

ACER consultation on the amendment of the Long-Term CCM of the Core CCR

A Eurelectric consultation response paper

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.

Do you have any comments regarding the proposal for the introduction of the adjusted historic ATC benchmark to the long-term flow-based capacity calculation process?

Eurelectric has previously expressed its reservations about the application of the flow-based methodology to long-term capacity calculation. To date, it has not been demonstrated that flow-based capacity calculation and allocation would lead to higher economic efficiency of LTTR allocation, as requested by the FCA Guideline. In addition, TSO simulations have shown that certain bidding zones could see very low (even zero) volumes allocated on their borders. These risks motivated Eurelectric, together with Energy Traders Europe, to conduct a [study](#) which showed that guaranteeing minimum offered volumes amounting to 50% of historical ATCs during flow-based allocation would barely decrease auction surplus.

The amendment proposal seeks to tackle the calculation issue by ensuring a minimum level of capacity on the different borders during the long-term flow-based capacity calculation. Since this measure addresses some concerns regarding low or zero capacities, we welcome, at least as a first step, the proposal to include a minimum ATC benchmark as a constraint for the calculation of the flow-based domain of long-term capacities for both the yearly and the monthly capacity calculation. Thus, historical yearly and monthly ATCs would serve as the basis for the RAM to ensure that the result of the capacity calculation accommodates the historical benchmark.

Induced flows are calculated for each CNEC based on an ATC benchmark factor, after which the RAM of each CNEC is adjusted based on the induced flows. We believe that the process described in Article 14(7) is unnecessarily complex. Setting $\text{maxATC} = \text{minATC}$, leads to having the RAM systematically equal to the induced flow before validation. It would have been simpler to directly set the RAM at this specific value in Article 14(7).

Eurelectric notes that this proposal does not constitute an assurance that some borders would not see low, if any, allocated capacities. This point remains a concern which needs to be addressed. Eurelectric would be in favor of investigating the possibility of a minATC at the allocation stage. We consider that the effects of the RAM adjustment should be monitored, in comparison with the levels of RAM computed initially. This monitoring should also encompass actual levels of capacity allocated at each border. We consider that the effects of the RAM adjustment should be monitored, in comparison with the levels of RAM computed initially. This monitoring should also encompass actual levels of capacity allocated at each border.

Do you have any comments or concerns regarding the way in which the historic long-term ATC benchmarks are determined?

Article 10a and Annex I define the year 2025 as the reference for calculating yearly and monthly (with the 2025 seasonal average of historic monthly ATC) Benchmark ATC values. The choice of the year 2025 as a reference is not explained in the explanatory document. The rationale behind this choice should be detailed. Indeed,

from a theoretical standpoint, a single year seems too restrictive to be representative.

Furthermore, the historical benchmark should not result in locking in outdated capacity values, nor preventing the market from benefiting from improvement in the network conditions.

Finally, without the methodology for updating the ATC benchmark values, it is very difficult to provide an appropriate answer regarding their determination. We therefore request full transparency of input data, assumptions, and resulting benchmark values, as well as regular reviews to ensure alignment with evolving system conditions.

Do you have any other comments or concerns related to the Proposal for the amendment to the Core LT CCM?

Eurelectric regrets that the ENTSO-E proposal in 2025 to include an ATC extraction at the end of the long-term capacity calculation process was abandoned. Such an approach should have been considered at least as a temporary measure, until comprehensive investigations were carried out and acceptable solutions to the collateral and the capacity issues were found and implemented.

Beyond our doubts already expressed regarding the added value of the flow-based approach for long-term horizon, flow-based allocation has inherently negative effects on collaterals, increasing them to a level disproportionate to the risk exposure of TSOs. Indeed, whereas ATC auctions were historically organized on a border-by-border basis, collateral requirements increase under the LTFBA due to the simultaneous allocation of all borders.

A collateral cap based on exogenous reference prices (SDAC and forward prices) was therefore implemented to cap the maximum payment obligation. Eurelectric points out that this approach is overly conservative and can lead to an over- or underestimation of the market clearing price, notably by filtering out bids that would be sustainable at the actual clearing price of the auction. This concern was validated by a proof of concept (PoC) conducted by N-SIDE on behalf of ENTSO-E to improve the collateral solution.

The results of the PoC, which is based on a methodology relying on clearing prices effectively observed during the auction, show positive results across investigated KPIs, suggesting that the approach can strongly mitigate Eurelectric concerns about a damaging collateral burden. Eurelectric regrets that this evolution is not consulted as part of the current amendment proposal and will not be available for the scheduled go-live date of long-term flow-based allocation in November 2026.

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



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