

# Forward Capacity Allocation Network Code

## High Level Summary of Main Contents and Scope

EMD WG

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# Introduction

## Subject and Matter of Scope

- Enable market participants to buy **long-term transmission rights** (which come in either physical or financial forms) allowing them to hedge price fluctuations
- Set out **rules for the transmission rights**, their allocation, the way in which holders of transmission rights are compensated in case their right is curtailed

## Main NC Elements

- Capacity allocation on long term horizons (year, month)
- Need to accommodate different products (PTR, FTR options, obligations)
- Need to harmonize auction rules over EU
- Need to establish a single allocation platform

***FCA GL has been positively voted on the October 30<sup>th</sup> session of the ECBC***

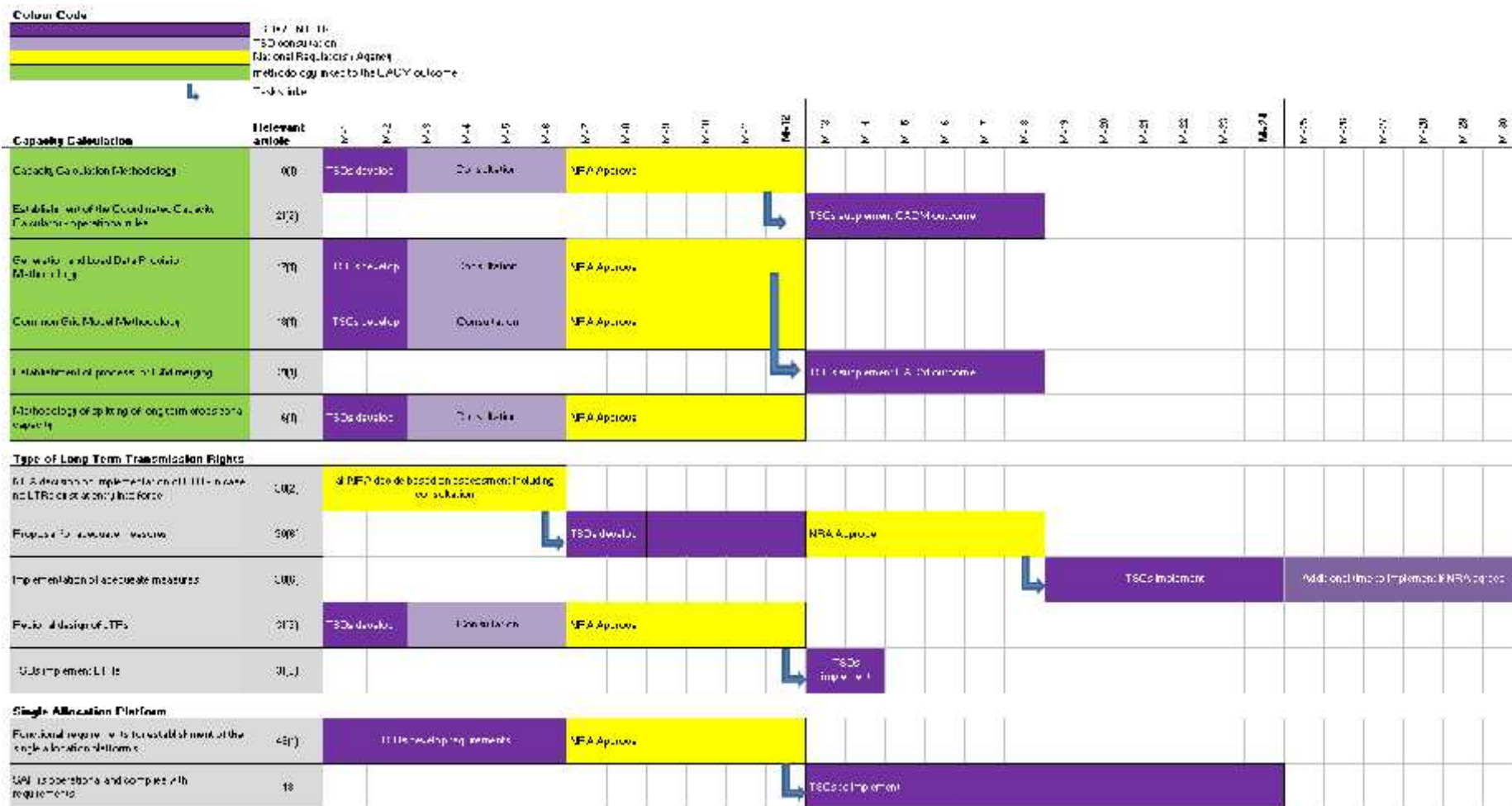
## Main contents (1/2)

- **Options for Cross Zonal Transmission Risk Hedging**
  - PTRs with UIOSI or FTR options/obligations
  - Unless “appropriate cross-border hedging is offered in liquid financial markets”
- **Pan-EU Harmonised Allocation Rules**
  - Introduction of harmonised set of rules for PTRs with UIOSI and for FTRs options and obligations
  - Progressive harmonisation for PTR nomination rules
- **Single Allocation Platform**
  - Single EU platform provided by TSOs

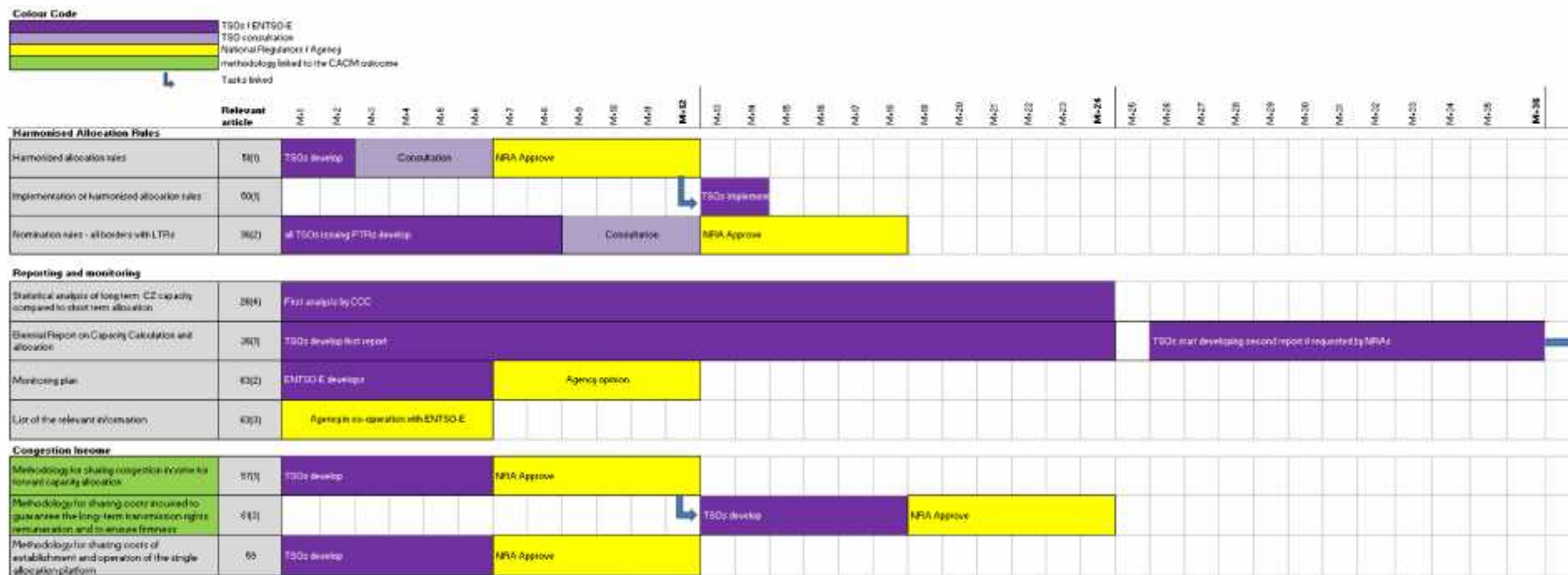
## Main contents (2/2)

- **Capacity Calculation for Forward Capacity Allocation**
  - Coordinated calculation for each capacity calculation region (CACM defined), with a European Common Grid Model (CGM) and European merging function
  - Capacity calculation methodology can include additional elements such as a statistical approach (instead of scenario-based) if deemed more efficient
- **Splitting of Cross Zonal Capacity**
  - TSOs to define a coordinated methodology within their CCR (notice CCRs will progressively merge as per CACM) to define yearly volumes and split among timeframes, in coherence with the capacity calculation methodology
- **Firmness**
  - Curtailment is only possible before the Day-Ahead Firmness Deadline (CACM Art. 69)
  - Market spread based compensation for curtailment events
  - Compensation caps are optional, can be monthly for DCs, they are yearly for all other cases
  - Initial Price Paid compensation in case of Force Majeure

# Calendar (1/2)



# Calendar (2/2)



Consultation and approval process - minimum 6 months	Consultation
- approval of proposal for consultation - 1 month	
- consultation - minimum 1 month	
- amending proposal after consultation - 1 month	
- final approval of proposal - 1 month	