ACER consultation on LTTR HAR and SAP amendments

Eurelectric consultation response paper

August 2026

ACER consultation on LTFBA collateral solution

KEY MESSAGES

- **Eurelectric has long highlighted the difficulties associated with flow-based allocation of LTTRs, notably the unsustainable increase in collateral requirements linked to the simultaneous auctioning of borders under LTFBA** and the risk of low or even zero capacities being allocated on some borders due to the flow competition between borders. While the latter issue has been partly addressed through a minimum ATC benchmark approach, we note that it remains imperfect.

- **Considering this, Eurelectric welcomes TSOs' proposal to improve collateral management in the context of long-term flow-based allocation** through an improved methodology filtering out Long-Term Transmission Right bids based on clearing prices effectively observed.

- **We deeply regret that the improved collateral solution will not be available for the go-live of LTFBA in November 2026 and might be delayed beyond 2027**. The proof-of-concept (PoC) prepared by N-SIDE on behalf of ENTSO-E clearly shows that the proposed solution will avoid unnecessary restrictions to market participation while preserving auction efficiency, thus avoiding the overly conservative filtering approach of the interim collateral cap.

- **Eurelectric encourages TSOs and SAP to make every effort to speed up the introduction of this solution**, including a clear implementation roadmap and coordination with ACER to address any regulatory uncertainty.

- We would welcome further clarity on the practical benefits of the proposed "reserved collateral" functionality. **Eurelectric sees merit in exploring the possibility for MPs to use reserved collateral to express priorities between borders**. This could facilitate the management of scarce collateral resources across competing bidding strategies.

- When it comes to remuneration caps for curtailed LTTRs, **Eurelectric reminds that the firmness of LTTRs allocated to MPs is crucial for their hedging effectiveness and for market confidence in general**.

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Collateral Management

Please share your view on the proposed amendments by the TSOs that relates to the improved Collateral Management.

Eurelectric welcomes the TSO proposal to improve collateral management in the context of flow-based LTTR auctions through an improved methodology considering clearing prices effectively observed during the auction. Results from the N-SIDE proof-of-concept suggest that this methodology will reduce the collateral burden for market participants (MPs) and avoid the overly conservative bid filtering approach of the interim collateral cap. This will avoid unnecessary restrictions to market participation while preserving auction efficiency and protecting TSOs against settlement risk.

Eurelectric nevertheless questions the practical value of the newly introduced "reserved collateral" concept. It is not entirely clear how reserving part of an existing credit limit for a specific flow-based auction materially differs from a situation where market participants simply update their credit limit before participating in this auction. We would therefore welcome further clarification regarding the practical use of this concept.

By contrast, Eurelectric sees merit in exploring whether reserved collateral could be used to allow market participants to express priorities between borders when their available collateral budget does not allow them to support all submitted bids. Such functionality could provide participants with greater control over how scarce collateral resources are allocated across competing bidding strategies.

Eurelectric regrets that this evolution will not be available for the scheduled go-live date of long-term flow-based allocation in November 2026. Eurelectric is also concerned by the apparent delay in the implementation timeline. During the HAR review consultation launched by ENTSO-E in March 2026, TSOs and SAP indicated that they were making every effort to deliver the enhanced collateral management solution by November 2027.

The current proposal now foresees implementation of the collateral improvement amendments no later than November 2028, effectively extending the risk that MPs will need to rely on a flawed collateral framework under flow-based allocation for two years. Such delay is even more surprising given the significant benefits identified by the PoC. Given the acknowledged shortcomings of the transitional collateral frameworks and the positive results reported for the new filtering methodology, Eurelectric encourages TSOs and SAP to make every effort to speed up the introduction of the enhanced collateral approach.

We understand from the SAP explanatory document that TSOs face unresolved issues and a difficult vendor selection process for the implementation of the

enhanced collateral approach. We would welcome transparency on the detailed questions still subject to clarification and a clearer roadmap towards the implementation of the solution.

When it comes to the regulatory uncertainty faced by TSOs and SAP until the relevant amendments are approved by ACER, **Eurelectric recommends ACER to issue a comfort letter allowing relevant parties to initiate IT planning without delay**.

Contestation Period

Please share your view on the proposed amendments by the TSOs that relates to the Contestation Period.

Curtailment Cap for DC Borders

Please share your view on the proposed amendments by the TSOs that relates to the Curtailment Cap for DC Borders.

Eurelectric would like to remind that the firmness of Long-Term Transmission Rights auctioned to market participants is essential to preserving market confidence in their hedging effectiveness. This is particularly important for DC interconnectors, which are essential to cross-zonal hedging. For this reason, Eurelectric reiterates its opposition to a compensation cap for curtailed LTTRs.

Changes related to the new auction tool

Please share your view on the proposed amendments by the TSOs that relates to the new auction tool.

Eurelectric agrees to the replacement of current file communication channels with more advanced channels, such as execution via API. TSOs should align their communication channels across the internal electricity market to facilitate cross-border market activity.

REMIT II related amendment

Please share your view on the proposed amendments by the TSOs that relates to REMIT II.

Eurelectric takes note of the amendment made in relation to transaction reporting rules and underlines that when two market participants exchange Long-Term Transmission Rights on the secondary market in line with the reporting rules set out in the Harmonised Allocation Rules, they should be relieved from the obligation to individually report the transaction under REMIT beyond their notification to the SAP. This aligns with mandatory OMP reporting on behalf of MPs under Art. 8(1) of the revised REMIT.

At the same time, we understand that, once exchanged bilaterally between market participants on the secondary market, LTTRs may qualify as financial instruments under MiFID II and would require transaction reporting under EMIR. In our understanding of the TSO proposal, this qualification is not affected by the reporting requirement under LTTR Harmonised Allocation Rules.

Evolved Flow-Based Allocation (EFB)

Please share your view on the proposed amendments by the TSOs that relates to Evolved Flow-Based Allocation (EFB).

Other comments

Please share any other comment that you might have that relates to the amendments proposed by the TSOs.

Eurelectric would like to remind about the inherent weaknesses of long-term flow-based allocation.

First, the simultaneous auctioning of LTTRs across bidding-zone borders and the resulting flow competition between borders can lead to low or zero volumes being allocated on certain borders. We welcome, at least as a first step, TSOs' 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. Historical yearly and monthly ATCs would thus serve as the basis for the RAM to ensure that the result of the capacity calculation accommodates the historical benchmark.

Eurelectric notes, however, that this proposal does not constitute an assurance that some borders would not see low, if any, awarded capacities at the allocation stage. This point remains a concern which needs to be addressed. Eurelectric would welcome further investigation of mechanisms capable of safeguarding minimum allocated volumes, including the possibility of introducing a minATC at the allocation stage. In this regard, Eurelectric and Energy Traders Europe commissioned a study which showed that guaranteeing minimum offered volumes amounting to 50% of historical ATCs during flow-based allocation preserves most of the auction surplus.

Second, the simultaneous allocation of LTTRs across borders requires MPs to reserve collaterals covering all their bids at the same time, leading to a necessary increase in collateral commitments. A collateral cap based on exogenous reference prices (SDAC and forward prices) was therefore implemented to cap the maximum payment obligation. By filtering out bids that would be sustainable at the actual clearing price of the auction, the interim collateral solution can lead to an over- or underestimation of the market clearing price.

This concern was validated by a proof-of-concept conducted by N-SIDE on behalf of ENTSO-E to improve the collateral solution. Considering the improved performance of an enhanced collateral solution compared to the interim solution across KPIs, we encourage TSOs to work towards its implementation as soon as possible. In this context, we call for a clear roadmap towards the implementation of the foreseen improvement.

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent a total of +3500 companies 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]

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