

Dear market participants,

In the context of an early implementation project of the European network code Forward Capacity Allocation, the European TSOs have drafted new harmonized allocation rules for Long-term Transmission Rights (LTRs), namely the European Harmonized Allocation Rules (EU HAR). These EU HAR have been approved by all CWE National Regulatory Authorities (NRAs) and will apply on relevant borders for all Long Term Transmission Rights (LTRs) with a delivery date from the 1st of January 2016 on. Furthermore, the allocation rules for the fall-back procedure if the day-ahead Multi Regional Coupling (MRC) cannot take place, namely the Shadow Allocation Rules (SAR), have been also approved by CWE NRAs and will apply on relevant borders for all daily allocation with a delivery date from the 1st of January 2016 on.

These EU HAR and SAR will replace the currently applicable CASC.EU Harmonized Auction Rules.

As such the CWE TSOs and the allocation platform allocating the LTRs on their behalf, namely JAO, would like to inform market parties that the entry into force of the EU HAR, the SAR and related changes in the national regulations (e.g. a change of the Dutch grid code) introduce the following major changes:

#### **Registration with the Allocation Platform**

- Market parties that want to participate in auctions of LTRs or shadow auctions for the CWE borders need to conclude a new participation agreement with the Allocation Platform (i.e. JAO) at least 7 working days before the respective auctions of TRs take place with delivery from the 1<sup>st</sup> of January 2016 on. All documents needed for the registration of market parties are available on JAO's website under the section, "JAO Registration 2016" <http://www.jao.eu/resourcecenter/overview>;
- Market parties should provide collaterals required to secure payment with the Allocation Platform in the form of cash deposit or in the form of a bank guarantee. However a dedicated business account will always be required. By allowing the use of these two forms of collaterals, conditions for new market entrants will be eased.

#### **New product on Belgium Borders (BE-FR & BE-NL) and modifications of the Long Term Auction process and of the process regarding the usage of LTRs**

- According to the Annex 1 of the EU HAR, product offered for the Belgium-French and the Belgium-Dutch border will change. The LTRs that will be allocated on these Bidding Zone borders with delivery from 1st of January 2016 on will be in the form of Financial Transmission Rights Options (FTR Options) instead of Physical Transmission Rights Use-it-or-sell-it (PTRs UIOSI); As such from the delivery date of the 1st of January 2016 on it will be no longer allowed for market parties to nominate LTRs for the Belgium-French and the Belgium-Dutch border. The possibility to nominate LTRs on other CWE borders than the mentioned Belgium borders remains possible.
- The harmonized nomination gate closure for LTRs on CWE borders at 8:30 am D-1 was introduced through the national nomination requirements. All compensation rules in case of curtailment of LTRs on CWE borders are defined in the EU HAR main body and the CWE specific annex (EU HAR, Annex 2).
- Only one LTR auction with a yearly timeframe for the Belgium-Dutch border and the German-Dutch border will take place according to the new Dutch grid code. Consequently, the bidding period of the yearly LTR auctions will end on the 30th of November.

- Rights Document that will replace the term “Programming Authorization” and contains all information of LTRs held by the registered participant, will be sent everyday (including non-working days) by the Allocation Platform at 1:00 pm D-2 for CWE borders.

#### **Contestation period for Shadow Allocation**

- According to SAR, the reliability of shadow auction results that are not triggered during a daily session of MRC will be improved by the harmonization of the contestation period. 1 hour and 30 minutes after the notification of the provisional Shadow Auction Results and unless a Shadow Auction is cancelled due to erroneous results, the provisional Shadow Auction results shall be considered as final and binding with no further notification

Please note that the above mentioned changes are not the only consequences of the entry into force of the EU HAR and SAR. The CWE TSOs and JAO therefore advise the market participants that want to acquire Transmission Rights on the CWE Bidding Zone borders to assess the consequences of the entry into force of the EU HAR and SAR by reviewing the EU HAR, SAR and participation agreement.

For more information about the EU HAR and SAR see the JAO website under the section “Auction Rules”: <http://www.jao.eu/resourcecenter/overview>