throughout the Regional design of LTTRs, the TSOs ensure the provision of non-discriminatory access to long-term cross-zonal capacity by offering the long-term cross-zonal capacities through the Single Allocation Platform subject to the EU HAR.
- (9) Furthermore, the Regional design of LTTRs ensures fair and non-discriminatory treatment of all affected parties, as it sets rules to be applied by all parties.

- (10) Further, the Regional design of LTTRs provides for a regime which respects the need for a fair and orderly forward capacity allocation and orderly price formation as EU HAR is envisaged with a single capacity allocation algorithm based on merit order priority in the allocation.
- (11) Regarding the objective of transparency and reliability of information on forward capacity allocation, the Regional design of LTTRs assures a single and centralised source of information related to forward capacity allocation through the Single Allocation Platform.
- (12) Also the Regional design of LTTRs contributes to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union, as it establishes a common description of the allocation of long-term capacity in the form of product, timeframe and type and ensures the use of the EU HAR and the Single Allocation Platform. Further, the Regional design of LTTRs provides a time schedule for implementation.
- (13) In conclusion, the Regional design of LTTRs contributes to the general objectives of the FCA Regulation to the benefit of all market participants and electricity end consumers.

**SUBMIT THE FOLLOWING REGIONAL DESIGN OF LONG-TERM TRANSMISSION RIGHTS  
TO RELEVANT REGULATORY AUTHORITIES WITHIN CCR NORDIC:**

**Part 1**

**General Provision**

**Article 1 - Subject matter and scope**

1. Arrangements described in this Regional design of LTTRs are in accordance with Article 31 of the FCA Regulation.

**Article 2 - Definitions and interpretation**

2. For the purposes of the Regional design of LTTRs, the terms used shall have the meaning of the definitions included in Article 2 of the FCA Regulation and Regulation (EC) No 714/2009 and Regulation (EC) No 543/2013.
3. In this Regional design of LTTRs, unless the context requires otherwise:
  - a) the singular indicates the plural and vice versa;
  - b) the headings are inserted for convenience only and do not affect the interpretation of the Regional design of LTTRs; and
  - c) any reference to legislation, regulations, directives, orders, instruments, codes or any other enactment shall include any modification, extension or re-enactment of it when in force.

**Article 3 - Language**

The reference language for this Regional design of LTTRs shall be English. For the avoidance of doubt, where TSOs needs to translate this Regional design of LTTRs into national language(s), in the event of inconsistencies between the English version published by TSOs in CCR Nordic in accordance with Article 4(13) of the FCA Regulation and any version in another language the relevant TSOs shall, in accordance with national legislation, provide the relevant national regulatory authority with an updated translation of the Regional design of LTTRs.

#### **Article 4 – General principles**

1. The Regional design of LTTRs, aims at a harmonized and simple design of LTTRs within the CCR Nordic in order to promote the objectives set out in Article 3 of the FCA Regulation.
2. The amount of cross-zonal capacity to be offered on each bidding-zone border shall be determined in accordance with the methodology for calculating long-term capacity required by Article 10 of the FCA Regulation and the methodology for splitting long-term cross-zonal capacity required by Article 16 of the FCA Regulation from such a time these methodologies have been approved and implemented.
3. The nomination rules for exchange schedules between bidding-zones for physical transmission rights holders shall be as set out in the proposal for nomination rules in accordance with Article 36 of the FCA Regulation from such a time this proposal have been approved and implemented.

#### **Article 5 – Bidding-zone borders covered**

1. The bidding-zone borders covered by this Regional design of LTTRs include all borders between two bidding-zones, which are part of the CCR Nordic according to ACER Decision No. 06/2016.
2. The Regional design of LTTRs does not apply to bidding-zone borders for which the competent regulatory authorities have adopted coordinated decisions not to issue LTTRs in accordance with Article 30(1) of the FCA Regulation.
3. The bidding-zone borders covered by the Regional design of LTTRs are set out in Annex 1.
4. In case of the introduction of new bidding-zone borders or the deletion of bidding-zone borders within the CCR Nordic, where LTTRs are to be allocated, this Regional design of LTTRs shall be amended accordingly, as set out in Article 4(12) of the FCA Regulation.
5. In case of the introduction of LTTRs, pursuant to the relevant national regulatory authorities decision related to Article 30 of the FCA Regulation, this Regional design of LTTRs shall be amended accordingly, as set out in Article 4(12) of the FCA Regulation.

#### **Article 6 - Structure**

The general provision of the Regional design of LTTRs is set out in Part 1. In Part 2 the design related to the European harmonised allocation is set out and Part 3 sets out the detailed regional design of LTTRs.

#### **Part 2**

#### **European harmonized allocation design**

#### **Article 7 – Allocation rules**

1. The EU HAR and regional/border specific annexes established according to the FCA Regulation Article 51 and approved by all regulatory authorities pursuant to Article 4(6) of the FCA Regulation shall set the terms and conditions for the harmonised allocation of LTTRs including regional and bidding-zone border specific requirements.

2. Each bidding-zone border covered by this Regional design of LTTRs shall follow the requirements set out in the applicable EU HAR.

### **Article 8 – Allocation platform**

1. The Single Allocation Platform established according to the FCA Regulation shall undertake the allocation functions and requirements in accordance with the Single Allocation Platform established by all TSOs in accordance with the FCA Regulation Article 49 and approved by all regulatory authorities pursuant to Article 4(6) of the FCA Regulation.
2. For each bidding-zone border covered by this Regional design of the Single Allocation Platform shall be used for offering LTTRs to the market participants.

## **Part 3**

### **Description of regional design**

#### **Article 9 – Type of long-term transmission rights**

1. In accordance with Article 31(1) of the FCA Regulation, LTTRs shall, at the choice of the TSO(s), be offered to the market participants in the form of;
  - a) Physical transmission rights (PTRs) pursuant to the UIOSI principle; or
  - b) Financial transmission rights – options (FTRs – options); and/or
  - c) Financial transmission rights – obligations (FTRs – obligations).
2. The allocation of PTRs and FTRs – options in parallel at the same bidding-zone border is not allowed.
3. The allocation of PTRs and FTRs – obligations in parallel at the same bidding-zone border is not allowed.
4. The type of LTTRs that shall be applied on each bidding-zone border covered by this Regional design of LTTRs is defined in Annex 1.

#### **Article 10 – Forward capacity allocation timeframes**

1. In accordance with Article 31(2) the LTTRs shall be offered for at least;
  - a) Yearly timeframe: it starts on the first day and ends on the last day of a calendar year; and
  - b) Monthly timeframe: it starts on the first day and ends on the last day of a calendar month.
2. The default auctions for the yearly and monthly timeframes are to be organised as defined in the EU HAR.
3. Additional timeframes other than the yearly and monthly timeframes described in paragraph 1 of this Article may be offered upon approval by the relevant national regulatory authorities.
4. The additional timeframes which can be offered are described in the all TSOs proposal for the establishment of the Single Allocation Platform in accordance with Article 49 of the FCA Regulation from such a time this proposal have been approved and implemented.
5. The timeframe of LTTRs that shall be applied on each bidding-zone border covered by this Regional design of LTTRs is defined in Annex 1.

### **Article 11 – Form of products**

1. The LTTRs shall be offered in one of the following forms;
  - a) Base load: a fixed amount of MW is allocated throughout the hours 00:00 – 23:59 CET of all relevant days of the period subject to announced reduction periods; or
  - b) Peak load: a fixed amount of MW is allocated throughout the hours 08:00 – 19:59 CET of all relevant days of the period subject to announced reduction periods; or
  - c) Off-peak load: a fixed amount of MW is allocated throughout the hours 00:00 – 07:59 and 20:00 – 23:59 CET of all relevant of the period subject to announced reduction periods.
2. The product form may include reduction periods, i.e. specific calendar days and/or hours within the product period, in which cross-zonal capacities with a reduced amount of MW are offered, taking into account a foreseen specific network situation (e.g. planned maintenance, long-term outages).

### **Article 12 – Publication and implementation**

1. The relevant TSOs shall publish the Regional design of LTTRs without undue delay after the approval by the relevant national regulatory authorities.
2. The implementation of the Regional design of LTTRs shall coincide with the auction calendar as coordinated and published by the Single Allocation Platform.
  - a) The implementation of auctions with a yearly timeframe on all bidding-zone borders covered by this Regional design of LTTRs will be completed no later than for the next yearly auction after the approval, in accordance with the auction calendar as coordinated and published by the Single Allocation Platform.
  - b) The implementation of the auction with monthly timeframe on all bidding-zone borders covered by this Regional design of LTTRs will be completed no later than for the next monthly auction following the month after the approval, in accordance with the auction calendar as coordinated and published by the Single Allocation Platform.
3. The Regional design of LTTRs will be implemented following the milestones below:
  - a) The establishment and implementation of the Single Allocation Platform in accordance with Article 49 of the FCA Regulation.
  - b) The implementation of EU HAR in accordance with Article 51 of the FCA Regulation.
  - c) The implementation of the nomination rules in accordance with Article 36 of the FCA Regulation.
  - d) The implementation of methodology for splitting long-term cross-zonal capacity in accordance with Article 16 of the FCA Regulation.
  - e) The implementation of methodology for capacity calculation for long-term timeframes in accordance with Article 10 of the FCA regulation.

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### Annex 1

#### List of bidding-zone borders where regional design of long-term transmission rights apply

Bidding-zone border and responsible TSOs	Type of LTTRs	Timeframe	Product
<b>Denmark (DK1)</b> < > <b>Denmark (DK2)</b> Energinet.dk                      Energinet.dk	PTRs pursuant to UIOSI principle in both directions	Yearly & Monthly	Base