eurelectric
powering people

LTTR Harmonised Allocation Rules

A Eurelectric consultation response

May 2025

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:
- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

WG Market Integration & Network Codes

Contact:
Max Schneider, Policy Officer Wholesale Markets
mschneider@eurelectric.org

MTU-related amendments

With last amendment of the HAR, as approved with ACER Decision 18/2023, the term 'MTU' (market time unit) was introduced in the HAR to consider the foreseen introduction of the 15 minutes MTU in SDAC.

In the current HAR amendment proposal TSOs are proposing amendments to differentiate between a 'long- term MTU' of one hour length and the day ahead MTU (see Article 2(3)(j) and (k) of the HAR amendment proposal). ACER sees room to improve the clarity of the HAR with such amendments and a need to revise the proposed amendments considering the definition of 'market time unit' under Article 2(19) of the Transparency Regulation. The intentions of TSOs behind these proposed amendments seem to relate to the avoidance of unnecessary costs in the SAP's allocation tool. ACER understands that the proposed MTU related amendments would not impact the total remuneration paid to LTTR holders (see Article 48(1) and Article 59(1) of the HAR amendment proposal) but could bring some limitations (e.g. data provision in hourly granularity under Article 36(4)(a) and Article 57 of the HAR amendment proposal; limitation of transfers to full hours in Article 41(2) and Article 42(1) of the HAR amendment proposal).

ACER invites stakeholders to share views regarding the expected impact of the MTU related amendments proposed by TSOs.

Q1: For the proposed limitations towards hourly granularity in the HAR, do you see a need to align the granularity with the day-ahead market time unit?

Eurelectric underlines that the co-existence of different market time units for long term and day-ahead markets represents an additional complexity for market participants. For instance, it prevents them from nominating Physical Transmission Rights (PTRs) at the day-ahead market time unit (MTU) granularity, allowing nominations only at 60-minute granularity on explicit borders such as FR-IT and FR-ES. If the shift to 15' granularity for the LTTRs cannot be implemented in the short term due to operational complexity on the TSOs' side, we believe this evolution should nevertheless be targeted in the future.

In addition, we welcome the clarification by ENTSO-E that this will not affect market outcomes and LTTR remuneration but would welcome further clarification that negative spreads will not be counted towards the average remuneration (something that is not clearly reflected in the formula on page 4 of the explanatory document, nor explicitly confirmed on page 13 in ENTSO-E's response to the EFET example). To avoid any misunderstanding, the wording of Article 48.1 could be supplemented with a revised and correct illustrative example in the Annexes of the methodology.

Q1.1 Please refer to the specific provision of concern and explain why you would consider a day-ahead market time unit granularity necessary.

N/A

Q1.2 Further comments concerning the MTU related amendments.

N/A

Further clarification of prices in case of SDAC decoupling

Following the recent decoupling events (e.g. partial SDAC decoupling incident on 25 June 2024) TSOs aim to improve the clarity in the HAR concerning prices to be considered for the remuneration and compensation of LTTRs in case of such events. For this reason, TSOs are proposing to add a definition for the SDAC price in Article 2(2)(nn) of the HAR amendment proposal and added clarifications under Article 48 (1)(a) and 59(1)(a) of the HAR amendment proposal.

While potential improvements of decoupling and fallback procedures are under discussion in parallel to ACER's decision on the HAR amendment proposal, ACER generally agrees to the need to further specify in the HAR how to consider possible decoupling scenarios. ACER invites stakeholders to share views on whether the proposed amendments provide sufficiently clear rules for the HAR to consider possible cases of decoupling scenarios.

Q2: Do you consider the proposed amendments for clarifying the use of prices in case of decoupling situation sufficiently clear for the HAR ?

No.

Eurelectric understands that there is limited possibility to clarify LTTR remuneration in case of decoupling because SDAC fallback provisions are currently under revision.

In this context, we believe that the potential existence of different national legislation determining local reference prices in case of full decoupling is a source of uncertainty and may lead to market fragmentation. Indeed, in case Member states implement conflicting legislation with regard to reference day-ahead prices on each side of the border, this may prevent the calculation of a consistent market spread.

We therefore call on (i) first stabilizing the fallback processes before detailing the procedure for determining the DA price reference in case of decoupling and (ii) TSOs to ensure alignment in Member State rules for setting reference prices and for the implementation of EU-level rules for the formation of such reference prices.

Q2.1 Please explain what you would consider necessary to be clarified in the HAR to provide sufficient clarity in case of decoupling situation.

See our response to Q2.

Further amendments

In Article 7(4) of the HAR amendment proposal TSOs propose to change the requirement for publishing a list of registered participants to making such list available in the allocation tool. While the complete list of registered participants is only available in the LTTR auction tool, the list of market participants who acquired capacity is published for every auction on the website of the single allocation platform in accordance with Article 36(2)(e) of the HAR.

Q3: Do you see a need for publishing a complete list of registered participants on top of the published lists of MPs who acquired LTTRs ?

Yes.

Eurelectric recalls its support for transparency in wholesale electricity markets and reminds about the importance of LTTR procurement for appropriate management of basis risk when utilities proxy hedge on different bidding zones. While we see no added value in publishing a complete list of registered participants, we do not oppose the publication of this list on top of the publication of MPs acquiring LTTRs. Should such publication be made, we consider that two separate lists should be published.

Other comments

Q4: Any other comments on TSO amendments ?

We thank ENTSO-E for providing a comprehensive review of consultation responses in its explanatory note. This allows for understanding how comments are processed.

Eurelectric reiterates its strong concerns in relation to the application of the flow-based methodology in the forward market timeframe, which continues to raise questions in relation to collateral requirements despite the implementation of a price cap. Indeed, the simultaneous allocation of LTTRs on all CORE bidding zone borders will require auction participants to post sufficient collateral to back up bids in relation to multiple borders at the same time.

Furthermore, flow-based LTTR allocation bears the risk of low or zero capacity volumes allocated on certain borders, since allocation on borders with the highest price spread will be prioritised, meaning better interconnected borders will lose out. Eurelectric believes that it is crucial to prioritise finding the most appropriate approach for establishing Flow Based Allocation of LTTR, rather than focusing solely on meeting this deadline.

Should flow-based implementation move forward, we support relieving the collateral burden through the introduction of a cap. We do reiterate, however, that the collateral cap should be based on the average observed forward spread during a certain period instead of historical spot prices, as this would reflect forward market fundamentals upon which market participants base their bidding strategies. In parallel, Eurelectric urges ENTSO-E and competent authorities to explore more efficient options to decrease the collateral burden, namely bid filtering performed ex post on the basis of market results.

Finally, we thank ENTSO-E for reconsidering its amendment for the publication of the price cap only one hour before the start of the bidding period, which would be too short. We welcome that the publication will occur 2 days before the gate closure of the auction.

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability

Union of the Electricity Industry - Eurelectric aisbl
Boulevard de l’Impératrice, 66 – bte 2 - 1000 Brussels, Belgium
Tel: + 32 2 515 10 00 - VAT: BE 0462 679 112 • www.eurelectric.org
EU Transparency Register number: 4271427696-87