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[...]

COMMISSION REGULATION (EU) .../...

of **XXX**

establishing a Guideline on Forward Capacity Allocation

(Text with EEA relevance)

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to 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-border exchanges in electricity and repealing Regulation (EC) No 1228/2003¹ and in particular Article 18(3)(b) and (5), thereof,

Whereas:

- (1) The urgent completion of a fully functioning and interconnected internal energy market is crucial to the objectives of maintaining security of energy supply, increasing competitiveness and ensuring that all consumers can purchase energy at affordable prices. A well-functioning internal market in electricity should provide producers with appropriate incentives for investing in new power generation, including in electricity from renewable energy sources, paying special attention to the most isolated Member States and regions in the Union's energy market. A well-functioning market should also provide consumers with adequate measures to promote more efficient use of energy, which presupposes a secure supply of energy.
- (2) Security of energy supply is an essential element of public security and is therefore inherently connected to the efficient functioning of the internal market in electricity and the integration of the isolated electricity markets of Member States. Electricity can reach the citizens of the Union only through the network. Functioning electricity markets and, in particular, the networks and other assets associated with electricity supply are essential to public security, to economic competitiveness and to the well-being of the citizens of the Union.
- (3) Regulation (EC) No 714/2009 sets out non-discriminatory rules for access conditions to the network for cross-border exchanges in electricity and, in particular, rules on capacity allocation and congestion management for interconnections and transmission systems affecting cross-border electricity flows. In order to move towards a genuinely integrated electricity market, efficient hedging opportunities should be developed for generators, consumers and retailers to mitigate future price risk in the area where they operate, including harmonisation of the current auction rules on long-term capacity allocation.
- (4) Long-term capacity calculation for the year- and month-ahead market timeframes should be coordinated by the transmission system operators (hereinafter "TSOs") at least at regional level to ensure that capacity calculation is reliable and that optimal capacity is made available to the market. For this purpose, TSOs should establish a

¹ OJ L 211, 14.08.2009, p. 15.

common grid model gathering all the necessary data for the long-term capacity calculation and taking into account the uncertainties inherent to the long-term timeframes. There are two possible approaches for long-term capacity calculation and allocation: coordinated net transmission capacity based or flow based. The flow based approach should be applied where interdependencies on cross-zonal capacity between bidding zones are high and the approach is justified from an economic efficiency point of view.

- (5) The objective of this Regulation, namely to set out harmonised long-term cross-zonal capacity allocation rules, cannot be successfully achieved without the establishment and operation of a single allocation platform at the European level. This central platform should be developed by all TSOs to ease the operation of allocation of long-term transmission rights for market participants and should facilitate the transfer of long-term transmission rights from one eligible market participant to another.
- (6) In order to allow a transparent and non-discriminatory allocation of long-term transmission rights, the single allocation platform needs to publish all the relevant information about the auction before its opening. Nomination rules should contain detailed information on the nomination procedure for physical transmission rights including requirements, timings, gate closures and eligibility for exchange between market participants..
- (7) Long-term transmission rights holders should be entitled to return their long-term transmission rights for their reallocation in a subsequent forward capacity allocation for which long-term transmission rights holders may receive a payment. In addition, market participants should be entitled to either transfer or purchase already allocated long-term transmission rights. For such transfer or purchase, TSOs should be appropriately informed and notified on the counterparties including involved market participants and respective TSOs.
- (8) It is important that the administrative burdens and costs associated with the participation to the single allocation platform are kept within reasonable limits, notably as regards to the harmonisation of the contractual framework with market participants. Their participation should not be unnecessarily burdened with administrative tasks.
- (9) Currently there are multiple sets of allocation rules across Europe governing the contractual arrangements for long-term transmission rights. For the purpose of harmonising allocation rules for physical transmission rights and financial transmission rights at the European level, TSOs should develop a set of harmonised allocation rules.
- (10) Those allocation rules should at least contain the description of the allocation process for long-term transmission rights 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 long-term transmission rights, the use-it-or-sell-it (UIOSI) principle, force majeure and liability. Those allocation rules should also outline the contractual obligations to be respected by market participants.
- (11) The Commission Regulation No [000/2014 – CACM] establishes a day-ahead firmness deadline and a related compensation regime for long-term transmission rights curtailed after such deadline. Similarly, long-term transmission rights curtailed before

the day-ahead firmness deadline should be reimbursed or compensated by TSOs to the long-term transmission rights holders.

- (12) Caps on the compensation to be paid to holders whose long-term transmission rights have been curtailed before the day-ahead firmness deadline may be introduced, taking into the account the liquidity of the relevant markets and the possibility for market participants to adjust their positions.
- (13) In line with Article 8 of Regulation (EC) 713/2009 of the European Parliament and of the Council², the Agency should take a decision if the competent regulatory authorities are not able to reach an agreement on common terms and conditions or methodologies.
- (14) This Regulation has been developed in close cooperation with ACER, ENTSO-E and stakeholders, in order to adopt effective, balanced and proportionate rules in a transparent and participative manner. In accordance with Article 18(3) of Regulation (EC) 714/2009, the Commission will consult ACER, ENTSO-E and other relevant stakeholders, before proposing any amendment to this regulation.
- (15) This Regulation supplements Annex I of Regulation (EC) No 714/2009, in accordance with the principles set out in Article 16 of that Regulation.
- (16) The measures provided for in this Regulation are in accordance with the opinion of the Committee referred to in Article 23(1) of Regulation (EC) No 714/2009,

HAS ADOPTED THIS REGULATION:

Title I **General provisions**

Article 1 *Subject matter and scope*

1. This Regulation lays down detailed rules on cross-zonal capacity allocation in the forward markets including the requirement for the establishment of a common methodology to determine long-term cross-zonal capacity, the establishment of a single allocation platform at European level offering long-term transmission rights, and the possibility to transfer long-term transmission rights between market participants by allowing resale of long-term transmission rights on other trading platforms.
2. This Regulation shall apply to all transmission systems and interconnectors in the Union except the transmission systems on islands which are not connected with other transmission systems via interconnectors.
3. In Member States where more than one TSO exists, this Regulation shall apply to all TSOs within that Member State. Where a TSO does not have a function relevant to one or more obligations under this Regulation, Member States may provide that the responsibility for complying with those obligations is assigned to one or more different, specific TSOs.
4. The single allocation platform may be opened to market operators and TSOs operating in Switzerland on the condition that its national law implements the main provisions of Union electricity market legislation and that there is an intergovernmental agreement on electricity cooperation between the Union and Switzerland.

² OJ L 211, 14.8.2009, p. 1.

5. Subject to the conditions in Article 1(4) being fulfilled, participation by Switzerland in the single allocation platform shall be decided by the Commission based on an opinion given by the Agency. The rights and responsibilities of Swiss TSOs joining the single allocation platform shall be consistent with the rights and responsibilities of TSOs operating in the Union to allow for a smooth functioning of the allocation of the long-term transmission rights implemented at Union level and a level-playing field for all stakeholders.

Article 2
Definitions

For the purpose of this Regulation, the definitions in Article 2 of Regulation (EC) No 714/2009, Article 2 of Commission Regulation No [000/2014 – CACM], Article 2 of Regulation (EU) No 543/2013 as well as Article 2 of Directive 2009/72/EC shall apply.

In addition, the following definitions shall apply:

- (1) ‘allocation rules’ means the rules for forward capacity allocation applied by the single allocation platform;
- (2) ‘auction’ means the process by which long-term cross-zonal capacity is offered and allocated to market participants who submit bid(s);
- (3) ‘compensation rules’ means the rules according to which each TSO responsible for the bidding zone border, where long-term transmission rights have been allocated, compensates market participants for curtailing the long-term transmission rights;
- (4) ‘financial transmission right’ means financial transmission right obligation or financial transmission right option;
- (5) ‘financial transmission right obligation’ means a right entitling its holder to receive or obliging its holder to pay a financial remuneration based on the day-ahead market results between two bidding zones during a specified time period in a specific direction;
- (6) ‘financial transmission right option’ means a right entitling its holder to receive a financial remuneration based on the day-ahead market results between two bidding zones during a specified time period in a specific direction;
- (7) ‘forward capacity allocation’ means the attribution of long-term cross-zonal capacity through an auction ahead of the day-ahead timeframe;
- (8) ‘long-term transmission right’ means a physical transmission right or financial transmission right option or a financial transmission right obligation acquired in the forward capacity allocation;
- (9) ‘market spread’ means the difference between the hourly day-ahead prices of the two concerned bidding zones for the respective market time period in a specific direction;
- (10) ‘nomination’ means the notification of the use of long-term cross-zonal capacity by a physical transmission rights holder and their counterparty to the respective TSO(s);
- (11) ‘nomination rules’ means the rules with regard to the notification of use of long-term cross-zonal capacity by a physical transmission rights holder and their counterparty to the respective TSO(s);

- (12) ‘physical transmission right’ means a right whose holder is entitled to physically transfer a certain volume of electricity in a certain period of time between two bidding zones in a specific direction;
- (13) ‘single allocation platform’ means the European platform established by all TSOs for the attribution of long-term cross-zonal capacity;
- (14) ‘use it or sell it’ (UIOSI) means the principle according to which the underlying cross-zonal capacity of physical transmission rights purchased and non-nominated is automatically made available for day-ahead capacity allocation and according to which the holder of these physical transmission rights receives remuneration from the TSOs.

Article 3

Objectives of forward capacity allocation

This Regulation aims at:

- (a) enabling long-term cross-zonal trade and providing market participants with long-term cross-zonal hedging opportunities against congestion costs and day-ahead congestion pricing;
- (b) optimising the calculation and allocation of long-term cross-zonal capacity and providing non-discriminatory access to long-term cross-zonal capacity;
- (c) promoting integration and harmonisation of long-term transmission rights;
- (d) ensuring and enhancing the transparency and reliability of information on forward capacity allocation;
- (e) contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union.

Article 4

Adoption of terms and conditions or methodologies

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 developing these terms and conditions or methodologies.
2. TSOs deciding on proposals for terms and conditions or methodologies referred to in paragraph 6 shall decide with qualified majority if no consensus can be reached among them. A qualified majority for the proposals referred to in paragraph 6 shall require a majority of:
 - (a) TSOs representing at least 55% of the Member States; and
 - (b) TSOs representing Member States comprising at least 65% of the population of the Union.

A blocking minority for decisions on the proposals referred to in paragraph 6 must include TSOs representing at least four Member States, failing of which the qualified majority shall be deemed attained.

For TSO decisions on the proposals referred to in paragraph 6, one vote shall be attributed per Member State. If there is more than one TSO in the territory of a Member State, the Member States shall allocate the voting powers among the TSOs.

3. TSOs deciding on proposals for terms and conditions or methodologies referred to in paragraph 7 shall decide with qualified majority if no consensus can be reached among them and where the regions concerned are composed of more than five Member States. A qualified majority for proposals in accordance with Article 3(7) shall require a majority of:
 - (a) TSOs representing at least 72% of the Member States concerned; and
 - (b) TSOs representing Member States comprising at least 65% of the population of the concerned region.

A blocking minority for decisions on the proposals referred to in paragraph 7 must include at least the minimum number of TSOs representing more than 35% of the population of the participating Member States, plus TSOs representing at least one additional Member State concerned, failing of which the qualified majority shall be deemed attained.

TSOs deciding on proposals for terms and conditions or methodologies referred to in paragraph 7 in relation to regions composed of five Member States or less shall decide based on consensus.

For TSO decisions on the proposals referred to in paragraph 7, one vote shall be attributed per Member State. If there is more than one TSO in the territory of a Member State, the Member States shall allocate the voting powers among the TSOs.

4. If TSOs fail to submit a proposal for terms and conditions or methodologies to the regulatory authorities within the deadlines defined in this Regulation, they shall provide the competent regulatory authorities and the Agency with the relevant drafts of the terms and conditions or methodologies, and explain what has prevented an agreement. The Agency shall inform the Commission and shall, in cooperation with the competent regulatory authorities, at the Commission's request, investigate the reasons for the failure and inform the Commission thereof. The Commission shall take the appropriate steps to make possible the adoption of the required terms and conditions or methodologies within four months from the receipt of the Agency's information.
5. Each regulatory authority shall be responsible for approving the terms and conditions or methodologies referred to in paragraphs 6, 7 and 8.
6. The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities:
 - (a) the generation and load data provision methodology pursuant to Article 17;
 - (b) the common grid model methodology pursuant to Article 18;
 - (c) the requirements for the single allocation platform pursuant to Article 49;
 - (d) the harmonised allocation rules pursuant to Article 51;
 - (e) the congestion income distribution methodology pursuant to Article 57;

- (f) the methodology for sharing costs incurred to ensure firmness and remuneration of long-term transmission rights pursuant to Article 61.
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) the capacity calculation methodology pursuant to Article 10;
 - (b) the methodology for splitting cross-zonal capacity pursuant to Article 16;
 - (c) the decision on cross-zonal risk hedging opportunities as defined in Article 30;
 - (d) the regional design of long-term transmission rights pursuant to Article 31;
 - (e) the fallback procedures in accordance with Article 42;
 - (f) the regional requirements of the harmonised allocation rules pursuant to Article 52, including the regional compensation rules pursuant to Article 55.
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, in accordance with Article 8(1) of Regulation (EC) No 713/2009.
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 from the end of the period referred to in paragraph 9 or from the joint request, respectively, 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 request 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 of this Article 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.
13. 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.
14. 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 as referred in Article 7.

Article 5 *Stakeholder involvement*

The Agency, in close cooperation with ENTSO for Electricity, shall organise stakeholder involvement regarding forward capacity allocation and other aspects of the implementation of this Regulation. This shall include regular meetings with stakeholders to identify problems and propose improvements notably related to the operation and development of the forward capacity allocation, including the harmonisation of auction rules. This shall not replace the consultations in accordance with Article 6.

Article 6 *Public consultation*

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 7
Confidentiality obligations

1. Any confidential information received, exchanged or transmitted pursuant to this Regulation shall be subject to the conditions of professional secrecy laid down in paragraphs 2, 3 and 4.
2. The obligation of professional secrecy shall apply to any person subject to the provisions of this Regulation.
3. Confidential information received by the persons referred to in paragraph 2 in the course of their duties may not be divulged to any other person or authority, without prejudice to cases covered by national law, the other provisions of this Regulation or other relevant Union legislation.
4. Without prejudice to cases covered by national law, regulatory authorities, bodies or persons which receive confidential information pursuant to this Regulation may use it only for the purpose of the performance of their functions under this Regulation.

Title II

Requirements for terms, conditions and methodologies

Chapter 1

Forward capacity calculation

Section 1

General requirements

Article 8
Capacity calculation regions

The capacity calculation regions determined pursuant to Article 15 of the Commission Regulation No [000/2014 – CACM] shall apply for the long-term capacity calculation timeframes.

Article 9
Capacity calculation timeframes

All TSOs of each capacity calculation region shall ensure that long-term cross-zonal capacity is calculated for each forward capacity allocation and at least on annual and monthly timeframes.

Section 2
Capacity calculation methodology

Article 10
Capacity calculation methodology

1. For the long-term capacity calculation timeframes the approach used in the common capacity calculation methodology shall be either a coordinated net transmission capacity approach or a flow based approach.

2. No later than twelve months after the entry into force of this Regulation, all TSOs in each capacity calculation region shall submit a proposal for a common coordinated capacity calculation methodology for forward capacity allocation within the respective region.
3. The capacity calculation methodology for forward capacity allocation shall be compatible and consistent with the capacity calculation methodology established for the day-ahead and intraday timeframes pursuant to Article 21 of the Commission Regulation No [000/2014 – CACM].
4. The uncertainty of the long-term capacity calculation timeframes shall be taken into account when applying:
 - (a) a security analysis based on multiple scenarios and using the capacity calculation inputs, the capacity calculation approach and the validation of cross-zonal capacity as defined in Article 21 of the Commission Regulation No [000/2014 – CACM]; or
 - (b) a statistical approach based on historical cross-zonal capacity for day-ahead or intraday timeframes if it can be demonstrated that this approach may:
 - (i) increase the efficiency of the capacity calculation methodology for forward capacity allocation;
 - (ii) better take into account the uncertainties in long-term cross-zonal capacity calculation than the security analysis proposed in paragraph 4(a);
 - (iii) increase economic efficiency with the same level of system security.
5. All TSOs of capacity calculation region(s) may jointly apply the flow based approach for long-term capacity calculation timeframes on the following conditions:
 - (a) the flow based approach leads to an increase of economic efficiency in the capacity calculation region(s) with the same level of system security;
 - (b) the transparency and accuracy of the flow based results have been ensured in the capacity calculation region(s);
 - (c) the TSOs provide market participants with six months to adapt their processes.
6. When a security analysis based on multiple scenarios is applied for developing the capacity calculation methodology for forward capacity allocation in a capacity calculation region, the requirements for the capacity calculation inputs, the capacity calculation approach and the validation of cross-zonal capacity as defined in Article 21 of the Commission Regulation No [000/2014 – CACM] shall apply.
7. When developing the capacity calculation methodology, the requirements for the fallback procedures and harmonisation of the capacity calculation methodology as defined in Article 21 of the Commission Regulation No [000/2014 – CACM] shall be taken into account.

Article 11
Reliability margin methodology

The proposal for a common capacity calculation methodology shall include a methodology to determine the reliability margins which shall meet the requirements set out in Article 22 of the Commission Regulation No [000/2014 – CACM].

Article 12
Methodologies for operational security limits and contingencies

The proposal for a common capacity calculation methodology shall include methodologies to determine the operational security limits and contingencies which shall meet the requirements set out in Article 23 (1) and (2) of the Commission Regulation No [000/2014 – CACM].

Article 13
Generation shift keys methodology

The proposal for a common capacity calculation methodology shall include a methodology to determine generation shift keys which shall meet the requirements set out in Article 24 of the Commission Regulation No [000/2014 – CACM].

Article 14
Methodology for remedial actions

If remedial actions are taken into account in the long-term capacity calculation, each TSO shall ensure that those remedial actions are technically available in real time operation and meet the requirements set out in Article 25 of the Commission Regulation No [000/2014 – CACM].

Article 15
Cross-zonal capacity validation methodology

The proposal for a common capacity calculation methodology shall include a methodology for cross-zonal validation which shall meet the requirements set out in Article 26 of the Commission Regulation No [000/2014 – CACM].

Article 16
Methodology for splitting long-term cross-zonal capacity

1. No later than twelve months after the entry into force of this Regulation, the TSOs of each capacity calculation region shall jointly develop a methodology for splitting long-term cross-zonal capacity in a coordinated manner between different forward capacity allocation timeframes for their capacity calculation region.
2. The methodology for splitting long-term cross-zonal capacity shall fulfil the following conditions:
 - (a) it shall meet the hedging needs of market participants;
 - (b) it shall be coherent with the capacity calculation methodology for forward capacity allocation;

- (c) it shall not lead to restrictions in competition, in particular for access to long-term transmission rights.

Section 3

Common grid model

Article 17

Generation and load data provision methodology

1. No later than four months after the entry into force of this Regulation, all TSOs shall jointly develop a proposal for a single generation and load data provision methodology for forward capacity allocation for delivering the generation and load data required to establish the common grid model for long-term capacity calculation timeframes. The methodology shall take into account and complement the generation and load data provision methodology according to Article 16 of the Commission Regulation No [000/2014 – CACM].
2. When developing the generation and load data provision methodology for forward capacity allocation, the requirements set in Article 16 of the Commission Regulation No [000/2014 – CACM] shall apply.

Article 18

Common grid model methodology

1. No later than six months after the entry into force of this Regulation, all TSOs shall jointly develop a common grid model methodology for forward capacity allocation.
2. The common grid model methodology for forward capacity allocation shall take into account and complement the common grid model methodology developed pursuant to Article 17 of the Commission Regulation No [000/2014 – CACM]. The methodology shall enable the establishment of the common grid model for long-term capacity calculation timeframes in capacity calculation regions where security analysis based on multiple scenarios pursuant to Article 10 is applied.
3. When developing the common grid model methodology for forward capacity allocation, the requirements set in Article 17 of the Commission Regulation No [000/2014 – CACM] shall apply.

Article 19

Scenarios

1. All TSOs in capacity calculation regions, where security analysis based on multiple scenarios pursuant to Article 10 is applied, shall jointly develop a common set of scenarios to be used in the common grid model for each long-term capacity calculation timeframe.
2. When developing the common set of scenarios, the requirements set in Article 18 of the Commission Regulation No [000/2014 – CACM] shall apply.

Article 20

Individual grid model

When developing the individual grid model for a long-term capacity calculation timeframe in capacity calculation regions, where security analysis based on multiple scenarios pursuant to

Article 10 is applied, each TSO shall apply the requirements set in Article 19 of the Commission Regulation No [000/2014 – CACM].

Section 4 **Capacity calculation process**

Article 21 *General provisions*

1. The process of merging the individual grid models established in Article 27 of the Commission Regulation No [000/2014 – CACM] shall apply when merging the individual grid models into a common grid model for each long-term capacity allocation timeframe. Therefore, no later than twelve months after entry into force of this Regulation, all TSOs in each capacity calculation region shall jointly develop operational rules for long-term capacity calculation timeframes supplementing the rules defined for the operation to merge the individual grid models pursuant to Article 27 of the Commission Regulation No [000/2014 – CACM].
2. The coordinated capacity calculators established in Article 27 of the Commission Regulation No [000/2014 – CACM] shall calculate long-term cross-zonal capacities for their capacity calculation region. For this purpose, no later than twelve months after entry into force of this Regulation, all TSOs in each capacity calculation region shall jointly develop operational rules for long-term capacity calculation timeframes supplementing the rules defined for the operation of the coordinated capacity calculators pursuant to Article 27 of the Commission Regulation No [000/2014 – CACM].
3. The requirements set in Article 27 of the Commission Regulation No [000/2014 – CACM] shall apply for long-term capacity calculation timeframes.

Article 22 *Creation of the common grid model*

The process and requirements set in Article 28 of the Commission Regulation No [000/2014 – CACM] for creating the common grid model shall apply when creating the common grid model for long-term capacity calculation timeframes in capacity calculation regions, where security analysis based on multiple scenarios pursuant to Article 10 is applied.

Article 23 *Regional calculations of long-term cross-zonal capacities*

1. Where TSOs apply the statistical approach pursuant to Article 10, they shall include the process for calculation of long-term cross-zonal capacity and the justification for the statistical approach in the capacity calculation methodology for forward capacity allocation. In the process for calculation of long-term cross-zonal capacity, TSOs shall jointly include at least:
 - (a) a selection of historical day-ahead or intraday cross-zonal capacity data sets from a single period or a set of periods and order the data into a duration curve;
 - (b) a calculation of capacity corresponding to the risk level for the selected data set;

- (c) a calculation of long-term cross-zonal capacity to be offered to forward capacity allocation taking into account a margin to reflect the difference between historical cross-zonal capacity values and forecasted long-term cross-zonal capacity values;
 - (d) common rules to take into account available information about planned outages, new infrastructure and generation and load pattern for the long-term capacity calculation timeframes.
2. Where TSOs apply the security analysis based on multiple scenarios pursuant to Article 10, the requirements set in Article 29 of the Commission Regulation No [000/2014 – CACM] shall apply to long-term capacity calculation timeframes in capacity calculation regions.
 3. Each coordinated capacity calculator shall split the calculated long-term cross-zonal capacity for each forward capacity allocation by applying the methodology for splitting cross-zonal capacity pursuant to Article 16.
 4. Each coordinated capacity calculator shall submit the calculated long-term cross-zonal capacity and the splitting of long-term cross-zonal capacity for validation to each TSO within the relevant capacity calculation region pursuant to Article 24.

Article 24

Validation and delivery of cross-zonal capacity and split cross-zonal capacity

1. Each TSO shall validate calculated long-term cross-zonal capacity on its bidding zone borders or critical network elements for each long-term capacity calculation timeframe pursuant to Article 15.
2. Each TSO shall validate calculated splitting of long-term cross-zonal capacity on its bidding zone borders or critical network elements pursuant to Article 16.
3. Each TSO shall send its capacity validation and validated splitting of this capacity for each forward capacity allocation to the relevant coordinated capacity calculators and to the other TSOs of the relevant capacity calculation region(s).
4. Validated splitting of long-term cross-zonal capacity shall be provided by each coordinated capacity calculator for the execution of forward capacity allocation pursuant to Article 29.
5. TSOs shall, upon request, provide to their regulatory authorities a report detailing how the value of long-term cross-zonal capacity for a specific long-term capacity calculation timeframe has been obtained.

Article 25

Coordinated curtailment of cross-zonal capacity

1. TSOs shall coordinate curtailments of already allocated long-term cross-zonal capacity, if the curtailments concern a timeframe of more than 48 hours ahead of real time. In case of curtailment within 48 hours ahead of real time, TSOs in each capacity calculation region shall apply the day-ahead and intraday capacity calculation process as referred in Article 29 of the Commission Regulation No [000/2014 – CACM].
2. If a TSO needs to curtail already allocated long-term cross-zonal capacity, it shall send a request to the responsible coordinated capacity calculator to launch the

coordinated calculation of necessary curtailments of long-term cross-zonal capacity for the capacity calculation region. The TSO shall support its request with all relevant information.

3. The coordinated capacity calculator shall provide the updated cross-zonal capacity to the relevant TSOs for validation.
4. Each TSO shall validate the updated cross-zonal capacity on its bidding zone borders or critical network elements pursuant to Article 24.
5. The coordinated capacity calculator shall provide the validated updated cross-zonal capacity to the relevant TSOs and single allocation platform to perform curtailment pursuant to Article 53.

Section 5

Biennial report on capacity calculation

Article 26

Biennial report on capacity calculation and allocation

1. No later than two years after the entry into force of this Regulation, ENTSO for Electricity shall draft a report on long-term capacity calculation and submit it to the Agency.
2. If the Agency requests it, in every second subsequent year, ENTSO for Electricity shall draft a report on long-term capacity calculation and allocation. This report shall be submitted to the Agency together with the biennial report on the capacity calculation and allocation according to Article 31 of the Commission Regulation No [000/2014 – CACM], if the latter was also requested.
3. When preparing the report on the long-term capacity calculation, the requirements set in Article 31 of the Commission Regulation No [000/2014 – CACM] shall apply.

Chapter 2

Bidding zones

Article 27

General provisions

1. The bidding zones applicable to day-ahead and intraday trading shall apply to long-term capacity calculation and forward capacity allocation timeframes. Any changes to bidding zone configuration as a result of a review of bidding zones undertaken pursuant to under Article 32 of the Commission Regulation No [000/2014 – CACM] shall apply to long-term capacity and forward capacity allocation timeframes.
2. Where bidding zone border(s) no longer exist, holders of long-term transmission rights on those bidding zone border(s) shall be entitled to reimbursement by the concerned TSOs based on the initial price paid for the long-term transmission rights.

Chapter 3

Forward capacity allocation

Section 1 **General provisions**

Article 28 *General principles*

The way in which forward capacity is allocated shall determine the results specified in Article 29 in a manner which:

- (a) uses the marginal pricing principle to generate results for each bidding zone border, direction of utilization and market time period;
- (b) allocates no more than the offered long-term cross-zonal capacity according to Article 39;
- (c) is repeatable.

Article 29 *Input and results*

1. The single allocation platform shall use the following inputs for determining the allocation of forward capacity in accordance with paragraph 2:
 - (a) validated splitting of long-term cross-zonal capacity submitted by each coordinated capacity calculator and capacities associated with returned long-term transmission rights pursuant to Article 43;
 - (b) bids submitted by market participants.
2. For each forward capacity allocation, the single allocation platform shall simultaneously determine at least the following results for each bidding zone border, direction of utilization and market time period:
 - (a) the volume of allocated long-term transmission rights expressed in MW;
 - (b) the price of long-term transmission rights pursuant to Article 40;
 - (c) the execution status of bids.
3. The single allocation platform shall ensure that auction results are accurate.
4. Each TSO shall ensure that the auction results are consistent with the inputs provided to the single allocation platform in accordance with paragraph 1.

Section 2 **Options for cross-zonal transmission risk hedging**

Article 30 *Decision on cross-zonal risk hedging opportunities*

1. TSOs on a bidding zone border shall issue long-term transmission rights unless all regulatory authorities of the concerned capacity calculation region have adopted a coordinated decision not to issue long-term transmission rights on single bidding zone borders of the capacity calculation region. When adopting their decision, all regulatory authorities of the capacity calculation region shall seek a mutual agreement.

2. Where long-term transmission rights do not exist on a bidding zone border at the entry into force of this Regulation, all regulatory authorities of the concerned capacity calculation region shall issue a coordinated decision on the implementation of long-term transmission rights no later than [*six months*] after the entry into force of this Regulation.
3. The decision pursuant to paragraphs 1 and 2 shall be based on an assessment, which shall identify whether the electricity forward market provides sufficient hedging opportunities in bidding zones considered in the evaluation. The assessment shall be performed in a coordinated manner by all regulatory authorities of the concerned capacity calculation region and include at least:
 - (a) a consultation with market participants about their needs for cross-zonal risk hedging opportunities on the concerned bidding zone border(s);
 - (b) an evaluation pursuant to paragraph 4;
4. The evaluation referred to in paragraph 3(b) shall investigate the functioning of wholesale electricity markets and be based on transparent criteria which include at least:
 - (a) an analysis of whether the set of products or combination of products offered on forward markets represent a hedge against the volatility of the day-ahead price of the concerned bidding zone. Such product or combination of products shall be considered as an appropriate hedge against the risk of change of the day-ahead price of the concerned bidding zone if there is a sufficient correlation between the day-ahead price of the concerned bidding zone and the underlying price against which the product or combination of products are settled;
 - (b) an analysis of whether the products or combination of products offered on forward markets are efficient. For this purpose, at least the following indicators shall be assessed:
 - (i) trading horizon;
 - (ii) bid-ask spread;
 - (iii) traded volumes in relation to physical consumption;
 - (iv) open interest in relation to physical consumption.
5. In case the evaluation referred in paragraph 4 shows that there are insufficient hedging opportunities in one or more bidding zone(s), the concerned regulatory authorities shall request to the relevant TSOs to implement adequate measures, i.e. issue other long-term cross-zonal hedging products or long-term transmission rights to support the functioning of wholesale electricity markets.
6. The relevant TSOs shall develop these adequate measures and submit them to the concerned regulatory authorities' approval no later than [*six months*] after the request by the concerned regulatory authorities referred in referred in paragraph 5. Those adequate measures shall be implemented no later than [*six months*] after approval by the concerned regulatory authorities.
7. Where regulatory authorities decide that long-term transmission rights shall not be issued by the respective TSOs, chapter 3 to 7 of Title II, Articles 16, Article 59 and Article 61 shall not apply to the TSOs of the bidding zone border(s).

8. Upon a joint request of all TSOs of a capacity calculation region or at their own initiative, and at least every [4 years], all regulatory authorities of each capacity calculation region shall perform, in cooperation with the Agency, an assessment pursuant to paragraphs 3 to 5.

Article 31

Type of long-term transmission rights

1. Long-term cross-zonal capacity shall be allocated to market participants by the allocation platforms in the form of physical transmission rights pursuant to the use-it-or-sell-it (UIOSI) principle or in the form of financial transmission rights.
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 timeframes. All TSOs of each capacity calculation region may jointly propose to offer long-term cross-zonal capacity on additional timeframes.
3. No later than six months after the entry into force of this Regulation, all TSOs of each capacity calculation region issuing long term transmission rights 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. This proposal shall include a timeline for implementation and at least the description of the following items defined in the allocation rules:
 - (a) type of long-term transmission rights (physical transmission rights, financial transmission rights option, financial transmission rights obligation);
 - (b) forward capacity allocation timeframe (e.g. yearly, monthly);
 - (c) form of product (e.g. base, peak, off-peak);
 - (d) the bidding zone border(s) covered.
4. For the proposed long-term transmission rights to be issued, each TSO shall duly consider the result of the public consultation.
5. The allocation of physical transmission rights and financial transmission rights in parallel at the same bidding zone border is not allowed.
6. A review of long-term transmission rights offered between two bidding zones may be launched by:
 - (a) all regulatory authorities of a bidding zone border(s), at their own initiative; or
 - (b) all regulatory authorities of a bidding zone border(s) based upon a recommendation from the Agency or joint request by all TSOs of the concerned bidding zone border(s).
7. All TSOs of the capacity calculation region shall be responsible for undertaking the review as described in paragraph 8.
8. Each TSO involved in the review of long-term transmission rights shall:
 - (a) assess the offered long-term transmission rights taking into account the characteristics in paragraph 3;
 - (b) if considered necessary, propose alternative long-term transmission rights, taking into account the result of the assessment in subparagraph (a);
 - (c) carry out a public consultation regarding:

- (i) the results of the assessment of the offered long-term transmission rights;
 - (ii) if applicable, the proposal for alternative long-term transmission rights.
9. Following the public consultation and within three months of the issuance of the decision to launch a review, the TSOs of the capacity calculation region concerned shall jointly submit a proposal to the competent regulatory authorities to maintain or amend the type of long-term transmission rights.

Article 32

Physical transmission rights

1. Each physical transmission right holder shall be entitled to nominate all or part of its physical transmission rights pursuant to Article 36.
2. Where the physical transmission rights holder does not make a nomination by the deadline specified in the nomination rules, the physical transmission rights holder shall be entitled to obtain a payment in line with Article 35.

Article 33

Financial transmission rights - options

1. Financial transmission rights option holders shall be entitled to obtain a payment in line with Article 35.
2. The implementation of financial transmission rights options shall be subject to the application of day-ahead price coupling according to Articles 38 to 50 of chapter 5 of the Commission Regulation No [000/2014 – CACM].

Article 34

Financial transmission rights - obligations

1. Financial transmission rights obligations holders shall be entitled to receive the remuneration or obliged to pay the price pursuant to Article 35.
2. The implementation of financial transmission rights obligations shall be subject to the application of day-ahead price coupling according to Articles 38 to 50 of chapter 5 of the Commission Regulation No [000/2014 – CACM].

Article 35

Principles for long-term transmission rights remuneration

1. The single allocation platform performing the allocation of transmission rights on a bidding zone border shall remunerate the long-term transmission rights holders in case the price difference is positive in the direction of the long-term transmission rights.
2. The financial transmission rights obligation holders shall remunerate the single allocation platform responsible for allocating transmission rights on a bidding zone border in case the price difference is negative in the direction of the financial transmission rights obligation.
3. The remuneration of long-term transmission rights in paragraphs 1 and 2 shall comply with the following principles:

- (a) when the cross-zonal capacity is allocated through implicit allocation or another method resulting from a fallback situation in the day-ahead timeframe, the remuneration of long-term transmission rights shall be equal to the market spread;
- (b) when the cross-zonal capacity is allocated through explicit auction in the day-ahead timeframe, the remuneration of long-term transmission rights shall be equal to the clearing price of the daily auction.

Section 3

Nomination procedures for physical transmission rights

Article 36

General provisions for physical transmission rights nomination

1. Where TSOs issue and apply physical transmission rights on bidding zone border(s), they shall enable physical transmission rights holders and/or their counterparties to nominate their electricity exchange schedules. Physical transmission rights holders may authorise eligible third parties to nominate their electricity exchange schedules on their behalf in line with the nomination rules in accordance with paragraph 3.
2. No later than twelve months after the entry into force of this Regulation, all TSOs issuing physical transmission rights on a bidding zone border shall develop a proposal for nomination rules for electricity exchange schedules between bidding zone borders. Nomination rules shall contain at least the following information:
 - (a) the entitlement of a physical transmission rights holder to nominate;
 - (b) minimum technical requirements to nominate;
 - (c) description of the nomination process;
 - (d) nomination timings;
 - (e) format of nomination and communication.
3. All TSOs shall progressively harmonise the nomination rules on all bidding zone borders on which physical transmission rights are applied.
4. Physical transmission rights holders, their counterparties where applicable or an authorised third party acting on their behalf shall nominate all or part of their physical transmission rights between bidding zone borders in compliance with the nomination rules.

Section 4

Processes and operation

Article 37

Terms and conditions for participation in the forward capacity allocation

1. Market participants shall be registered with the single allocation platform and meet all eligibility requirements under the corresponding allocation rules before being entitled to participate in the auction(s) or transfer their long-term transmission rights. The eligibility requirements shall follow the principles of non-discrimination and transparency.

2. Following a market participant's request for registration, the single allocation platform shall notify the market participant whether it fulfils all eligibility requirements and is entitled to participate in the auction(s) or transfer its long-term transmission right(s) from a specified date.
3. Market participants shall fully comply with the corresponding allocation rules. They shall keep all information relating to their participation up to date and notify the single allocation platform of any changes to this information without undue delay.
4. The single allocation platform shall be entitled to suspend or withdraw a market participant's right to participate in the auction(s) or transfer its long-term transmission right(s) following a breach of its contractual obligations under the allocation rules.
5. The suspension or withdrawal of its right shall not exonerate a market participant or the single allocation platform from its obligations deriving from long-term transmission rights allocated and paid before the suspension or withdrawal and pursuant to the corresponding allocation rules.

Article 38

Submission of input data to the single allocation platform

Each TSO shall ensure that validated splitting of long-term cross-zonal capacity is submitted to the single allocation platform prior to the publication of the auction specification in accordance with Article 39.

Article 39

Operation of the forward capacity allocation

1. No later than the time specified in the corresponding allocation rules for each forward capacity allocation, the single allocation platform shall define and publish an auction specification containing at least the following information, without prejudice to fallback procedures defined in Article 42:
 - (a) date and time of gate opening and gate closure of the auction;
 - (b) validated splitting of long-term cross-zonal capacity and type of the long-term transmission rights that will be auctioned;
 - (c) format of bids;
 - (d) date and time of publication of auction results;
 - (e) the period during which auction results can be contested.
2. The long-term cross-zonal capacity published shall not be modified during a period prior to the gate closure of the auction. The allocation rules shall specify this period.
3. Each market participant shall submit its bids to the single allocation platform prior to the gate closure time and in accordance with the conditions set out in the auction specification.
4. The single allocation platform shall ensure the confidentiality of submitted bids.

Article 40
Pricing of the long-term transmission rights

The price of long-term transmission rights for each bidding zone border, direction of utilization and market time period shall be determined based on the marginal price principle and expressed in euro.

Article 41
Financial requirements and settlement

1. The single allocation platform shall provide invoicing or self-billing procedures for the settlement of debits or credits resulting from the allocation of long-term transmission rights, the return of long-term transmission rights and the remuneration of long-term transmission rights. The allocation rules shall describe these procedures.
2. In order to participate in the auction(s), a market participant shall secure bids and allocate long-term transmission rights with sufficient collaterals in accordance with the conditions set out in the allocation rules.

Article 42
Establishment of fallback procedures

1. In the event that forward capacity allocation is unable to produce results, the default fallback procedure shall be the postponement of the forward capacity allocation.
2. All TSOs of a capacity calculation region shall be entitled to implement alternative coordinated fallback solutions. In such cases, all TSOs of a capacity calculation region shall develop a coordinated proposal for reliable fallback procedures.

Article 43
Return of long-term transmission rights

1. Long-term transmission rights holders may return their long-term transmission rights to the single allocation platform for subsequent forward capacity allocation.
2. Long-term transmission rights holders willing to return their long-term transmission rights for subsequent forward capacity allocation shall notify this to the single allocation platform as set out in the allocation rules.
3. Long-term transmission rights holders who return their long-term transmission rights shall be remunerated by the single allocation platform. Such remuneration shall be equal to the price resulting from the auction where the long-term transmission rights were reallocated.

Article 44
Transfer of long-term transmission rights

1. Long-term transmission rights holders shall be entitled to transfer all or part of their long-term transmission rights to other market participants in accordance with the allocation rules.
2. The single allocation platform shall publish the rules on admissibility and a list of market participants registered with the single allocation platform and eligible to transfer long-term transmission rights.

3. Long-term transmission rights holders shall notify the transfer of long-term transmission rights to the single allocation platform in accordance with the allocation rules.
4. Market participants acquiring those long-term transmission rights shall confirm to the single allocation platform the notification sent by the previous long-term transmission rights holder in accordance with the allocation rules.

Article 45
Delivery of results

1. The single allocation platform shall notify the TSOs responsible for the bidding zone border to which the long-term transmission rights are associated, the market participants and the long-term transmission rights holders about the result of the forward capacity allocation within the timeframe provided in the auction specification.
2. The single allocation platform shall inform market participants about the execution status and clearing prices of their bids.

Article 46
Initiation of fallback procedures

1. In the event that the single allocation platform is not able to deliver either the auction specification in accordance with Article 39 or part or all of the results of the forward capacity allocation within the timeframe specified in the allocation rules, the TSOs responsible on the bidding zone border shall implement the fallback procedures established pursuant to Article 42.
2. As soon as a failure to deliver the items defined in paragraph 0 is identified, the single allocation platform shall notify the fallback procedure to the TSOs responsible on the bidding zone border. The single allocation platform shall notify market participants that fallback procedures are to be implemented.

Article 47
Publication of market information

1. The single allocation platform shall publish at least the following information for each bidding zone border and direction of utilization:
 - (a) auction specification in accordance with Article 39;
 - (b) an indicative auction calendar setting out the type of long-term transmission rights to be offered and the date(s) when this long-term transmission rights shall be offered to market participants;
 - (c) forward capacity allocation results in accordance with Article 29;
 - (d) number of market participants in each auction;
 - (e) list of eligible market participants for the transfer of long-term transmission rights;
 - (f) the single allocation platform's contact details.

2. The single allocation platform shall publish the information required pursuant to paragraph 0 in accordance with the timing set out in the auction specification and in Regulation (EU) No 543/2013.
3. The single allocation platform shall ensure that historical data for a period of not less than five years is made publicly available.

Chapter 4 **Single allocation platform**

Article 48

General tasks of the single allocation platform

The single allocation platform shall be responsible for performing forward capacity allocation in accordance with this Regulation. In particular, the single allocation platform shall be responsible, at least, for:

- (a) the registration of market participants;
- (b) providing a single point of contact to market participants;
- (c) the operation of auction procedures;
- (d) the financial settlement of allocated long-term transmission rights with market participants, including management of collaterals;
- (e) the cooperation with a clearing house, if required by the common rules for the implementation of financial transmission rights obligations pursuant to Article 34;
- (f) enabling the return of long-term transmission rights pursuant to Article 43;
- (g) the organization of a fallback procedure pursuant to Article 42 and 46;
- (h) the publication of market information pursuant to Article 47;
- (i) providing and operating interfaces for data exchange with market participants.

Article 49

Functional requirements for the single allocation platform

1. Within three months after the entry into force of this Regulation, all TSOs shall submit to all regulatory authorities a proposal for a common set of requirements and for the establishment of the single allocation platform. The proposal shall identify different options for the establishment of the single allocation platform, including the development by TSOs or by third parties on their behalf. The proposal by TSOs shall cover the general tasks of the single allocation platform defined in Article 48 and the requirements for cost recovery in accordance with Article 59.
2. The functional requirements for the single allocation platform shall at least include:
 - (a) the expected bidding zone borders to be covered;
 - (b) the technical availability and reliability of provided services;
 - (c) the operational processes;
 - (d) the products to be offered;

- (e) the forward capacity allocation timeframes;
- (f) the allocation methods and algorithms;
- (g) the principles of financial settlement and risk management of allocated products;
- (h) a harmonised contractual framework with market participants;
- (i) the data interfaces.

Article 50

Establishment of the single allocation platform

All TSOs shall ensure that the single allocation platform is operational and complies with the functional requirements defined in Article 49 within twelve months after the approval of the proposal for a common set of requirements and for the decision on the establishment of the single allocation platform.

Chapter 5 **Allocation rules**

Article 51

Requirements for the harmonised allocation rules

1. The requirements for the harmonised allocation rules for long-term transmission rights shall cover physical transmission rights and financial transmission rights. Specificities related to the different types of products shall be considered and duly taken into account by TSOs.
2. The harmonised allocation rules for long-term transmission rights shall follow the principles of non-discrimination and transparency and at least contain the following general requirements:
 - (a) harmonised definitions and applications;
 - (b) a contractual framework between the single allocation platform and the market participants including provisions on the applicable law, the applicable language as well as confidentiality, dispute resolution, liability and force majeure;
 - (c) harmonised use-it-or-sell-it (UIOSI) provisions in case of physical transmission rights pursuant to Article 32;
 - (d) a description of the types of long-term transmission rights which are offered, including the remuneration principles pursuant to Article 35;
 - (e) principle description of the applicable nomination rules pursuant to Article 36;
 - (f) harmonised provisions on eligibility and entitlement, suspension and renewal and costs of participation pursuant to Article 37;
 - (g) a description of the forward capacity allocation process including at least provisions on auction specification, submission of bids, publication of auction results, contestation period and fallback procedures pursuant to Article 37, Article 38, Article 39, Article 42, Article 43 and Article 44;
 - (h) harmonised provisions on financial requirements and settlement pursuant to Article 41;

- (i) harmonised provisions for the return of long-term transmission rights pursuant to Article 43;
 - (j) harmonised provisions for notification of transfer of long-term transmission rights pursuant to Article 44;
 - (k) provisions on firmness and compensation rules pursuant to Article 53 and Article 61;
 - (l) harmonised provisions concerning netting policies and financial collaterals for financial transmission rights obligations, where applicable.
3. The harmonised allocation rules may also contain regional requirements for each capacity calculation region in particular for, but without limitation to:
- (a) the description of the type of long-term transmission rights which are offered on each bidding zone border within the capacity calculation region pursuant to Article 31;
 - (b) the type of long-term transmission rights remuneration regime to be applied on each bidding zone border within the capacity calculation region according to the allocation in the day-ahead timeframe pursuant to Article 35;
 - (c) the implementation of alternative coordinated regional fallback solutions pursuant to Article 42;
 - (d) the regional compensation rules defining regional firmness regimes pursuant to Article 55.

Article 52

Introduction of harmonised allocation rules

1. Within six months after the entry into force of this Regulation, all TSOs shall jointly develop a proposal for harmonised allocation rules for long-term transmission rights pursuant to Article 51(2). This proposal shall include the regional requirements developed by the TSOs of each capacity calculation region pursuant to Article 51(3).
2. Once the regional requirements have entered into force, they shall apply over the general requirements defined in the harmonised allocation rules. In case the general requirements of the harmonised allocation rules are amended and submitted to all regulatory authorities' approval, the regional requirements shall also be submitted to regulatory authorities' approval of the concerned capacity calculation region.

Chapter 6

Firmness of allocated cross-zonal capacity

Article 53

General firmness provisions

1. All TSOs shall be entitled to curtail long-term transmission rights to ensure system security prior to the day-ahead firmness deadline. Where TSOs curtail long-term transmission rights, they shall regularly report this to the respective regulatory authorities.

2. The concerned TSOs on the bidding zone border where long-term transmission rights have been curtailed shall compensate the holders of curtailed long-term transmission rights with the market spread.

Article 54
Definition of caps

1. The concerned TSOs of each capacity calculation region may propose a cap when compensating the holders of curtailed long-term transmission rights.
2. Such cap shall not be lower than the total amount of congestion income collected by TSOs in a calendar year. In case of Direct Current (DC) interconnectors, TSOs may propose a cap not lower than the total congestion income collected by TSOs in a calendar month.
3. In case of several interconnectors operated by different TSOs on the same bidding zone border and subject to different regulatory regimes overseen by regulatory authorities, the total congestion income used for calculation of capped compensation pursuant to paragraph 2 may be dissociated for each interconnector.

Article 55
Compensation rules

Where TSOs propose to apply a cap as referred in Article 54, all TSOs of the concerned capacity calculation region shall jointly propose a set of regional compensation rules for the curtailments of long-term transmission rights, including rules for the applied cap.

Article 56
Firmness in the event of force majeure

1. In the event of a force majeure as referred in Article 16 of Regulation (EU) 714/2009, TSOs may curtail long-term transmission rights. Such curtailment shall be undertaken in a coordinated manner following liaison with all TSOs directly affected.
2. The TSO which invokes the force majeure shall publish a notification describing the nature of the force majeure and its probable duration.
3. In the event of curtailment due to a force majeure the concerned holders of long-term transmission rights shall receive compensation for the period of that force majeure by the TSO which invoked the force majeure. In this case, the compensation shall be equal to the amount initially paid for the concerned long-term transmission right during the forward allocation process.
4. The TSO which invokes a force majeure shall make every possible effort to limit the consequences and duration of the force majeure.

Chapter 7
Congestion income distribution

Article 57

Congestion income distribution methodology

1. Within six months after the entry into force of this Regulation, all TSOs shall jointly develop a proposal for a methodology for sharing congestion income from forward capacity allocation.
2. When developing the methodology in paragraph 1, TSOs shall take into account the methodology for sharing congestion income developed in accordance with Article 73 of the Commission Regulation No [000/2014 – CACM].
3. When developing the methodology for sharing congestion income from forward capacity allocation, the requirements set in Article 73 of the Commission Regulation No [000/2014 – CACM] shall apply.

Chapter 8 Cost recovery

Article 58

General provisions on cost recovery

1. Costs relating to the obligations allocated to TSOs in this Regulation shall be assessed by all regulatory authorities.
2. Costs assessed as reasonable, efficient and proportionate shall be recovered in a timely manner through network tariffs or other appropriate mechanisms as determined by the competent regulatory authorities.
3. If requested by regulatory authorities, relevant TSOs shall, within three months of the request, provide information necessary to facilitate the assessment of the costs incurred.

Article 59

Cost of establishing, developing and operating the single allocation platform

All TSOs issuing long-term transmission rights on the single allocation platform shall jointly bear the costs related to the establishment and operation of the single allocation platform.

Article 60

Cost of establishing and operating the coordinated capacity calculation process

1. Each TSO shall individually bear the costs related to the provision of inputs to the capacity calculation.
2. All TSOs shall jointly bear the costs related to the establishment and operation of merging the individual grid models.
3. All TSOs in each capacity calculation region shall bear costs of establishing and operating the coordinated capacity calculators.

Article 61

Cost of ensuring firmness and remuneration of long-term transmission rights

1. The costs of ensuring firmness shall include the costs from compensation mechanisms associated with ensuring the firmness of cross-zonal capacities as well as the costs of redispatching, countertrading and imbalance associated with compensating market participants.
2. When fixing or approving transmission tariffs or other appropriate mechanism in accordance with Article 37(1)(a) of Directive 2009/72/EC, and having regard to Article 14(1) of Regulation (EC) No 714/2009, regulatory authorities shall consider compensation payments as eligible costs provided that they are reasonable, efficient and proportionate.
3. Within six month after the entry into force of this Regulation, all TSOs shall jointly develop a methodology for sharing costs incurred to ensure firmness and remuneration of long-term transmission rights. This methodology shall be consistent with the methodology for sharing congestion income from forward capacity allocation as referred in Article 57.

Title III

Delegation of tasks and monitoring

Article 62

Delegation of tasks

1. A TSO may delegate all or part of any task assigned to it under this Regulation to one or more third parties in the case the third party can carry out the respective function at least as effectively as the delegating entity. The delegating entity shall remain responsible for ensuring compliance with the obligations under this Regulation, including ensuring access to information necessary for monitoring by the regulatory authority.
2. Prior to the delegation, the third party concerned shall have clearly demonstrated to the delegating party its ability to meet each of the obligations of this Regulation.
3. In the event that all or part of any task specified in this Regulation is delegated to a third party, the delegating party shall ensure that suitable confidentiality agreements in accordance with the confidentiality obligations of the delegating party have been put in place prior to delegation.

Article 63

Monitoring

1. ENTSO for Electricity shall monitor the implementation of single forward capacity calculation and the establishment of single allocation platform in accordance with Article 8(8) of Regulation (EC) No 714/2009. Monitoring shall cover in particular the following matters:
 - (a) the development of a common grid model methodology for forward capacity allocation;
 - (b) the development of a proposal for a common coordinated capacity calculation methodology for forward capacity allocation;

- (c) the development of a methodology for splitting long term cross zonal capacity in a coordinated manner between different forward capacity allocation timeframes;
 - (d) the effectiveness of the operation of the allocation platform when allocating long term transmission rights;
 - (e) the progress and potential problems with the development of harmonised nomination rules;
 - (f) the suitability of the allocation rules for enabling market participants to fair and transparent access to long-term transmission rights.
2. ENTSO for Electricity shall submit a monitoring plan which includes the reports to be prepared and any updates in accordance with paragraph 1, to the Agency for an opinion by six months after entry into force of this Regulation.
 3. The Agency, in cooperation with ENTSO for Electricity, shall draw up within six months after the entry into force of this Regulation a list of the relevant information to be communicated by ENTSO for Electricity to the Agency in accordance with Articles 8(9) and 9(1) of Regulation (EC) No 714/2009. The list of relevant information may be subject to updates. ENTSO for Electricity shall maintain a comprehensive, standardised format, digital data archive of the information required by the Agency. All TSOs shall submit to ENTSO for Electricity the information required to perform the tasks in accordance with paragraphs 1 and 3.
 4. Market participants and other relevant organisations regarding forward capacity allocation shall, at the joint request of the Agency and ENTSO for Electricity, submit to ENTSO for Electricity the information required for monitoring in accordance with paragraphs 1 and 3, except for information already obtained by the regulatory authorities, the Agency or ENTSO for Electricity in the context of their respective implementation monitoring tasks.

Title IV

Final provisions

Article 64

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Done at Brussels,

For the Commission
The President