

**CCR Hansa TSOs methodology for splitting long-term
cross-zonal capacity in accordance with Article 16 of the
Commission Regulation (EU) 2016/1719 of 26
September 2016 establishing a Guideline on Forward
Capacity Allocation**

06 March 2020

Table of contents

WHEREAS	3
CHAPTER 1 GENERAL PROVISIONS	6
Article 1 Subject matter and scope.....	6
Article 2 Definitions	6
Article 3 Avoidance of undue discrimination.....	7
CHAPTER 2 DETERMINATION OF THE CAPACITY SPLIT FOR THE AVAILABLE LONG-TERM CAPACITY	8
Article 4 Coherence with the long-term capacity calculation.....	8
Article 5 Capacity Split Principles.....	8
Article 6 Evaluation of the Capacity Split Ratio	8
CHAPTER 3 REPORTING PROVISIONS.....	9
Article 7 Provision of data to national regulatory authorities	9
CHAPTER 4 FINAL PROVISIONS.....	10
Article 8 Implementation.....	10
Article 9 Language	10

**THE RELEVANT TRANSMISSION SYSTEM OPERATORS OF CAPACITY CALCULATION REGION HANSA,
TAKING INTO ACCOUNT THE FOLLOWING:**

WHEREAS

- (1) This document (hereafter referred to as "Splitting Rules Methodology") is a common methodology developed by all Transmission System Operators (hereafter referred to as "TSOs") within the Capacity Calculation Region Hansa (hereafter referred to as "CCR Hansa"), as defined in accordance with Article 15 of Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management (hereafter referred to as the "CACM Regulation"), regarding the methodology for splitting long-term cross-zonal capacity. This methodology is required by Article 16 of Regulation (EU) 2016/1719 establishing a guideline on forward capacity allocation (hereafter referred to as the "FCA Regulation"), which entered into force on 26 September 2016.
- (2) The goal of the FCA Regulation is the coordination and harmonisation of cross-zonal capacity calculation and capacity allocation in the forward markets, and it sets requirements for the TSOs to cooperate on the level of capacity calculation regions (hereinafter referred to as "CCRs"), on a Pan-European level and across bidding-zone borders. The FCA Regulation also sets rules for establishing capacity calculation methodologies, and in case of the TSO(s) allocating long-term transmissions rights, also sets rules for establishing a methodology for the splitting of long-term capacity on different time frames, e.g. monthly, quarterly and yearly time frames.
- (3) In accordance with Article 16(1) of the FCA Regulation, the Splitting Rules Methodology shall propose a methodology for splitting long-term cross-zonal capacity in a coordinated manner between different long-term time frames within the respective region.
- (4) In accordance with Article 16(1) of the FCA Regulation, the common Splitting Rules Methodology shall be developed no later than the submission of the capacity calculation methodology referred to in Article 10 of the FCA Regulation.
- (5) In accordance with Article 16(1) of the FCA Regulation, the common Splitting Rules Methodology shall be subject to consultation in accordance with Article 6 of the FCA Regulation, and subject to approval by the relevant regulatory authorities of the CCR Hansa in accordance with Article 4 of the FCA Regulation.
- (6) In accordance with Article 30(7) of the FCA Regulation, where regulatory authorities decide that long-term transmission rights shall not be issued by the respective TSOs or that other long-term cross-zonal hedging products shall be made available by the respective TSOs, Article 16 of the FCA Regulation, among others, shall not apply to the TSOs of that (these) bidding-zone border(s). As a result, the relevant TSOs and regulatory authorities for this Splitting Rules Methodology are those of bidding-zone borders where long-term products will be offered. This Splitting Rules Methodology will be submitted for approval only by these relevant TSOs to these relevant regulatory authorities.
- (7) This Splitting Rules Methodology takes into account the general principles, goals and other methodologies set in the FCA Regulation, CACM Regulation, Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation (hereafter referred to as "SO Regulation"), and Regulation (EC) No 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (hereafter referred to as "Regulation (EC) No 2019/943").
- (8) This Splitting Rules Methodology takes into account the long-term capacity calculation methodology (hereafter referred to as "LT CCM") developed in accordance with Article 10 of the FCA Regulation and considers it available and implemented in order to execute allocation of transmission rights for the long-term time frame. Thus, the frequency of the allocation of long-term transmissions rights depends on the frequency of capacity calculations for the long-

term time frame.

- (9) This Splitting Rules Methodology shall fulfil the conditions set out in Article 16(2) of the FCA Regulation:
 - a. It shall meet the hedging needs of market participants;
 - b. It shall be coherent with the capacity calculation methodology;
 - c. It shall not lead to restrictions in competition, in particular for access to long-term transmission rights.
- (10) This Splitting Rules Methodology should contribute to and not in any way hinder the achievement of the aims of Article 3 of the FCA Regulation. In accordance with the requirement of Article 4(8) of the FCA Regulation, the expected impact of the Splitting Rules Methodology is set out in this article. This Splitting Rules Methodology:
 - a. promotes effective long-term cross-zonal trade by offering long-term cross-zonal hedging opportunities for market participants, in accordance with Article 3(a) of the FCA Regulation, by allowing flexibility per Interconnector in the splitting of long-term capacity to account for market requirements;
 - b. does not hinder the optimisation of the calculation and allocation of long-term cross-zonal capacity, in accordance with Article 3(b) of the FCA Regulation, since the Splitting Rules Methodology sequentially follows the outcomes of the long-term capacity calculation process and accounts for market requirements;
 - c. provides non-discriminatory access to long-term cross-zonal capacity, in accordance with Article 3(c) of the FCA Regulation, as there are no barriers for access to the auctions of LTTRs if the conditions, provided for in the harmonised allocation rules for long-term transmission rights in accordance with Article 51 of FCA Regulation as amended from time to time (hereafter referred to as "HAR"), are fulfilled.
 - d. ensures fair and non-discriminatory treatment of TSOs, the Agency, regulatory authorities and market participants, in accordance with Article 3(d) of the FCA Regulation, by setting coordinated LTTR splitting and allocation principles throughout the region, making available adequate volumes to the LTTR auctions for all market participants meeting the HAR requirements and providing access to data to the Agency, the CCR Hansa regulatory authorities and market participants;
 - e. respects the need for a fair and orderly forward capacity allocation and orderly price formation, in accordance with Article 3(e) of the FCA Regulation, by publishing and making available in due time the cross-zonal capacity to be auctioned as LTTRs in each long-term time frame, where appropriate;
 - f. ensures and enhances the transparency and reliability of information on forward capacity allocation, in accordance with Article 3(f) of the FCA Regulation, through setting transparent principles and processes for allocating LTTRs and requiring transparent publication of relevant information on cross-zonal capacities and the LTTR allocation process to aid forecasting and hedging purposes; and,
 - g. contributes to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union, in accordance with Article 3(g) of the FCA Regulation, by meeting the conditions of Article 16(2) of the FCA Regulation and providing the flexibility to facilitate the market requirements to be addressed in the long-term time frames without increasing administrative burden.
- (11) This Splitting Rules Methodology shall apply to all capacity made available for allocation within the requirements in Directive 2009/72/EC, Article 32 relating to Third-party access.

HEREBY SUBMIT THE FOLLOWING METHODOLOGY FOR A SPLITTING RULES METHODOLOGY FOR THE RELEVANT BIDDING-ZONE BORDERS OF CAPACITY CALCULATION REGION HANSA TO THE RELEVANT

NATIONAL REGULATORY AUTHORITIES OF THE CAPACITY CALCULATION REGION HANSA:

CHAPTER 1

GENERAL PROVISIONS

Article 1

Subject matter and scope

1. According to Article 16 of the FCA Regulation, the CCR Hansa TSOs shall jointly develop a methodology for splitting long-term cross-zonal capacity in a coordinated manner between different long-term time frames within the CCR Hansa ("Splitting Rules Methodology").
2. In line with Article 30(7) of the FCA Regulation, this Splitting Rules Methodology shall not apply to the CCR Hansa TSOs of the CCR Hansa bidding-zone borders of which the regulatory authorities have decided that long-term rights shall not be issued by the respective TSOs or that other long-term cross-zonal hedging products shall be made available by the respective TSOs.
3. This Splitting Rules Methodology is the common methodology of all CCR Hansa TSOs offering LTTRs, in accordance with Article 16(1) of the FCA Regulation. It covers the methodology for splitting long-term cross-zonal capacity for the long-term time frame into volumes of LTTRs made available for allocation.

Article 2

Definitions

1. For the purposes of the methodology, the terms used shall have the meaning given to them in:
 - a. Article 2 of Regulation (EC) No 2019/943;
 - b. Article 2 of the FCA Regulation;
 - c. Article 2 of the CACM Regulation;
 - d. Article 2 of the HAR;
 - e. Article 2 of Commission Regulation (EU) No 543/2013 of 14 June 2013 on submission and publication of data in electricity markets and amending Annex I to Regulation (EC) No 2019/943 of the European Parliament and of the Council (hereafter referred to as "Transparency Regulation");
2. In addition, in this Splitting Rules Methodology, the following definitions shall apply:
 - a. "LTTR" means a physical or financial long-term transmission right in accordance with Article 2 of the FCA Regulation.
 - b. "Interconnector" has the meaning as given in Regulation (EC) 2019/943. Multiple Interconnectors can exist on a bidding-zone border.
 - c. "Responsible TSOs" means the CCR Hansa TSOs responsible for the splitting and allocation of the long-term cross-zonal capacity on the concerned Interconnector.
 - d. "Capacity Split Ratio" means the time frame specific ratio for splitting the long-term cross-border capacity into the Capacity Split on the concerned Interconnector by the Responsible TSOs.
 - e. "Capacity Split" means the specific volumes being made available for allocation on the concerned Interconnector by the Responsible TSOs for each long-term time frame.
 - f. "NTC" means the net transfer capacity available for cross-zonal exchange resulting from the long-term capacity calculation for a specific long-term time frame and Interconnector.
3. In this Splitting Rules Methodology, unless the context requires otherwise:

- a. The singular indicates the plural and vice versa;
- b. Headings are inserted for convenience only and do not affect the interpretation of the methodology;
- c. References to an “Article” are, unless otherwise stated, referring to an article of this Splitting Rules Methodology; and
- d. Any reference to legislation, regulations, directives, orders, instruments, codes or any other enactment includes any modification, extension or re-enactment of it when in force.

Article 3 **Avoidance of undue discrimination**

- 1. In accordance with Article 16(2)(c) of the FCA Regulation, this Splitting Rules Methodology shall not lead to restrictions in competition for access to LTTRs or undue restrictions in competition between purchasers of LTTRs in the auctions of LTTRs.
- 2. All market players shall be given access to purchase LTTRs via the Single Allocation Platform if they fulfil the general conditions set out in Chapters 2 and 3 of the HAR.

CHAPTER 2

DETERMINATION OF THE CAPACITY SPLIT FOR THE AVAILABLE LONG-TERM CAPACITY

Article 4

Coherence with the long-term capacity calculation

1. In accordance with Article 16(2)(b) of the FCA Regulation, the Splitting Rules Methodology shall be coherent with the capacity calculation methodology. Consequently, the total volume of LTTRs made available for allocation in a time frame, in addition to already allocated LTTRs (if applicable), shall not exceed the NTC for that respective time frame.
2. In case the volume of the already allocated LTTRs exceeds the most current NTC, no additional volume for LTTRs shall be made available for allocation.

Article 5

Capacity Split Principles

1. The Capacity Split Ratio for each Interconnector is stated in Annex 1.
2. The process and timeline for determining the Capacity Split will be identical **for all Interconnectors and shall result in a Capacity Split for each Interconnector that contains direction specific volumes of all LTTR products to be made available for allocation.**
3. The Capacity Split for a specific Interconnector is based on the long-term capacity calculation results combined with the relevant Capacity Split Ratio and shall be updated after each update of the long-term capacity calculation.
4. **The capacity from article 5(3) in a specific time frame, reduced by the capacity already allocated to previous time frames and increased by returned capacity from the previous time frames, is offered to the relevant time frame.**
5. CCR Hansa TSOs can request an amendment of the Capacity Split Ratios pursuant to Article 6.

Article 6

Evaluation of the Capacity Split Ratio

1. If one or several of the CCR Hansa TSOs conclude that amendments to this methodology are necessary or desirable, they shall submit a proposal to amend the methodology to the relevant CCR Hansa Regulatory Authorities according to Article 4 of the FCA Regulation.
2. CCR Hansa TSOs shall evaluate the working of this Splitting Rules Methodology three years after implementation at the latest. The evaluation shall at least include an analysis of whether the splitting rules meet market participants' hedging needs.
3. CCR Hansa TSOs shall share the evaluation results from article 6(2) at the latest 2 months after the evaluation in article 6(2) has been completed with the relevant CCR Hansa Regulatory Authorities.

CHAPTER 3

REPORTING PROVISIONS

Article 7

Provision of data to national regulatory authorities

1. All technical and statistical information related to this Splitting Rules Methodology shall be made available to the applicable regulatory authorities upon their request.
2. Any data requirements should be managed in line with confidentiality requirements pursuant to national legislation.

CHAPTER 4

FINAL PROVISIONS

Article 8

Implementation

In accordance with Article 4(8) of the FCA Regulation, this Splitting Rules Methodology shall be implemented for the first auction of yearly products after the methodology has been approved by all relevant regulatory authorities.

Article 9

Language

1. The reference language for this methodology shall be English.
2. For the avoidance of doubt, where CCR Hansa TSOs need to translate this Splitting Rules Methodology into their national language(s), in the event of inconsistencies between the English version published by the TSOs in accordance with Article 4(13) of the FCA Regulation and any version in another language, the relevant TSOs shall, in accordance with national legislation, provide the relevant regulatory authorities with an updated translation of the Splitting Rules methodology.

Annex 1

Bidding zone border (Interconnector)	Direction	Yearly [%]	Monthly [%]
DE-DK1 (AC grid)	DE->DK1	60	40
	DK1->DE	60	40
DE-DK2 (Krieger's Flak CGS)	DE->DK2	60	40
	DK2->DE	60	40
DE-DK2 (Kontek)	DE->DK2	60	40
	DK2->DE	60	40
NL-DK1 (CobraCable)	NL->DK1	60	40
	DK1->NL	60	40