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Date 13 April 2017
Your reference
Our reference BN 17-007
Enclosure(s) 5
Subject Proposals for Harmonised Allocation Rules and BritNed border specific annex in accordance with Article 51 of the FCA Regulation

Dear Mr Don,

Hereby you receive the all TSOs' proposal for harmonised allocation rules for long-term transmission rights and the BritNed border specific annex, in accordance with Article 51 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation. These proposals have been subject to consultation.

For your approval, you find enclosed to this letter.

- The all TSOs' proposal for harmonised allocation rules for long-term transmission rights, in accordance with Article 51 of the FCA Regulation.
- The BritNed border specific annex as part of the all TSOs' proposal for harmonised allocation rules.

For your information, you find enclosed to this letter.

- The supporting document to the all TSOs' proposal for harmonised allocation rules for long-term transmission rights.
- The supporting document to the BritNed border specific annex.
- A compare version between this BritNed border specific annex for your approval and the border specific annex which is approved last year.

These proposals are not confidential.

Date 13 April 2017
Reference BN 17-007
Page 2 of 2



Yours faithfully,

BRITNED DEVELOPMENT LIMITED

[REDACTED]
Jan Hoogstraaten
Regulatory Manager

All TSOs' proposal for harmonised allocation rules for long-term transmission rights in accordance with Article 51 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation

10 April 2017

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All TSOs taking into account the following:

Whereas

- (1) This document is the common proposal developed by all Transmission System Operators (hereafter referred to as “**TSOs**”) for a harmonised allocation rules for long-term transmission rights on EU level (hereafter referred to as “**HAR**”) in accordance with Article 51 of Commission Regulation (EU) 2016/1719 establishing a guideline on Forward Capacity Allocation (hereafter referred to as the “**FCA Regulation**”).
- (2) The HAR take into consideration the provisions on general principles of Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity (hereafter referred to as “**Regulation (EC) No 714/2009**”).
- (3) The HAR take into account the general principles, goals and other methodologies set out in the FCA Regulation. The goal of the FCA Regulation is the coordination and harmonisation of forward capacity calculation and allocation in the long term capacity markets, and it sets requirements for the TSOs to co-operate on a pan-European level; on the level of capacity calculation regions (hereinafter referred to as “**CCRs**”), and across bidding zone borders.
- (4) In accordance with Article 52(2) of the FCA Regulation, the HAR shall contain at least harmonised definitions and scope of applications, the description of the allocation process/procedure for long-term transmission rights, including the minimum requirements for participation, financial matters, type of products offered in explicit auctions, nomination rules, curtailment and compensation rules, rules for market participants in case they are transferring their long-term transmission rights, the use-it-or-sell-it principle, rules as regards force majeure and liability. In addition, the HAR shall contain a contractual framework between the single allocation platform and the market participants.
- (5) In accordance with Article 52(3) of the FCA Regulation, these HAR also contain regional or bidding zone border specific requirements with regard (but not limited) to the description of the type of long-term transmission rights which are offered on each bidding zone border within the CCR, the type of long-term transmission rights remuneration regime to be applied on each bidding zone border within the CCR according to the allocation in the day-ahead time frame, the implementation of alternative coordinated regional fallback solutions, the regional compensation rules defining regional firmness regimes. These specific requirements are detailed in the relevant annexes to the HAR for the concerned regions or bidding zone borders. TSOs will submit these Annexes to the national regulatory authorities of the relevant capacity calculation region for approval in accordance with Article 4(7) of the FCA Regulation.
- (6) This proposal thus contains the provisions of the HAR, applicable to the bidding zone borders in the EU, unless otherwise decided by the relevant NRAs in accordance with Article 30 of the FCA Regulation.
- (7) Based on the provisions of Article 51 of the FCA Regulation, this proposal is subject to a public consultation in accordance with Article 6 of the FCA Regulation. The main body of the HAR is

subject to the approval of all National Regulatory Authorities (hereafter referred to as “NRAs”), whereas the specific requirements are to be approved by the concerned NRAs.

- (8) This proposal on the HAR generally contributes to the achievement of the objectives of Article 3 of the FCA Regulation. In particular, the proposal of the HAR serves the objective of promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants as the harmonisation of all the relevant rules will ease the creation of a level-playing field across Europe. Currently, there are multiple allocation rules across the EU which shall be aligned and implemented by the single allocation platform based on this proposal.
- (9) The objective of optimising the allocation of long-term cross-zonal capacity is achieved with this proposal for the HAR, notably because the harmonised rules will simplify the trading activities for long-term products across European borders
- (10) Also the proposal on the HAR contributes to the provision of non-discriminatory access to long-term cross-zonal capacity by harmonising the process of participating in the long-term auctions (or transferring that right). To this end, this proposal details the necessary participation agreement to be signed by all interested parties. This agreement also allows access to the auction tools of the single allocation platform.
- (11) Furthermore, the HAR proposal ensures fair and non-discriminatory treatment of all affected parties, as it sets rules to be applied by all parties. Additionally, the proposal on the HAR assures transparency for the information relating to the auctions for long-term transmission rights.
- (12) Further, the HAR provide for a regime which respects the need for a fair and orderly forward capacity allocation and orderly price formation as a harmonised set of allocation rules is envisaged with a single capacity allocation algorithm based on merit order priority in the allocation.
- (13) Regarding the objective of transparency and reliability of information on forward capacity allocation, the HAR proposal clarifies which information is to be published by the single allocation platform in a centralized manner and which should be considered as confidential.
- (14) The HAR should foster liquidity by easing access to the market in a non-discriminatory and cost-efficient manner, taking into account the existing allocation process.
- (15) Also the HAR contributes to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union, as it optimises allocation of long-term capacity, reflecting congestion on all EU borders in an efficient way.
- (16) In conclusion, the HAR proposal contributes to the general objectives of the FCA Regulation to the benefit of all market participants and electricity end consumers.

SUBMIT THE FOLLOWING PROPOSAL FOR THE HAR TO ALL REGULATORY AUTHORITIES:

CHAPTER 1

General Provisions

Article 1

Subject-matter and scope

These Allocation Rules including the related regional and/ or border specific annexes, contain the terms and conditions for the allocation of Long Term Transmission Rights on Bidding Zone borders in the European Union, it being understood that the Registered Participant will accede to these rules by the signature of the Participation Agreement. In particular, the Allocation Rules set out the rights and obligations of Registered Participants as well as the requirements for participation in Auctions, they describe the process of Auction, including the determination of Marginal Price as a result of Auction, the conditions for transfer and return of Long Term Transmission Rights, for remuneration of holders of such returned Long Term Transmission Rights, and the processes for curtailment of Long Term Transmission Rights and invoicing/payment.

The Auctions and transfer of Long Term Transmission Rights refer to Cross Zonal Capacity only and Registered Participants may invoke no other right in connection with the Long Term Transmission Rights allocated to them than the rights in accordance with the provisions of these Allocation Rules.

The Allocation Platform will publish and keep up-to-date on its website a list of borders where Long Term Transmission Rights are allocated, together with information on the type of Long Term Transmission Rights and the applicability of a cap on compensation for curtailment according to Article 59 paragraph 2 or paragraph 3.

Article 2

Definitions and interpretation

1. Capitalised terms used in these Allocation Rules shall have the meaning given to them in Article 2 of Regulation (EC) 714/2009, Article 2 of Regulation (EC) 2013/543, Article 2 of Regulation (EU) 2015/1222, Article 2 of Directive 2009/72/EC, and in Regulation (EU) 2016/1719.
2. In addition, the following definitions shall apply:

Affiliate means, in relation to any person, any other person that directly or indirectly controls, is controlled by or is under direct or indirect common control with that person as control is defined in the EU Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings;

Allocation Platform means either the responsible TSO(s) at the respective Bidding Zone border(s) or an entity appointed and commissioned by them or nominated in accordance to national regulations to act on their behalf and on its own name it being a single allocation platform or regional platform(s) for the attribution of Long Term Cross Zonal Capacity through the Auctions as defined in the Participation Agreement;

Allocation Rules means the rules for Forward Capacity Allocation applied by Allocation Platform(s);

Auction Tool means the information technology system used by the Allocation Platform to perform Auctions and to facilitate other procedures described in these Allocation Rules such as transfer or return of Long Term Transmission Rights;

Auction Specification means a list of specific characteristics of a particular Auction, including the nature of offered products and relevant dates;

Bank Guarantee means an unconditional and irrevocable standby letter of credit or letter of guarantee issued by a bank;

Bid means a pair of Bid Quantity and Bid Price offered by a Registered Participant participating in an Auction;

Bid Price means the price which a Registered Participant is willing to pay for one (1) MW and hour of Long Term Transmission Rights;

Bid Quantity means the amount of Long Term Transmission Rights in MW requested by a Registered Participant;

Bidding Period means the time period within which the Registered Participants wishing to participate in an Auction may submit their Bids;

Business Account means a dedicated deposit account opened at the financial institution selected by the Allocation Platform in the name of the Allocation Platform or at the discretion of the Allocation Platform opened by the Registered Participant, but with the Allocation Platform as the beneficiary of the dedicated cash deposit, which may be used for payments by the Registered Participant;

Credit Limit means the amount of the collaterals which may be used to cover any Bid submission in subsequent Auctions and is not used for outstanding payment obligations;

EIC Code means the ENTSO-E Energy Identification Coding Scheme identifying the parties in a cross-border trade;

Financial Transmission Right Option means a right entitling its holder to receive a financial remuneration based on the day ahead allocation results between two Bidding Zones during a specified period of time in a specific direction;

Financial Transmission Right Obligation means a right entitling its holder to receive financial remuneration or obliging its holder to provide financial remuneration based on the day ahead allocation results between two Bidding Zones during a specified period of time in a specific direction;

Force Majeure means any unforeseeable or unusual event or situation beyond the reasonable control of a Party and/or the relevant TSOs, and not due to a fault of the Party and/or the relevant TSOs, which cannot be avoided or overcome with reasonable foresight and diligence, which cannot be solved by measures which are from a technical, financial or economic point of view reasonably possible for the Party and/or the relevant TSOs, which has actually happened and is objectively verifiable, and which makes it impossible for the Party and/or the relevant TSOs to fulfil, temporarily or permanently, its obligations;

Information System Rules means the terms and conditions for access to and use of the Auction Tool by Registered Participants as published on the Allocation Platform's website;

Interconnector means the interconnector as defined in Article 2 of Regulation (EC) 714/2009;

Marginal Price means the price determined at a particular Auction to be paid by all the Registered Participants for each MW and hour of acquired Long Term Transmission Right;

Participation Agreement means the agreement, by which the Parties undertake to comply with the terms and conditions for Cross Zonal Capacity Allocation as contained in these Allocation Rules;

Party/ Parties means the Allocation Platform and/or a Registered Participant referred to individually as Party or collectively as Parties;

Physical Transmission Right means a right entitling its holder to physically transfer a certain volume of electricity in a certain period of time between two Bidding Zones in a specific direction;

Product Period means the time and date on which the right to use the Long Term Transmission Right commences and the time and date on which the right to use the Long Term Transmission Right ends;

Reduction Period means a period of time, i.e. specific calendar days and/or hours, within the Product Period in which Cross Zonal Capacities with a reduced amount of MW are offered taking into account a foreseen specific network situation (e.g. planned maintenance, long-term outages, foreseen balancing problems);

Registered Participant means a market participant which has entered into a Participation Agreement with the Allocation Platform;

Rights Document means a document containing the information of the maximum amount of allocated Physical Transmission Rights that can be nominated by a market participant per Bidding Zone border per day per hour and per direction or the maximum amount of Financial Transmission Rights that will be considered for financial remuneration, taking into account the volume of Long Term Transmission Rights initially acquired, the subsequent transfers and returns, and any possible curtailments which occurred before the issuance of the Rights Document.;

Working Day means the calendar days from Monday to Friday, with the exception of public holidays as specified on the website of the Allocation Platform;

Working Hours means the hours on Working Days specified within the Participation Agreement;

3. In these Allocation Rules, including its annexes, unless the context requires otherwise:
 - (a) Any reference to the word Bidding Zone border may cover all interconnectors collectively or, for the purpose of the application of a cap to compensations with the meaning of Article 59(2) or 59(3) of these Allocation Rules, only one or a subset of interconnector(s) at this Bidding Zone border
 - (b) the singular indicates the plural and vice versa;
 - (c) references to one gender include all other genders;
 - (d) the table of contents, headings and examples are inserted for convenience only and do not affect the interpretation of the Allocation Rules;
 - (e) the word “including” and its variations are to be construed without limitation;
 - (f) any reference to legislation, regulations, directive, order, instrument, code or any other enactment shall include any modification, extension or re-enactment of it then in force;
 - (g) any reference to another agreement or document, or any deed or other instrument is to be construed as a reference to that other agreement, or document, deed or other instrument as amended, varied, supplemented, substituted or novated from time to time;

- (h) a reference to time is a reference to CET/CEST time unless otherwise specified;
- (i) where the Allocation Platform is required to publish any information under these Allocation Rules, it shall do so by making the information or data available on its website and/or via the Auction Tool; and
- (j) any reference to Financial Transmission Rights shall cover both FTR-Options and FTR-Obligations.

Article 3

Allocation Platform

1. The Allocation Platform shall undertake the allocation functions in accordance with these Allocation Rules and in accordance with applicable European Union legislation.
2. For the purposes of these Allocation Rules the Allocation Platform shall be the party signing the Participation Agreement with the Registered Participant.
3. For the purpose of the Participation Agreement with the Registered Participant, the Allocation Platform shall publish a consolidated version of these Allocation Rules including the annexes thereto as they enter into force in accordance with the applicable national regulatory regimes. In case of a conflict between the consolidated version by the Allocation Platform and the Allocation Rules including the annexes as entered into force in accordance with the applicable national regulatory regimes, the latter shall prevail.

Article 4

Regional specificities

1. Regional or border specificities may be introduced for one or more Bidding Zone borders. Such regional or border specificities shall enter into force in accordance with the applicable national regulatory regime and be attached as annexes to these Allocation Rules. In case these annexes need to be amended based on a decision of the relevant National Regulatory Authorities, Article 68 shall apply.
2. If there is an inconsistency between any of the provisions in the main body of these Allocation Rules and the regional or border specific annexes, the provisions in the annexes shall prevail.
3. TSOs may propose such regional or Bidding Zone border specificities in particular for, but without limitation to:
 - (a) the description of the type of Long-Term Transmission Rights which are offered on each Bidding Zone border within the capacity calculation region;
 - (b) the type of Long-Term Transmission Rights remuneration regime to be applied on each Bidding Zone border according to the allocation in the day-ahead timeframe in derogation to the rules of Chapter 7 of these Allocation Rules;
 - (c) the implementation of alternative coordinated regional fallback solutions in derogation or in addition to the rules of Chapter 8 of these Allocation rules; and
 - (d) compensation rules defining regional or border specific firmness regimes pursuant to article 55 of Regulation (EU) 2016/1719.

Article 5

Effective date and application

1. These Allocation Rules shall enter into force in accordance with the applicable national regulatory regimes and on the date announced by the Allocation Platform.
2. These Allocation Rules apply to Capacity Allocation for Long Term Transmission Rights with the delivery period to be specified by the Allocation Platform on its website upon the entry into force of these Allocation Rules, it being understood that the said delivery period shall be from 1 January in the subsequent year following the adoption of these Allocation Rules in accordance with Article 4 of the FCA Regulation.
3. Unless expressly stated otherwise by the regional or border specific annex(es) or otherwise required by the applicable governing law, these Allocation Rules shall govern all rights and obligations in connection with Long Term Transmission Rights acquired before the entry into force of these Allocation Rules but with the delivery date after 1 January of the year published on the Allocation Platform's website in accordance with paragraph 2 of this Article.

CHAPTER 2

Requirements and process for participation in Auctions and Transfer

Article 6 **General Provision**

1. Market participants may acquire a Long term Transmission Right only from participation in Auctions or/and via transfer.
2. The participation both in Auctions and in transfers requires that the market participant:
 - (a) concludes a valid and effective Participation Agreement in accordance with Article 7 to Article 15; and
 - (b) has access to the Auction Tool in accordance with Article 16.
3. The participation in Auctions requires that market participants, in addition to the conditions set forth in the previous paragraph, fulfil also the following conditions:
 - (a) they comply with the requirements for provision of collaterals as specified in CHAPTER 3; and
 - (b) they accept additional financial terms where needed in accordance with Article 17.
4. In any case, market participants have to fulfil the obligations as specified in the relevant Chapters of these Allocation Rules.

Article 7 **Participation Agreement conclusion**

1. At least seven (7) Working Days before the first participation in an Auction, any market participant may apply to be a party to a Participation Agreement by submitting, to the Allocation Platform, two (2) signed copies of the Participation Agreement, as published on the website of the Allocation Platform, together with all duly completed information and documents required by Article 8 to Article 16. The Allocation Platform shall assess the completeness of the information submitted in accordance with Article 9 and Article 13 within five (5) Working Days of receipt of the completed and signed Participation Agreement.
2. The Allocation Platform shall before the expiration of the five (5) Working Days deadline ask the market participant to provide any outstanding information which the market participant fails to submit with its Participation Agreement. On receipt of the outstanding information, the Allocation Platform shall within an additional five (5) Working Days review the information and inform the market participant if any further information is required.
3. Once the Allocation Platform has received all necessary information, it shall return one copy of the Participation Agreement signed by it to the market participant without undue delay. Signature of the Participation Agreement by the Allocation Platform shall not itself indicate compliance with any other condition set in these Allocation Rules for the participation in the Auctions. The Participation Agreement comes into force on the date of signature by the Allocation Platform.

4. The Allocation Platform shall publish a list of Registered Participants eligible to transfer long-term transmission rights.

Article 8

Form and content of the Participation Agreement

1. The form of the Participation Agreement and the requirements for its completion shall be published by the Allocation Platform and may be amended from time to time by the Allocation Platform without changing any terms and conditions specified in these Allocation Rules unless otherwise stated in these Allocation Rules.
2. As a minimum, the Participation Agreement will require the market participant to:
 - (a) provide all necessary information in accordance with Article 9 and Article 13; and
 - (b) agree to be bound by and comply with these Allocation Rules.
3. Nothing in these Allocation Rules shall prevent the Allocation Platform and the Registered Participant from agreeing in the Participation Agreement additional rules, out of the scope of these Allocation Rules, including but not limited to the participation in day-ahead or Intraday Explicit Allocation or any fall-back process for day-ahead Implicit Allocation.
4. In the event of difficulty of interpretation, contradiction or ambiguity between these Allocation Rules and the Participation Agreement, the text of the Allocation Rules shall prevail.

Article 9

Submission of information

1. The market participant shall submit the following information with its completed and signed Participation Agreement:
 - (a) name and registered address of the market participant including general email, facsimile and telephone number of the market participant for notifications in accordance with Article 74.
 - (b) if the market participant is a legal person, an extract of the registration of the market participant in the commercial register of the competent authority;
 - (c) contact details and names of persons authorised to represent the market participant and their function;
 - (d) EU VAT registration number where applicable;
 - (e) Taxes and levies to be considered for invoices and collateral calculations;
 - (f) Energy Identification Code (EIC);
 - (g) bank account information for payment to the applicant to be used by the Allocation Platform for the purposes of Article 65 paragraphs 8 and 9.
 - (h) financial contact person for collaterals, invoicing and payment issues, and their contact details (email, facsimile and telephone number) for notifications where required in these Allocation Rules in accordance with Article 74;

- (i) commercial contact person and their contact details (email, facsimile and telephone number) for notifications where required in these Allocation Rules in accordance with Article 74; and
 - (j) operational contact person and their contact details (email, facsimile and telephone number) for notifications where required in these Allocation Rules in accordance with Article 74.
2. A Registered Participant shall ensure that all data and other information that it provides to the Allocation Platform pursuant to these Allocation Rules (including information in its Participation Agreement) is and remains accurate and complete in all material respects and must promptly notify the Allocation Platform of any change.
3. A Registered Participant shall notify the Allocation Platform if there is any change to the information, submitted in accordance with paragraph 1 of this Article, at least seven (7) Working Days before the change comes into effect and, where that is not possible, without delay after the Registered Participant becomes aware of the change.
4. The Allocation Platform will confirm the registration of the change or send a refusal note of registration of the change to the Registered Participant, at the latest, five (5) Working Days after the receipt of the relevant notification of change. The confirmation or refusal note will be sent via email to the commercial and operational contact person specified by the Registered Participant in accordance with paragraph 1 of this Article. If the Allocation Platform refuses to register the change, the reason shall be provided in the refusal note.
5. The change becomes valid on the day of the delivery of the confirmation to the Registered Participant.
6. If additional information is required from a Registered Participant as a consequence of an amendment to these Allocation Rules, then the Registered Participant shall submit the additional information to the Allocation Platform within ten (10) Working Days after the request for such submission by the Allocation Platform.

Article 10
Warranties

1. By the signature of the Participation Agreement the market participant warrants that:
 - (a) it has not commenced any proceedings seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights;
 - (b) no insolvency, bankruptcy or other similar legal proceeding affecting creditors' rights have been commenced in relation to the applicant;
 - (c) no winding-up or liquidation proceedings have been commenced with regard to the applicant; and
 - (d) it has no overdue payment obligations towards any current, previous or future Allocation Platform.

Article 11

Declaration for participation in transfer only

As part of the submission of the information in accordance with Article 7 and Article 9, the market participant shall declare to the Allocation Platform whether it intends to participate in transfer of Long Term Transmission Rights only. In such a case, it shall not be entitled to participate in any Auction.

Article 12

Dedicated Business Account

As part of the submission of the information in accordance with Article 7 and Article 9, the market participant shall declare to the Allocation Platform whether it intends to open a dedicated Business Account for the purposes of depositing cash collaterals and/or for the purposes of making payments on the basis described in Article 65(8).

Article 13

Acceptance of the Information System Rules

By signing the Participation Agreement the market participant accepts the applicable Information System Rules, as amended from time to time and published on the website of the Allocation Platform.

Article 14

Costs related to the Participation Agreement

All applications to become a Registered Participant and any subsequent participation in Auctions and/or the notification of transfer or the return of Long Term Transmission Rights shall be at the Registered Participants' own cost, expense and risk. The Allocation Platform shall not be liable to any person for any cost, damages, or expense in connection with the Registered Participant participating in Auctions and/or transfer or return of Long Term Transmission Rights unless otherwise explicitly stated in these Allocation Rules.

Article 15

Refusal of application

1. The Allocation Platform may refuse to enter into a Participation Agreement with a market participant in the following circumstances:
 - (a) when the applicant has not submitted a duly completed and signed Participation Agreement in accordance with Article 7, Article 8 and Article 9; or
 - (b) the Allocation Platform has previously terminated a Participation Agreement with the applicant as a result of a breach of the Participation Agreement by the Registered Participant in accordance with Article 72(3) and (4) and unless the circumstances leading to termination have ceased to exist or the Allocation Platform is reasonably satisfied that the breach will not occur again; or
 - (c) if entering into a Participation Agreement with the applicant would cause the Allocation Platform to breach any condition of any mandatory legal or regulatory requirement; or
 - (d) if any of the warranties of the Registered Participant under Article 10 are found to be not valid or false.

Article 16
Access to the Auction Tool

1. The Allocation Platform shall grant access to the Auction Tool free of charge if the following requirements are satisfied:
 - (a) the Registered Participant has signed and delivered a completed form included in the Information System Rules identifying the person(s) for which the user account(s) in the Auction Tool shall be established, including any third parties authorised to act on behalf of the Registered Participant for the purposes of return and transfer of Long Term Transmission Rights in accordance with Article 39 and Article 42; and
 - (b) the Registered Participant has fulfilled the requirements on authentication as set forth by the Information System Rules published by the Allocation Platform; such requirements may include but are not limited to the obligation to provide an electronic certificate for signing and encryption or other technology for authentication purposes.
2. The Allocation Platform shall confirm the creation of the user account or may send a refusal note to the Registered Participant, at the latest, five (5) Working Days after the receipt of the relevant signed and completed form by the Registered Participant. The confirmation or refusal note shall be sent via email to the operational contact person specified by the Registered Participant in accordance with Article 9.
3. The Allocation Platform shall send the duly justified refusal note if the requirements listed in paragraph 1 of this Article are not fulfilled and access to the Auction Tool will not be granted.

Article 17
Conclusion of additional financial terms

The Allocation Platform may develop and publish additional standard financial terms to be accepted by the Registered Participants. These additional financial terms may include provisions to enable joint collaterals for long term and other processes organized by the Allocation Platform in accordance with the Participation Agreement, as long as these additional financial terms comply with these Allocation Rules.

Article 18
Regulatory and legal requirements

It is the responsibility of each market participant to ensure that it complies with national and European legislation, including requirements of any relevant competent authority, and obtained all necessary authorisations in connection with its participation in Auctions or in transfer and the use of Long Term Transmission Rights.

CHAPTER 3

Collaterals

Article 19

General provisions

1. Registered Participants shall provide collaterals in order to secure payments to the Allocation Platform resulting from Auctions of Long Term Transmission Rights and, where applicable, potential other payments falling due under the additional financial terms in accordance with Article 17.
2. Only the following forms of collaterals shall be accepted:
 - (a) a Bank Guarantee;
 - (b) a cash deposit in a dedicated Business Account.
3. Collaterals may be provided in one of the forms mentioned in paragraph 2 of this Article or a combination of these forms, provided that the Allocation Platform is entitled as beneficiary to the full collateral.
4. Credit Limit shall always be greater or equal to zero.
5. The collaterals shall be provided in Euros (€).

Article 20

Form of cash deposit

1. For collaterals that are provided in the form of a cash deposit in a dedicated Business Account the following conditions shall apply:
 - (a) the money shall be deposited in a dedicated Business Account at a financial institution selected by the Allocation Platform;
 - (b) the dedicated Business Account shall be opened and used in accordance with additional financial terms to be concluded between the Allocation Platform, or where relevant the financial institution and the Registered Participant;
 - (c) until withdrawal as permitted by the following provisions of Article 26, the cash deposit in the dedicated Business Account belongs to the Registered Participant if not stated otherwise in the additional financial terms in accordance with Article 17;
 - (d) withdrawals from the dedicated Business Account pursuant to Article 24 and Article 26 may be made solely on the instruction of the Allocation Platform;
 - (e) the dedicated Business Account may be used in addition for settlement as set forth in Article 65 upon request of the Allocation Platform; and
 - (f) interest on the amount deposited in the dedicated Business Account shall accrue for the benefit of the Registered Participant, after deduction of taxes and bank charges if any.

Article 21
Form of Bank Guarantee

1. Collaterals that are provided in the form of a Bank Guarantee shall comply with the following specifications:
 - (a) the Bank Guarantee shall be provided in the form of the template that is available on the website of the Allocation Platform and updated from time to time or in a form that substantially follows the template;
 - (b) the Bank Guarantee shall be written in English;
 - (c) the Bank Guarantee covers all Auctions organized by the Allocation Platform subject to these Allocation Rules;
 - (d) the Bank Guarantee shall allow partial and multiple drawing by the Allocation Platform, up to the maximum amount guaranteed;
 - (e) the Bank Guarantee shall provide for payment upon first request of the Allocation Platform. It shall further provide that, if the Allocation Platform calls upon the Bank Guarantee, the bank shall pay automatically without any other condition than the receipt of a written demand by registered letter from the Allocation Platform.
 - (f) the Bank Guarantee shall be irrevocable, unconditional and non-transferable;
 - (g) the bank issuing the Bank Guarantee shall be permanently established, including via a branch in a EU member state, European Economic Area or Switzerland;
 - (h) the bank issuing the Bank Guarantee or the financial group it belongs to shall have a long term credit rating of not less than BBB+ by Standard and Poor's Corporation, BBB+ by Fitch or Baa1 by Moody's Investors Service Inc. If the rating requirement is not fulfilled by the issuing bank itself but by the financial group to which it belongs, the issuing bank shall provide the Allocation Platform with a parental guarantee or an equivalent document issued by the financial group. If the issuing bank or the financial group, the issuing bank belongs to ceases to have the required long term credit rating, the Registered Participant shall within five (5) Working Days submit to the Allocation Platform a substitute Bank Guarantee by a bank complying with the required long term credit rating or replace the Bank Guarantee by deposit. If there are industry-wide downgrades of financial institutions, the Allocation Platform may investigate what the new standards are and, if deemed necessary, decrease the required rating for a limited period of time, informing TSOs, who shall then inform the relevant NRAs.
 - (i) the bank issuing the Bank Guarantee shall not be an Affiliate of the Registered Participant for which the Bank Guarantee is issued.
2. A Bank Guarantee shall contain the following:
 - (a) a maximum amount guaranteed;
 - (b) the Allocation Platform's identification as beneficiary, as specified on the website of the Allocation Platform;
 - (c) the Allocation Platform's bank account, as specified on the website of the Allocation Platform;

- (d) the Allocation Platform's bank's address, as specified on the website of the Allocation Platform;
 - (e) the Registered Participant's full identification, including name, address, commercial/company register;
 - (f) full identification of the providing bank; and
 - (g) the validity time.
3. The Registered Participant shall submit the Bank Guarantee at least two (2) Working Days before the Bidding Period closure of the Auction for which it shall be used as collateral or otherwise, it shall be considered for the subsequent Auctions.
 4. The Allocation Platform shall accept the Bank Guarantee provided by a Registered Participant if the Bank Guarantee is provided in line with the specifications set out in paragraph 1 to 2 of this Article and the original of the Bank Guarantee has been received by the Allocation Platform.
 5. The Allocation Platform shall confirm the acceptance of the Bank Guarantee or send a refusal note to the Registered Participant, at the latest, two (2) Working Days after the receipt of the original of the Bank Guarantee. The confirmation or refusal note shall be sent via email to the commercial and operational contact persons specified by the Registered Participant in accordance with Article 9. The refusal note shall include reasoning for refusal.

Article 22

Validity and renewal of the Bank Guarantee

1. Collaterals in the form of a Bank Guarantee shall be valid for the minimum periods as follows:
 - (a) for product(s) with a duration of more than one month, until at least thirty (30) days after the end of each next calendar month within the Product Period(s);
 - (b) for product(s) with a duration of one month, until at least thirty (30) days after the end of the Product Period(s); and
 - (c) for product(s) with a duration of less than one month, until at least sixty (60) days after the end of the Product Period(s).
2. The Registered Participant shall replace or renew the collaterals in form of a Bank Guarantee to fulfil the requirements of paragraph 1 of this Article.

Article 23

Credit Limit

1. The Allocation Platform shall calculate and continuously update the Credit Limit of each Registered Participant in respect of each subsequent Auction. The Credit Limit shall be equal to the amount of the collaterals in place minus any outstanding payment obligations. In case of a Bank Guarantee such Bank Guarantee shall be only considered if the requirements in Article 22 related to its validity for the respective Auction are fulfilled. The Allocation Platform shall make this information available to each Registered Participant individually through the Auction Tool.

2. Outstanding payment obligations are calculated according to Article 63 subject to additional rules in paragraph 3 to 5 of this Article and in Article 34.
3. For the purpose of the Credit Limit calculation, outstanding payment obligations shall be increased to include the taxes and levies in force subject to Article 64.
4. Reduction Periods are taken into consideration for the calculation of the Credit Limit as set forth in Article 63.
5. Maximum payment obligations for a Registered Participant resulting from its Bid(s) registered at the closure of the Bidding Period, calculated according to Article 34, shall be considered provisionally as the outstanding payment obligations. From the publication of the provisional Auction results until the moment when the Auction Results become final the due amount notified according to Article 36 paragraph 3(b) and (c) shall be provisionally considered as outstanding payment obligations for Credit Limit calculation for any concurrent Auction. The Credit Limit shall be revised based on the actual allocated Long Term Transmission Rights when the provisional Auction results are published as described in CHAPTER 4.

Article 24

Modifications of the collaterals

1. A Registered Participant may request in written form an increase of the collaterals in form of a Bank Guarantee, a decrease of the collaterals in form of a Bank Guarantee and/or cash deposit or change of the form of the collaterals at any time in accordance to paragraphs 2 and 3 of this Article.
2. A decrease of the collaterals of a Registered Participant shall only be allowed if the Credit Limit after applying the requested decrease of the collaterals would be greater than or equal to zero.
3. The Allocation Platform shall accept the modification of the collaterals if the request for a modification of collaterals is compliant with the condition set out in paragraph 2 of this Article in case of a decrease or with the conditions set out in Article 21 and Article 22 in case of an increase of collaterals in the form of a Bank Guarantee and in case of a change in the form of the collaterals from cash on deposit to Bank Guarantee.
4. The modification of the collaterals shall become valid and effective only when the Allocation Platform has made the requested modification of the collaterals of the Registered Participant within the Auction tool.

The Allocation Platform shall assess the request for modification of collaterals and confirm the acceptance or send a refusal note to the Registered Participant, at the latest, two (2) Working Days after the receipt of the request. The confirmation or refusal note shall be sent via email to the commercial and operational contact persons specified by the Registered Participant in accordance with Article 9. The refusal note shall include reasoning for refusal.

Article 25

Collateral incident

1. A collateral incident occurs in the following cases:
 - (a) the collaterals are insufficient to secure the amount due for the Long Term Transmission Rights held by a Registered Participant on the next payment date as set forth in Article 65 considering the amount and the validity of the collaterals; or

- (b) the collaterals are not renewed in accordance with Article 22 paragraph 2; or
 - (c) the collaterals are not restored after a payment incident in accordance with Article 26 or new collateral was provided that is not compliant with the conditions specified in Article 19(3), Article 20 and Article 21.
2. The Allocation Platform shall notify the collaterals incident to the Registered Participant by email. The Registered Participant shall increase its collaterals within two (2) Working Days from sending of the notification if this is done during Working Hours or two (2) Working Days starting from the next Working Day if sent after Working Hours. If the collaterals provided by the Registered Participant remains insufficient after this period, the Allocation Platform may suspend or terminate the Participation Agreement in accordance with Article 71 and Article 72.

Article 26

Calls on collaterals

1. The Allocation Platform is entitled to call upon collaterals of a Registered Participant in the event of a registered payment incident in accordance with Article 67.
2. The Registered Participant shall restore its collaterals after a payment incident or collaterals incident by following the conditions as set forth in Article 19(3), Article 20 and Article 21 unless the Participation Agreement is suspended or terminated in accordance with Article 71 and Article 72.

CHAPTER 4

Auctions

Article 27

General provisions for Auctions

1. The Allocation Platform shall allocate Long Term Transmission Rights to Registered Participants by way of Explicit Allocation. Prior to the Auction the Allocation Platform shall publish Auction Specifications on its website.
2. The Auctions shall be organised via the Auction Tool. Each Registered Participant fulfilling the requirements for participating in the Auction may place Bids in the Auction Tool until the relevant deadline for placing Bids in the specific Auction expires according to the respective Auction Specification.
3. After the relevant deadline for placing Bids in the specific Auction has expired, the Allocation Platform shall evaluate the Bids including against the respective Credit Limits of the Registered Participants.. The results of the Auction will be notified to Registered Participants via the Auction Tool.
4. The Allocation Platform shall provide information on forthcoming Auctions by publishing on its website a provisional Auction calendar with the dates of Auctions reasonably in advance before the Auctions take place. For standard Forward Capacity Allocation timeframes specified in Article 28(1) a provisional Auction calendar for each calendar year shall be published no later than 1 December of the year preceeding including provisional information on the form of the product, Product Period and Bidding Period.

Article 28

Capacity Allocation timeframe and form of product

1. The standard Forward Capacity Allocation timeframes, subject to product availability, are defined as follows:
 - (a) yearly timeframe: it starts on the first day and ends on the last day of a calendar year; and
 - (b) monthly timeframe: it starts on the first day and ends on the last day of a calendar month.
2. For the standard timeframes listed in paragraph 1 and subject to Cross Zonal Capacity availability, the Allocation Platform shall organise by default at least one Auction per year for the yearly timeframe and one Auction per month for the monthly timeframe. For the avoidance of doubt, this shall not exclude the possibility to perform a joint Auction of Cross Zonal Capacity of several Bidding Zones' borders and directions or to allocate Cross Zonal Capacity on individual or different subsets of interconnector(s) of a Bidding Zone border separately.
3. The standard form of the Auction product shall be a base product by which a fixed amount of MW throughout the Product Period is allocated subject to announced Reduction Periods.
4. Additional timeframes and/or an additional form of products other than the standard products and timeframes described in paragraph 1, 2 and 3 of this Article may be offered.

Article 29
Auction Specification

1. The Allocation Platform shall publish a provisional version of the Auction Specification and a final version of the Auction Specification as set forth in paragraphs 2 to 3 of this Article.
2. For yearly Auctions the Allocation Platform shall publish the provisional and the final Auction Specification no later than one (1) week and for any other shorter Capacity Allocation timeframe no later than two (2) Working Days before the end of the Bidding Period of an Auction. The provisional Auction Specification shall state in particular:
 - (a) the code identifying the Auction in the Auction Tool;
 - (b) type of Long Term Transmission Rights;
 - (c) Capacity Allocation timeframe (e.g. yearly, monthly or other, as described in Article 28);
 - (d) form of product (e.g. base, peak, off-peak as described in Article 28);
 - (e) identification of the Bidding Zone border(s) or a subset of the Interconnectors on the Bidding Zone border and direction covered;
 - (f) deadline for return of the Long Term Transmission Rights allocated in previous Auctions for the respective Bidding Zone border(s).
 - (g) the Product Period;
 - (h) Reduction Period(s) associated with the Product Period when applicable;
 - (i) the Bidding Period;
 - (j) the deadline for the publication of the provisional Auction results;
 - (k) the contestation period in accordance with Article 37;
 - (l) the provisional Offered Capacity which shall not include Cross Zonal Capacity released via return of Long Term Transmission Rights and Cross Zonal Capacity released in accordance with Article 71 and Article 72.
 - (m) any other relevant information or terms applicable to the product or the Auction.
3. Not earlier than four (4) hours after publication of the provisional Auction Specification, the Allocation Platform shall publish the final Auction Specification for that Auction stating the final Offered Capacity and any other update of relevant information or terms applicable to the product or the Auction
4. The final Offered Capacity shall consist of:
 - (a) the provisional Offered Capacity;
 - (b) the available Cross Zonal Capacity already allocated to Registered Participants for which a valid request for return of Long Term Transmission Rights has been submitted for this Auction in accordance with Article 38 and Article 39; and

- (c) the available Cross Zonal Capacity already allocated to Registered Participants which will be reallocated as a result of suspension or termination in accordance with Article 71 and Article 72.
5. The Allocation Platform shall publish the format of the bids to be used.

Article 30

Reduction Periods of Offered Capacity

1. The Allocation Platform may announce one or more Reduction Periods in the Auction Specification. In this case, the Auction Specification shall include for each Reduction Period information on the duration of the Reduction Period and the amount of Offered Capacities.
2. For the avoidance of doubt, Reduction Periods do not apply to already allocated Long Term Transmission Rights and shall not be considered for any purpose including compensation as a curtailment according to CHAPTER 9.

Article 31

Bids submission

1. The Registered Participant shall submit a Bid or set of Bids to the Allocation Platform in accordance with following requirements:
 - (a) it shall be submitted electronically using the Auction Tool and during the Bidding Period as specified in the Auction Specification;
 - (b) it shall identify the Auction via an identification code as specified in Article 29 paragraph 2 (a);
 - (c) it shall identify the Registered Participant submitting the Bid through its EIC code;
 - (d) it shall identify the Bidding Zones border and the direction for which the Bid is submitted;
 - (e) it shall state the Bid Price, which shall be different for each Bid of the same Registered Participant unless otherwise provided for in the Information System Rules, exclusive of taxes and levies, in Euros per MW for one hour of the Product Period, i.e. Euro/MW and hour, expressed to a maximum of two (2) decimal places, and equal to or greater than zero;
 - (f) it shall state the Bid Quantity in full MW which must be expressed without decimals, minimum amount of a single Bid is one (1) MW.
2. The Registered Participant may modify its previously registered Bid or set of Bids at any time during the Bidding Period including its cancellation. In case the Bid has been modified only the last valid modification of the Bid or set of Bids shall be taken into account for the Auction results determination.
3. If a Bid Quantity, or a quantity calculated as a sum of the Bid Quantity for several Bids submitted for the same Auction, by a Registered Participant exceeds the Offered Capacity announced in the final Auction Specification, this Bid or these Bids shall be completely rejected. Where a modification of previously submitted Bids results in exceeding the Offered Capacity, the modification shall be rejected and the previously registered Bids will stand.

4. If a Bid Quantity or a quantity calculated as a sum of the Bid Quantity for several Bids submitted for the same Auction by a Registered Participant exceeds the relevant Offered Capacity announced after the Bids submission, the Bids with the lowest Bid Price will be rejected one (1) by one (1) until the total allowed Bid Quantity is lower than or equal to the Offered Capacity. In case where the Information System Rules allows submission of Bids with the same Bid Price by one Registered Participant the Allocation Platform may apply additional criteria or rules to decide which Bid shall be rejected. Such additional criteria or rules shall be included in the information System Rules and shall be one or more from the following:
 - (a) chronological submission (time stamp); and/or
 - (b) Bid identification assigned by the Auction Tool; and/or
 - (c) rejection of all relevant Bids with the same Bid Price.
5. The above mentioned process shall apply to all forms of an Auction product and all Forward Capacity Allocation timeframes.

Article 32

Bid registration

1. The Allocation Platform shall not register a Bid that:
 - (a) does not comply with the requirements of Article 31; or
 - (b) is submitted by a Registered Participant who is suspended in accordance with Article 71.
2. Provided that a Bid or a set of Bids fulfils the requirements set forth in Article 31, the Allocation Platform shall confirm to the Registered Participant that such Bid(s) have been correctly registered by an acknowledgment of receipt via the Auction Tool. If the Allocation Platform does not issue an acknowledgment of receipt for a Bid, such Bid shall be deemed not to have been registered.
3. The Allocation Platform shall notify a Registered Participant whose Bid is rejected as invalid and the reason for this rejection, without undue delay after the Bid is rejected.
4. The Allocation Platform shall maintain a record of all valid Bids received.
5. Each valid Bid registered at closure of the Bidding Period shall constitute an unconditional and irrevocable offer by the Registered Participant to buy Long Term Transmission Rights up to the Bid Quantity and at prices up to the Bid Price and under the terms and conditions of these Allocation Rules and the relevant Auction Specification.

Article 33

Default Bid

1. The Registered Participant has the option to place default Bids for Auctions.
2. A default Bid, once identified as such by the Registered Participant, shall apply automatically to each subsequent relevant Auction as defined by the Registered Participant when placing the default Bid. At the opening of a relevant Bidding Period, the registered default Bid shall be considered as a Bid submitted by the Registered Participant for the relevant Auction. This Bid

shall be considered as a delivered when the Allocation Platform sends an acknowledgment of receipt to the Registered Participant.

3. If a default Bid Quantity or a quantity calculated as a sum of the Bid Quantity for several default Bids submitted for the same Auction by a Registered Participant exceeds the final Offered Capacity, the Bids with the lowest Bid Price shall be rejected one (1) by one (1) until the total allowed Bid Quantity is lower than or equal to the Offered Capacity . In case where the Information System Rules allows submission of Bids with the same Bid Price by one Registered Participant the Allocation Platform may apply additional criteria or rules to decide which Bid shall be rejected. Such additional criteria or rules shall be included in the information System Rules and shall be one or more from the following:
 - (a) chronological submission (time stamp); and/or
 - (b) Bid identification assigned by the Auction Tool; and/or
 - (c) rejection of all relevant Bids with the same Bid Price.
4. A Registered Participant who wants to modify a default Bid for a future Auction shall change the Bid Quantity and the Bid Price of its default Bids before the applicable Auction Bidding Period opening.
5. A Registered Participant not wishing to submit the default Bid on the Auction Tool for future Auctions can cancel its default Bids before the subsequent Auction Bidding Period opening.

Article 34

Credit Limit verification

1. Upon submission by a Registered Participant of a Bid or set of Bids to the Auction Tool the Allocation Platform shall check whether the maximum payment obligations (MPO) connected with that Registered Participant's registered Bid(s) calculated according to paragraphs 4 and 5 of this Article at the time of Bid(s) submission exceed the Credit Limit. If the maximum payment obligation connected with such registered Bids exceed the Credit Limit, the Allocation Platform shall issue automatically via the Auction Tool a warning to the Registered Participant to modify the Credit Limit. Bids shall not be rejected automatically if the maximum payment obligation attributed to registered Bids exceeds the Credit Limit at Bid submission but only after the process described in paragraph 2 of this Article.
2. At closure of the Bidding Period the Allocation Platform shall check again whether the maximum payment obligations connected with registered Bids calculated according to paragraph 5 of this Article exceed the Credit Limit. If the maximum payment obligations connected with these Bids exceed the Credit Limit, these Bids, starting with the Bid with the lowest Bid Price, shall be one (1) by one (1) excluded, until the maximum payment obligations are less than or equal to the Credit Limit. The Allocation Platform may apply additional criteria or rules to decide which Bid shall be rejected. Such additional criteria or rules shall be included in the information System Rules and shall be one or more from the following:
 - (a) chronological submission (time stamp); and/or
 - (b) Bid identification assigned by the Auction Tool; and/or
 - (c) rejection of all relevant Bids with the same Bid Price.

3. The Allocation Platform shall indicate insufficient collaterals as the reason for the Bid exclusion in the Auction results notification to the Registered Participant.
4. The Allocation Platform shall continuously assess all the Bids irrespectively to which Auction and with regard to which Bidding Zone border and direction they are submitted. In case of Bids connected with various and overlapping Auctions the Allocation Platform shall consider all calculated maximum payment obligations as outstanding payment obligations according to Article 23
5. For the calculation of the maximum payment obligations related to one Bidding Zone border and direction the Allocation Platform shall sort the registered Bids of a Registered Participant by Bid Price in descending order (merit-order). Bid 1 shall be the Bid with the highest Bid Price and Bid n shall be the Bid with the lowest Bid Price. The Allocation Platform shall calculate the maximum payment obligations according to the following equation:

$$MPO = \sum_{hours} Max \left[Bid\ Price\ (1) * Bid\ Quantity\ (1); Bid\ Price\ (2) * \sum_{i=1}^2 Bid\ Quantity\ (i); \dots \dots; Bid\ Price\ (n - 1) * \sum_{i=1}^{n-1} Bid\ Quantity\ (i); Bid\ Price\ (n) * \sum_{i=1}^n Bid\ Quantity\ (i) \right]$$

6. When calculating the maximum payment obligations according to paragraph 5 of this Article, the Allocation Platform shall also take the following into account:
 - (a) if applicable, for each individual hour of the Reduction Period the maximum quantity of Long Term Transmission Rights which can be allocated to the Registered Participant during the Reduction Period;
 - (b) increase of the maximum payment obligations with applicable taxes and levies in force subject to Article 64; and
 - (c) in respect of Long Term Transmission Rights with a Product Period of one (1) or more months, one (1) or two (2) monthly instalments respectively should be secured in compliance with due amount calculation according to Article 63(5).

Article 35

Auction Results Determination

1. After the expiration of the Bidding Period for an Auction and the Credit Limit verification pursuant to Article 34, the Allocation Platform shall determine the Auction results and allocate the Long Term Transmission Rights in accordance with this Article.
2. The Auction results determination shall include the following:
 - (a) determination of the total quantity of the allocated Long Term Transmission Rights per Bidding Zone border and direction;
 - (b) identification of winning Bids to be fully or partially satisfied; and
 - (c) determination of the Marginal Price per Bidding Zone border and direction.

3. The Allocation Platform shall determine the Auction results using an optimisation function aiming at maximisation of the sum of the Registered Participants' surplus and the Congestion Income generated by the winning Bids while respecting the constraints of the optimisation function in form of relevant Offered Capacities. The Allocation Platform shall publish additional explanatory information on the optimisation function of the algorithm on its website.
4. The Allocation Platform shall determine the Marginal Price at each Bidding Zone border and direction based on the following criteria:
 - (a) if the total quantity of Cross Zonal Capacity for which valid Bids have been submitted is lower than or equal to the relevant Offered Capacity for the relevant Auction, then the Marginal Price shall be zero;
 - (b) if the total quantity of Cross Zonal Capacity for which valid Bids have been submitted exceeds the relevant Offered Capacity for the relevant Auction, the Marginal Price shall be set at the lowest Bid(s) Price(s) allocated in full or in part using the respective Offered Capacities.
5. If two (2) or more Registered Participants have submitted for one Bidding Zone border and direction valid Bids with the same Bid Price, that cannot be accepted in full for the total requested quantity of Long Term Transmission Rights, the Allocation Platform shall determine the winning Bids and the quantity of the allocated Long Term Transmission Rights per Registered Participant as follows:
 - (a) the Cross Zonal Capacity available for the Bids which set the Marginal Price shall be divided equally between the number of the Registered Participants which submitted these Bids;
 - (b) in case the quantity of Long Term Transmission Rights requested by a Registered Participant at Marginal Price is lower than or equal to the share calculated according to item (a) above, the request of this Registered Participant shall be fully satisfied;
 - (c) in case the requested quantity of Long Term Transmission Rights by a Registered Participant at Marginal Price exceeds the share calculated according to item (a) above, the request of this Registered Participant shall be satisfied up to the amount of the share as calculated according to item (a) above;
 - (d) any remaining Cross Zonal Capacity after the allocation according to items (b) and (c) shall be divided by the number of the Registered Participants whose requests have not been fully satisfied and allocated to them applying the process described in items (a), (b) and (c) above.
6. Where a Reduction Period is indicated in the Auction Specification for an Auction, the Allocation Platform shall determine the Auction Results in accordance with the provisions of paragraphs 3 to 5 of this Article, modified as follows:
 - (a) winning Bids and Marginal Prices for respective Bidding Zone border and direction are determined according to paragraphs 3 to 5 of this Article;
 - (b) for each Reduction Period the quantity of Long Term Transmission Rights to be allocated to individual Registered Participants shall be calculated on a pro-rata basis taking into account the quantity of Long Term Transmission Rights corresponding to the respective winning Bids of each Registered Participant and the respective reduced

Offered Capacities. The Allocation Platform shall publish on its website clarifications and examples concerning the calculation of the quantity of Long Term Transmission Rights to be allocated to individual Registered Participants in the Reduction Period.

7. Whenever the calculation set forth in paragraphs 3 to 6 of this Article does not result in a whole MW amount in accordance with Article 31 paragraph 1(f), the Long Term Transmission Rights shall be rounded down to the nearest full MW. The case when Long Term Transmission Rights allocated to individual Registered Participants are equal to zero after rounding shall not impact the Marginal Price determination.
8. The Long Term Transmission Rights are deemed to have been allocated to a Registered Participant from the moment the Registered Participant has been informed of the Results and the contestation period is closed in accordance with Article 37. In the event that the Auction was not successfully performed, the fallback procedures as set forth in CHAPTER 8 shall apply.

Article 36

Notification of provisional Auction results

1. The Allocation Platform shall publish on its website the provisional Auction results as soon as possible but not later than specified in the final Auction Specification.
2. The publication of the provisional Auction results for each Bidding Zone border included in the Auction shall comprise at least the following data:
 - (a) total requested Long Term Transmission Rights in MW;
 - (b) total allocated Long Term Transmission Rights in MW;
 - (c) Marginal Price in Euros/MW per hour;
 - (d) number of Registered Participants participating in the Auction;
 - (e) list of names and number of Registered Participants who placed at least one winning Bid in the Auction;
 - (f) list of registered Bids without identification of the Registered Participants (bid curve);
and
 - (g) Congestion Income per Bidding Zone.
3. No later than 30 minutes after the publication of the provisional Auction results the Allocation Platform shall make available via the Auction Tool to each Registered Participant who submitted a Bid to a specific Auction for each Bidding Zone border included in the Auction at least the following data:
 - (a) allocated Long Term Transmission Rights for each hour of the Product Period in MW;
 - (b) Marginal Price in Euros/MW per hour; and
 - (c) due amount for allocated Long Term Transmission Rights in Euro, rounded to two decimal places; and
 - (d) due amount for one monthly instalment for allocated Long Term Transmission Rights in Euro, rounded to two decimal places, in the event that the Product Period is longer than one month.

4. In the event that the Auction Tool is unavailable, the Allocation Platform shall inform the Registered Participants of the provisional Auction Results in accordance with CHAPTER 8.

Article 37

Contestation of Auction Results

1. Registered Participants shall check the Auction results and, where reasonably appropriate, may contest Auction results within the contestation period set out in paragraph 2 of this Article. The Allocation Platform shall only consider a contestation where the Registered Participant is able to demonstrate an error by the Allocation Platform in the Auction results.
2. The Registered Participant may contest the Auction results within the deadline set out in the relevant Auction Specification but no later than two (2) Working Days after the provisional Auction results have been notified to the Registered Participant.
3. The contestation shall be notified to the Allocation Platform and headed as “contestation”.
4. Any contestation shall contain the following:
 - (a) Date of contestation;
 - (b) identification of contested Auction;
 - (c) identification of the Registered Participant;
 - (d) name, e-mail address and telephone number of the Registered Participant;
 - (e) detailed description of the facts and the reason for contestation; and
 - (f) evidence of erroneous Auction results;
5. The Allocation Platform shall notify its decision on the contestation to the Registered Participant no later than four (4) Working Days after the provisional Auction results have been notified to the Registered Participant.
6. At the end of the fourth (4th) Working Day after the publication of the provisional Auction Results and unless an Auction is cancelled, the provisional Auction results shall be considered as final and binding with no further notification.

CHAPTER 5

Return of Long Term Transmission Rights

Article 38

General Provision

1. Long Term Transmission Right holder(s) may return some or all of their Long Term Transmission Rights to the Allocation Platform for reallocation at any subsequent long term Auction once the final Auction results are published.
2. Returned Long Term Transmission Rights shall be a constant band of whole MW(s) over the specific timeframe of the subsequent Auction. The Auction at which the Long Term Transmission Rights were allocated and the subsequent Auction to which the Long Term Transmission Rights are to be returned shall be for the same form of products.
3. The minimum volume for a returned Long Term Transmission Right shall be one (1) MW over the specific timeframe of the subsequent Auction.
4. The Allocation Platform shall make the volumes of returned Long Term Transmission Rights available at the subsequent long term Auction, increasing the Offered Capacity announced in the provisional Auction Specification accordingly and equally for each hour of the Product Period. The same applies for where the Offered Capacity announced in the provisional Auction Specification for the subsequent long term Auction contains a Reduction Period.
5. If the returned Long Term Transmission Rights are rounded down in accordance with the process described in Article 35(7), the Allocation Platform shall remunerate the Market Participant for the full amount of the returned Long Term Transmission Rights in accordance with Article 40.

Article 39

Process of the return

1. Long Term Transmission Right holder(s) wishing to return their Long Term Transmission Rights shall send a notification, directly or indirectly through an authorised third party, via the Auction Tool to the Allocation Platform in line with the corresponding Information System Rules no later than the deadline specified in the provisional Auction Specification for the subsequent Auction to which the Long Term Transmission Right is to be returned.
2. A valid notification of the return pursuant to paragraph 1 of this Article shall contain the following information:
 - (a) EIC code of the Long Term Transmission Right holder;
 - (b) identity of the subsequent Auction to which the Long Term Transmission Right is returned; and
 - (c) the volume of the Long Term Transmission Rights for return.
3. In order to be able to return Long Term Transmission Rights the Registered Participant shall:
 - (a) have a valid and effective Participation Agreement with the Allocation Platform;

- (b) hold the relevant Long Term Transmission Rights at the time of the notification of the return;
 - (c) send the notification before the deadline pursuant to paragraph 1 of this Article; and
 - (d) fulfil or secure its financial obligations pursuant to these Allocation Rules .
- 4. If the requirements set forth in paragraph 3 of this Article are fulfilled, the Allocation Platform shall send without undue delay a notification to the Registered Participant via the Auction Tool containing:
 - (a) a message confirming the acceptance of the return subject to paragraph 7 of this Article; or
 - (b) a message rejecting the return including the reasons for rejection subject to paragraph 7.
- 5. If the return is accepted, the Allocation Platform shall decrease the total volume of the Long Term Transmission Rights held by the respective Long Term Transmission Right holder by the amount returned.
- 6. Long Term Transmission Right holder(s) wishing to modify their return as notified in accordance with paragraphs 1 and 2 of this Article, shall send a notification via the Auction Tool with the adjusted volume of the Long Term Transmission Rights to be returned before the deadline for return of Long Term Transmission Rights pursuant to paragraph 1 expires. Where the volume of the Long Term Transmission Rights to be returned is adjusted to zero (0) MW, the related return shall be deemed as cancelled.
- 7. If the Allocation Platform is unable to register a return as set forth in this Chapter, the Allocation Platform may apply a fallback procedure for data exchange pursuant to Article 53. If no fallback procedure for return is technically possible, no financial compensation may be claimed by the Registered Participants.

Article 40

Remuneration of Long Term Transmission Right holders

- 1. Registered Participants who returned Long Term Transmission Right are entitled to receive a remuneration equal to the value of the returned Long Term Transmission Rights set during the relevant subsequent Auction(s) calculated for each hour as follows:
 - (a) the Marginal Price of the Auction at which the returned Long Term Transmission Right was reallocated in Euros/MW per hour multiplied by
 - (b) the amount of MW which was reallocated.
- 2. On return the Registered Participant ceases to be holder of Long Term Transmission Right for the returned amount of Long Term Transmission Right. This means that all rights and obligations of the Registered Participant connected to the returned amount of Long Term Transmission Right will cease except those connected to its payments obligations pursuant to CHAPTER 10 and the remuneration set forth in this CHAPTER 5. All rights and obligations of the Registered Participant related to the not returned proportion of Long Term Transmission Right will remain unaffected.

CHAPTER 6

Transfer of Long Term Transmission Rights

Article 41

General provisions

1. Long Term Transmission Right holder(s) may transfer some or all of their Long Term Transmission Rights to another Registered Participant once the Auction results in respect of those rights are final. Regardless of how the transfer was concluded, it shall be notified to the Allocation Platform following the process pursuant to Article 42 and via the Auction Tool according to a format specified on the Allocation Platform's website.
2. The minimum volume of Long Term Transmission Rights that may be transferred shall be one (1) MW over one (1) hour.

Article 42

Process of the transfer

1. The transferor shall send a notification, directly or indirectly through an authorised third party, of the transfer to the Allocation Platform via the Auction Tool with the following information:
 - (a) the EIC codes of the transferor and transferee;
 - (b) the time period of the transfer including the start and end dates and hours; and
 - (c) the volume (MW) of the transferred Long Term Transmission Right in whole MW(s) defined per hour.
2. The notification of the transfer shall be delivered to the Allocation Platform no later than at 12:00 p.m. on the second (2nd) day preceding the day of delivery.
3. In order to be able to transfer the Long Term Transmission Rights the following requirements shall be fulfilled:
 - (a) the transferor and transferee have a valid and effective Participation Agreement with the Allocation Platform at least for transfer of Long Term Transmission Rights; the transferor holds the concerned Long Term Transmission Rights at the time of the notification of the transfer;
 - (b) the transferor has fulfilled or secured its financial obligations pursuant to this Allocation Rules regardless whether the transferor transfers all or only part of its Long Term Transmission Rights and even in the case of multiple transfers among several Registered Participants; and
 - (c) the transferor has delivered the notification of the transfer before the deadline pursuant to paragraph 2 of this Article.
4. The Allocation Platform shall issue without undue delay an acknowledgement of receipt of the notification to the transferor. Where the notification fulfils the requirements pursuant to paragraph 3 of this Article the Allocation Platform shall inform the transferee about the notification of the transfer.

5. In the event that the acknowledgement is not sent by the Allocation Platform, the concerned notification shall be deemed not to have been submitted.
6. The notification of transfer shall be confirmed by the transferee within four (4) hours upon receiving the transfer information from the Allocation Platform and no later than at 12:00 p.m. the second (2nd) day preceding the day of delivery
7. In the event that the transferee does not confirm the transfer by the deadline pursuant to paragraph 6, the Allocation Platform shall automatically cancel the process of the transfer notification.
8. The Allocation Platform shall then issue without undue delay to the transferor and the transferee a second acknowledgement via the Auction Tool stating either:
 - (a) that the transfer notification has been accepted and is effective; or
 - (b) that the transfer notification has been rejected including the reason(s).
9. If for any technical reason the acknowledgement is not sent by the Allocation Platform, the concerned transfer is deemed not to have been submitted.
10. The Transferor shall not be entitled to withdraw the transfer notification once the transferee has accepted it. The transferee may initiate another transfer to transfer the Long Term Transmission Rights further.
11. In the event of Auction Tool failure, a fallback procedure pursuant to CHAPTER 8 shall apply. If the process of the transfer notification cannot be completed in accordance with this Article due to an IT system and/or fallback procedure failure, Registered Participants shall not be entitled to claim any financial compensation from the Allocation Platform.

Article 43

Legal consequences of the transfer

All rights and obligations resulting from these Allocation Rules, with exception of the payment obligation of the original Long Term Transmission Right holder regarding the allocation of Long Term Transmission Right pursuant to Article 62(1), shall be transferred together with the Long Term Transmission Right.

Article 44

Notice board

1. The notice board shall facilitate only the exchange of information between the Registered Participants regarding their interest in buying and/or selling Long Term Transmission Rights. No agreements may be concluded via this notice board. Use of the notice board is free of charge.
2. Any notices published via the notice board by the Registered Participants shall not be considered as an evidence for a valid and effective contract for the transfer of Long Term Transmission Rights.
3. The Allocation Platform shall not be held liable for the accuracy and completeness of the information published by a Registered Participant on the notice board.

4. The Allocation Platform may delete from the notice board any information it considers not relevant for the purpose of the notice board. In case of such a deletion, the Allocation Platform shall provide the reasons for the deletion to the respective Registered Participant.

CHAPTER 7

Use and remuneration of Long Term Transmission Rights

Article 45

General principles

1. Physical Transmission Rights shall be subject to the Use it or Sell It principle.
2. The holder of allocated Physical Transmission Rights may nominate the Physical Transmission Rights for its physical use in accordance with Article 46. The holder of allocated Financial Transmission Rights shall not be entitled to nominate them for physical delivery.
3. In case the Registered Participant does not nominate its Physical Transmission Rights, the Allocation Platform shall make the underlying Cross Zonal Capacity of the non-nominated Physical Transmission Rights available for the relevant daily allocation. The Physical Transmission Right holders who do not nominate their Physical Transmission Rights for physical use of their rights or has not reserved its Physical Transmission Rights for the balancing services shall be entitled to receive remuneration in accordance with Article 48.
4. Holders of Financial Transmission Rights shall be subject to the remuneration rules in accordance with Article 48.
5. In case the Long Term Transmission Rights holder reserves its Physical Transmission Rights for the balancing services, such Cross Zonal Capacity shall be excluded from the application of the remuneration processes as detailed in Chapter 7. The process of notification of such reservation shall be subject to the relevant rules entered into force in accordance with the applicable national regulatory regime and published by the responsible Allocation Platform.

Article 46

Nomination of Physical Transmission Rights

1. Persons eligible to nominate Physical Transmission Rights shall fulfil the requirement described in applicable Nomination Rules. Eligible persons may be the following:
 - (a) the Physical Transmission Rights' holder; or
 - (b) the person notified by the Physical Transmission Rights' holder during the Nomination process to the respective TSOs in line with the relevant Nomination Rules; or
 - (c) the person authorised by the Physical Transmission Rights' holder to nominate in line with the relevant Nomination Rules and notified to the Allocation Platform.
2. The Allocation Platform shall provide on its website an overview of the options listed in paragraph 1 of this Article which are applicable on each Bidding Zone border.
3. For the process of the notification of the eligible persons to the Allocation Platform in accordance with paragraph 1(c) of this Article the following criteria should be met:
 - (a) the eligible person shall have an EIC Code in order to allow its identification in the Rights Document; and

- (b) the Physical Transmission Rights' holder shall notify the eligible person to the Allocation Platform via the Auction Tool in accordance with the Information System Rules and at the latest one (1) hour before the sending of the Rights Document for a specific day.
4. The Allocation Platform shall not take into account notifications of eligible persons which do not meet the criteria in accordance with paragraph 3 of this Article when sending the Rights Document in respect of a day of delivery of electricity.
 5. The Nomination shall be done in compliance with the Rights Document.
 6. The Allocation Platform shall publish a list with the relevant Nomination Rules for the Bidding Zone borders on its website.
 7. The long term nomination deadlines for respective Bidding Zone borders are set forth in the relevant Nomination Rules. The Allocation Platform shall publish information on its website on the long term nomination deadlines per Bidding Zone border. In case of any discrepancy between the deadlines published by the Allocation Platform and those of the valid and legally binding relevant Nomination Rules, the latter shall prevail and the Allocation Platform shall not be held liable for any damages due to such a discrepancy.

Article 47

Rights Document

1. The Rights Document shall contain the information about the volume in MW that eligible persons are entitled to nominate at specific Bidding Zone borders or subsets of interconnectors of Bidding Zone borders and directions and for hourly periods in case of Physical Transmission Rights. In case of Financial Transmission Rights Options the Rights Document shall contain the information about the volume in MW at specific Bidding Zone borders or subsets of interconnectors of Bidding Zone borders and directions and for hourly periods for which the holder is entitled to financial remuneration in accordance with Article 48. In case of Financial Transmission Rights Obligations, the Rights Document shall contain the information about the volume in MW at specific Bidding Zone borders and directions and for hourly periods for which the holder is entitled to receive or obliged to pay a financial remuneration in accordance with Article 48.
2. The Allocation Platform shall send the Rights Document daily and no later than at 1:00 p.m. on the second (2nd) day preceding the delivery day via the Auction Tool to the eligible person according to Article 46(1) a) and/or c).

Article 48

Remuneration of Long Term Transmission Rights holders for non-nominated Physical Transmission Rights and Financial Transmission Rights

1. The Allocation Platform shall remunerate the Long Term Transmission Rights holder for the Long Term Transmission Rights which are reallocated at the relevant daily allocation. The Allocation Platform shall remunerate the Long Term Transmission Rights holder for each MW which was non-nominated for the relevant hourly period in the case of Physical Transmission Rights and for all allocated MW per relevant hourly period in the case of Financial Transmission Rights. The remuneration shall be calculated in the case of Physical Transmission Rights as the difference between the volumes stated in the Rights Document and the final volumes nominated and accepted by the relevant TSO, in the case of Financial Transmission Rights as the volumes stated in the Rights Document, multiplied by a price, depending on the type of the day-ahead allocation, as follows:

- (a) in case of day-ahead Implicit Allocation, including in case of fallback allocation for Implicit Allocation, the price shall be the Market Spread at the concerned Bidding Zone border for the concerned hourly period only in case the price difference is positive in the direction of the Long Term Transmission Rights of the day-ahead Implicit Allocation in which that Cross Zonal Capacity was reallocated, and 0€/MWh, otherwise. If applicable this price may be adjusted to reflect Allocation Constraints on interconnections between Bidding Zones as defined in Regulation (EU) 2015/1222, Article 23, paragraph 3, where these Allocation Constraints are included in the day-ahead Cross Zonal Capacity allocation process, subject to the approval of the relevant NRAs.
- (b) in case of day-ahead Explicit Allocation different from fallback allocation for Implicit Allocation for Physical Transmission Rights, the price shall be the Marginal Price of the daily Auction at which that Physical Transmission Right was reallocated, for the concerned hourly period; and
- (c) in case of fallback allocation of Implicit Allocation or Explicit Allocation where no reference price is calculated for the daily allocation timeframe the price for the Long Term Transmission Rights remuneration shall be the Marginal Price of initial Auction.

Where Financial Transmission Rights Obligations are in place, holders of such Rights shall be obliged to provide remuneration to the Allocation Platform if the price difference is negative in the direction of the Financial Transmission Rights Obligation. The remuneration shall be calculated as the volumes of Financial Transmission Rights Obligations stated in the Rights Document multiplied by a price, calculated in line with the principles of paragraph 1, considering that the price difference is negative. . .

2. The Allocation Platform shall compensate the Long Term Transmission Rights holder for the Financial Transmission Rights and non-nominated Physical Transmission Rights which are not reallocated at the relevant daily allocation in accordance with CHAPTER 9 in case of the triggering event listed in Article 56.
3. The Allocation Platform shall compensate the Long Term Transmission Rights holder in accordance with Article 59(1) letter (a) and (b) for the Financial Transmission Rights and non-nominated Physical Transmission Rights which are not reallocated at the relevant daily allocation for other reasons than these mentioned in paragraph 2 of this Article.

CHAPTER 8

Fallback Procedures

Article 49

General provisions

1. The Allocation Platform shall, to the extent reasonably practicable, organize a fallback procedure in the following cases of failure of a standard process:
 - (a) if it is technically not possible to hold an Auction following the process set forth in CHAPTER 4;
 - (b) if it is technically not possible to register a return of Long Term Transmission Rights following the process as set forth in CHAPTER 5;
 - (c) if it is technically not possible to register a notification of transfer of Long Term Transmission Rights following the process as set forth in CHAPTER 6; and
 - (d) if it is technically not possible to register a notification of an eligible person in following the process as set forth in CHAPTER 7.
2. The Allocation Platform may use one or all of the following fallback procedures:
 - (a) introduction of a fallback procedure for data exchange according to Article 50;
 - (b) postponement of the Auction to a later date/time;
 - (c) another ad hoc fallback procedure if considered appropriate by the Allocation Platform to overcome any technical obstacles.
3. The Allocation Platform shall, to the extent practicable and without undue delay, inform Registered Participants of possible deviations from the standard processes and the application of a fallback procedure via email and the Allocation Platform's website and using the Auction Tool.
4. Registered Participants shall immediately inform the Allocation Platform of any observed problems with the use of the Auction Tool and all potential consequences via e-mail. In case of an urgent problem, which shall be solved immediately and which is identified during Working Hours, the Registered Participant shall immediately contact the Allocation Platform by phone at the telephone number indicated on the website of the Allocation Platform for this type of problems.

Article 50

Fallback procedure for data exchange

1. In case of a failure at the site of the Allocation Platform of the standard processes for data exchange via the Auction Tool as described in these Allocation Rules, the Allocation Platform may inform Registered Participants that a fallback procedure for data exchange may be used as follows:
 - (a) by the applicable deadlines unless otherwise announced by the Allocation Platform the Registered Participant shall request via email the Allocation Platform to enter the relevant data into the Auction Tool by using this fallback procedure for data exchange;

- (b) with the request the Registered Participant shall provide to the Allocation Platform in the format specified in the Information System Rules the relevant data to be entered in the Auction Tool;
 - (c) the Allocation Platform shall enter the submitted data into the Auction Tool;
 - (d) the Allocation Platform may set in Information System Rules an identification process for the Registered Participant at the moment when the Registered Participant submits the relevant operational or commercial data and requests the Allocation Platform to enter this data into the Auction Tool on its behalf by means of the fallback procedure. If the Registered Participant or the person authorized by the Registered Participant for this purpose does not clearly identify itself, the Allocation Platform shall be entitled not to perform the data entry;
 - (e) the Registered Participant shall provide the Allocation Platform with a telephone number, which can be used in case of a necessary communication;
 - (f) once the Allocation Platform has entered the provided data into the Auction Tool on behalf of the Registered Participant, the Allocation Platform shall inform, without undue delay, the Registered Participant by telephone and/or via e-mail of the entry; and
 - (g) the Allocation Platform shall under no circumstances be held responsible if it fails to reach the Registered Participant through the means of communication above.
2. In case of application of the fallback procedure for data exchange , all necessary information which is made available via the Auction Tool during the standard processes may be distributed to the Registered Participants via email by the Allocation Platform or where appropriate published on the website of the Allocation Platform.

Article 51

Fallback procedures for Auction

1. The postponement of the Auction shall be the default fallback procedure for Auctions before the Bidding Period has opened. The Allocation Platform may postpone an Auction by notifying Registered Participants of the revised date and/or time of the new Auction.
2. After the Bidding Period has opened, the Allocation Platform shall:
 - (a) where reasonably practicable postpone the end of the Bidding Period by notifying Registered Participants about the revised deadlines in the Auction Specification; or
 - (b) cancel the initial Auction according to Article 52 and organise a new Auction for the same Product Period.
3. If the fallback procedure described in paragraph 1 and 2 of this Article cannot be implemented for the same Product Period, the respective Cross Zonal Capacities shall be offered in subsequent Capacity Allocation process.
4. The Allocation Platform shall inform all Registered Participants, without undue delay, of the postponement by notification published in the Auction Tool and/or on the webpage of the Allocation Platform and/or by e-mail.

Article 52
Auction cancellation

1. In case the Allocation Platform cancels an Auction, all Bids already submitted, all returns already accepted and any results of the respective Auction shall be deemed null and void.
2. The Allocation Platform shall inform all Registered Participants without undue delay, of the Auction cancellation by notification published in the Auction Tool or on webpage of Allocation Platform and by e-mail.
3. An Auction cancellation may be announced in the following cases:
 - (a) before the end of the contestation period in case the Allocation Platform faces technical obstacles during the Auction process like a failure of standard processes and fallback procedures in the event of erroneous results due to incorrect Marginal Price calculation or in the event of incorrect allocation of Long Term Transmission Rights to Registered Participants or similar reasons; and
 - (b) after the end of the contestation period, in the event of erroneous results due to incorrect Marginal Price calculation or incorrect allocation of Long Term Transmission Rights to Registered Participants or similar reasons.
4. In case of Auction cancellation before the contestation period elapses, no compensation shall be paid to the Registered Participants.
5. The Allocation Platform shall publish on its website, without undue delay, the reasons for the Auction cancellation.

Article 53
Fallback procedure for return of Long Term Transmission Rights

1. In case of failure in the standard process for the registration of the return of Long Term Transmission Rights via the Auction Tool as set forth in CHAPTER 5, the Allocation Platform may apply the fallback procedure for data exchange in accordance with Article 50.
2. The Allocation Platform shall publish information about the possibility to use the fallback procedure for data exchange in due time before the expiration of the deadline for Long Term Transmission Rights return.
3. In case the fallback procedure for data exchange cannot be executed as necessary to enable the registration of the return of Long Term Transmission Rights, all requests for Long Term Transmission Rights return already submitted that cannot be registered in the Auction Tool shall be automatically cancelled.

Article 54
Fallback procedure for transfer of Long Term Transmission Rights

1. In case of failure in the standard process for the registration of the transfer of Long Term Transmission Rights organised via the Auction Tool as set forth in CHAPTER 6 the Allocation Platform may apply the fallback procedure for data exchange in accordance with Article 50.
2. The Allocation Platform shall publish information about the possibility to use the fallback procedure for data exchange in due time before the expiration of the deadline for Long Term Transmission Rights transfer.

3. In case the fallback procedure for data exchange cannot be executed as necessary to enable the registration of the transfer of Long Term Transmission Rights, all requests for Long Term Transmission Rights transfer already submitted and not confirmed by transferee shall be automatically cancelled.

Article 55

Fallback procedure for eligible person notification

1. In case of failure in the standard process of eligible person notification to the Allocation Platform via the Auction Tool as set forth in CHAPTER 6, the Allocation Platform may apply the fallback procedure for data exchange in accordance with Article 50.
2. The Allocation Platform shall publish information about the possibility to use the fallback procedure for data exchange in due time before the expiration of the deadline for eligible person notification.
3. In case the fallback procedure for data exchange cannot be executed as necessary to enable the registration of the eligible person, the eligible person shall be deemed notified as set forth in Information System Rules.

CHAPTER 9

Curtailment

Article 56

Triggering events and consequences of curtailment on Long Term Transmission Rights

1. Long Term Transmission Rights irrespectively of the Product Period may be curtailed in the event of Force Majeure, or to ensure operation remains within Operational Security Limits before the Day Ahead Firmness Deadline
2. Curtailment may be applied on allocated Long Term Transmission Rights including, where the case may be, on nominated Physical Transmission Rights.
3. Long Term Transmission Rights may be curtailed after the Day Ahead Firmness Deadline in the case of Force Majeure or emergency situation in accordance with Article 72 of Commission Regulation (EU) 2015/1222. For the avoidance of doubt, Long Term Transmission Rights when curtailed after the Day Ahead Firmness Deadlines shall be curtailed in the same way as day-ahead and intraday capacity and compensated in accordance with the applicable legislation.
4. In the case of Physical Transmission Rights, each Registered Participant affected by curtailment shall lose its right to transfer, return or nominate for physical use the concerned Physical Transmission Rights or to receive remuneration based on the Use-It-Or-Sell-It principle. In the case of Financial Transmission Rights, each Registered Participant affected by curtailment shall lose its right to transfer or return the concerned Financial Transmission Rights or to receive remuneration in accordance to Article 48.
5. In case of curtailment, the affected Registered Participant is entitled to receive reimbursement or compensation according to Article 59 to Article 60 and where applicable Article 61.

Article 57

Process and notification of curtailment

1. In all cases curtailment shall be carried out by the Allocation Platform based on a request by one or more TSO(s) at the Bidding Zone border where Long Term Transmission Rights have been allocated.
2. The Allocation Platform shall notify the affected holders of Long Term Transmission Rights as soon as possible of a curtailment of Long Term Transmission Rights including the triggering event via email and on the webpage of the Allocation Platform. The notification shall identify the affected Long Term Transmission Rights, the affected volume in MW per hour for each concerned period, the triggering events for curtailment as described in Article 56 and the amount of Long Term Transmission Rights that remain after the curtailment.
3. The Allocation Platform shall publish the triggering events for curtailment in accordance with Article 56 including their estimated duration on its website as soon as possible.
4. The curtailment shall be applied to Long Term Transmission Rights of the concerned periods on a pro rata basis, which means in proportion to the held Long Term Transmission Rights, regardless of the time of allocation.
5. In the event of curtailments of Physical Transmission Rights after the nomination deadline, and as long as the capacity has not been reallocated in the day-ahead allocation, the curtailment

shall be applied on a pro rata basis to both nominated and not nominated Physical Transmission Rights.

6. Compensation rules according to Article 59 to Article 60 and where applicable Article 61 also apply if offered day-ahead Cross Zonal Capacities are lower than the amount of non-nominated Long Term Transmission Rights in case of Physical Transmission Rights and the total amount of Long Term Transmission Rights in the case of Financial Transmission Rights.
7. For each affected Registered Participant, remaining Long Term Transmission Rights which have not been curtailed shall be rounded down to the nearest MW. The same rounding applies for the curtailment of both nominated and non-nominated Physical Transmission Rights according to paragraph 4 of this Article.
8. In cases of curtailment, any transfer of Long Term Transmission Rights to be curtailed, which is not yet accepted by the transferee, shall be automatically cancelled and the transferor shall remain the holder of the Long Term Transmission Rights. If the transfer has already been notified to the Allocation Platform and accepted by the transferee, the compensation or reimbursement for curtailed Long Term Transmission Rights shall be paid to the transferee.
9. The Allocation Platform shall cancel all notifications for return of Long Term Transmission Rights that have been accepted for a subsequent long term Auction for which curtailment is necessary and for which the final Auction Specifications have not yet been published. By this cancellation, the Long Term Transmission Rights are given back to the Long Term Transmission Right holders that have requested the return. If the final Auction Specification has already been published the return shall not be cancelled and the compensation or reimbursement for curtailed Long Term Transmission Rights shall be paid to the holder who returned the Long Term Transmission Rights.

Article 58

Day Ahead Firmness deadline

The Allocation Platform shall publish on its website and take into account for the calculation of compensation for curtailed Long Term Transmission Rights the Day Ahead Firmness Deadline which for the purpose of these Allocation Rules is set sixty (60) minutes before the respective Day Ahead Market Gate Closure Time, unless otherwise specified in accordance with the process described in Article 69 of the Commission Regulation (EU) 2015/1222.

Article 59

Compensation for curtailments to ensure operation remains within Operational Security Limits before the Day Ahead Firmness Deadline

1. In cases of curtailment to ensure operation remains within Operational Security Limits before the Day Ahead Firmness Deadline the compensation for each affected hour and Registered Participant shall be calculated as the Long Term Transmission Rights in MW per hour corresponding to the difference between the allocated Long Term Transmission Rights held by the Registered Participant before and after the curtailment multiplied by a price calculated as follows:
 - (a) the Market Spread at the concerned Bidding Zone border for the concerned hourly period only in case the price difference is positive in the direction of the curtailed Long Term Transmission Rights, and 0€/MWh, otherwise. If applicable this price may be adjusted, subject to the approval of the relevant NRAs, to reflect Allocation Constraints

on interconnections between Bidding Zones as defined in Article 23, paragraph 3 of Commission Regulation (EU) 2015/1222, where these Allocation Constraints are included in the day-ahead Cross Zonal Capacity allocation process. The direction of the curtailed Long-Term Transmission Right shall be determined by the destination and the origin Bidding Zones as defined in the Auction Specifications of the concerned Long Term Transmission Right; or

- (b) the Marginal Price of the initial Auction if the day-ahead price is not calculated at least in one of the two relevant Bidding Zones.
2. A cap may be applied to the compensations calculated according to paragraph 1 which occurred within one calendar year subject to the approval of the relevant NRAs.. The cap shall be determined as the total amount of Congestion Income collected by the concerned TSOs on the respective Bidding Zone border in the relevant calendar year, deducting all remunerations paid according to Articles 40 and 48 and compensations paid according to Article 60 and where applicable Article 61.
 3. In case of Direct Current interconnectors, the cap shall be determined as the total amount of Congestion Income collected by the concerned TSOs on the Bidding Zone border in the relevant month, deducting all remunerations paid according to Article 40 and Article 48 and compensations paid according to Articles 60 and where applicable Article 61 for the considered month. The total amount of Congestion Income in one month is defined as the sum of a twelfth of the revenues raised at yearly Auction on the concerned Bidding Zone Border and the revenues generated by the monthly Auction and congestion income from other timeframes which occurred during this month on the concerned Bidding Zone border.
 4. If, before application of the relevant cap described in paragraph 2 of this Article, the total calculated compensations of curtailed Long Term Transmission Rights exceed the relevant cap, the compensations of curtailed Long Term Transmission Rights shall be reduced on a pro rata basis. This will be based on the proportion of uncapped compensation of allocated Long Term Transmission Rights due to each Registered Participant in the relevant period (calendar month or calendar year). The compensations due to each Registered Participant will be calculated as follows:

[[Uncapped compensations of curtailed Long Term Transmission Rights due to Registered Participant]/(Total uncapped compensations of curtailed Long Term Transmission Rights due to all Registered Participants)] x (Relevant Cap as described in paragraph 2 of this Article)

Article 60

Reimbursement for curtailments due to Force Majeure before the Day Ahead Firmness Deadline

1. In the case of Force Majeure before the Day Ahead Firmness Deadline, holders of curtailed Long Term Transmission Rights shall be entitled to receive a reimbursement equal to the price of the Long Term Transmission Rights set during the Long Term Transmission Rights Allocation Process, which for each affected hour and Registered Participant shall be calculated as:
 - (a) the Marginal Price of the initial Auction; or
 - (b) in case the Marginal Price of the initial Auction cannot be identified, the weighted average of Marginal Prices of all the Auctions for which the Registered Participant holds Long Term Transmission Rights where the weight is given by Long Term Transmission Rights which the Registered Participant holds before the curtailment; multiplied by

- (c) the volume in MW per hour corresponding to the difference between the Long Term Transmission Rights held by the Registered Participant before and after the curtailment.

Article 61

Reimbursement or compensation for curtailments due to Force Majeure or emergency situation after the Day Ahead Firmness Deadline

In the event of Force Majeure or an emergency situations after the Day Ahead Firmness Deadline, holders of curtailed Long Term Transmission Rights shall be entitled to receive a reimbursement in accordance with Article 72 of Commission Regulation (EU) 2015/1222.

CHAPTER 10

Invoicing and Payment

Article 62

General principles

1. A Registered Participant shall pay the amounts due as calculated in accordance with Article 63 for all Long Term Transmission Rights allocated to him. This obligation shall be fulfilled irrespective of any return or transfer or curtailment of all or some of these Long Term Transmission Rights in accordance with these Allocation Rules.
2. The Registered Participant may upon payment use the Cross Zonal Capacity connected with the allocated Long Term Transmission Rights as described in these Allocation Rules only. Any right for physical use of the transmission system in case of a Physical Transmission Rights may be subject to separate agreements between the Registered Participant and the concerned TSOs.
3. All financial information, prices and amounts due shall be expressed in Euros (€), except if deviations are required by applicable law or regulations.
4. The payment shall be settled on the date upon which the given amount is credited to the account of the beneficiary. Any interest for late payment shall be considered as settled on the date when the payment was credited from the account of the payer.
5. Payments shall be done in Euros (€).
6. The Allocation Platform shall consider taxes and levies at the rate and to the extent applicable when assessing payment obligations and issuing invoices under these Allocation Rules subject to Article 64.
7. The Registered Participant shall provide the Allocation Platform with relevant information for justifying whether or not respective taxes and levies are applicable when signing the Participation Agreement as well as any changes in this respect without undue delay.
8. Where Financial Transmission Right Obligations are in place, the Allocation Platform shall through a clearing house calculate the amounts to be remunerated to and received from the holders of such Long Term Transmission Rights. All costs incurred by the Allocation Platform associated with the clearing of Financial Transmission Rights Obligations will be invoiced to the holders of such Long Term Transmission Rights.

Article 63

Calculation of due amounts

1. Registered Participants shall pay for each of the Long Term Transmission Rights allocated to them an amount equal to:
 - (a) the Marginal Price (per MW per hour); multiplied by
 - (b) the sum of Long Term Transmission Rights in MW allocated in individual hours of the Product Period incorporating any Reduction Period where relevant in accordance with Article 35.

2. The amount due plus any applicable taxes and levies, duties or other charges subject to Article 64, shall be rounded to two decimal places.
3. The Allocation Platform shall calculate the due payments in monthly instalments when the Cross Zonal Capacity product has a duration of more than a month.
4. Monthly instalments shall be equal for each month and determined by dividing the amount due as set forth in paragraph 1 of this Article by the duration of the Cross Zonal Capacity products expressed in months and rounded to two decimal places. The last instalment shall in addition include the balance due to the rounding down applied in the other monthly instalments.
5. If the first payment date of the Cross Zonal Capacity product with a duration of more than one (1) month occurs after the start of the Product Period, then the first payment shall include two (2) monthly instalments.

Article 64

Tax Gross-up

1. Each Registered Participant must make all payments to be made by it under the Allocation Rules without any tax deduction, unless a tax deduction is required by law.
2. If a tax deduction is required by law to be made by a Registered Participant, the amount of the payment due from the Registered Participant to the Allocation Platform will be increased to an amount which (after making the tax deduction) leaves an amount equal to the payment which would have been due if no tax deduction had been required.
3. Paragraph 2 of this Article does not apply with respect to any tax assessed on the Allocation Platform on any payment received in connection with the Allocation Rules under the laws of the jurisdiction in which the Allocation Platform is incorporated or, if different, the jurisdiction (or jurisdictions) in which the Allocation Platform is treated as resident for tax purposes or has or is deemed for tax purposes to have a permanent establishment or a fixed place of business to which any payment under the Allocation Rules is attributable. Paragraph 2 of this Article does not apply to value added tax as provided for in the VAT directive 2006/112/EC as amended from time to time and any other tax of a similar nature.

Article 65

Invoicing and payment conditions

1. Payments shall be settled before the start of the Product Period if the Auction timeline allows so. If the Cross Zonal Capacity product has a duration of more than one (1) month, each monthly instalment shall be settled before the start of each respective month if the Auction timeline allows so. If the settlement of an amount due for allocated Long Term Transmission Rights is not possible before the start of the Product Period then the payment will be settled at the next fixed invoice date.
2. The Allocation Platform shall issue invoices for payments for all Long Term Transmission Rights on a monthly basis and no later than the tenth (10th) Working Day of each month.
3. The invoices shall be issued for the following payments:
 - (a) the amount of the monthly instalment(s) if the Long Term Transmission Right has a duration of more than a month as set forth in Article 63(4) and (5);

- (b) the amount due set forth in Article 63(2) if the Long Term Transmission Right has a duration equal to a month or less;
 - (c) if requested by the Registered Participant amounts for advanced payment of monthly instalments that would otherwise be settled with subsequent invoices; and
 - (d) any relevant taxes and levies subject to Article 64.
- 4. The Allocation Platform shall send the invoice only by e-mail to the Registered Participant at the e-mail address of the financial contact person submitted in accordance with Article 9(h) or it should make it available to the Registered Participant via the Auction Tool. The date of issuance of the invoice shall be the date on which the email is sent or the date when the invoice is made available via the Auction Tool if this is done during Working Hours or the next day if sent after Working Hours.
- 5. In the cases of curtailment of Long Term Transmission Rights, return of Long Term Transmission Rights according to Article 40 or remuneration of Long Term Transmission Rights according to Article 48, the invoices shall take into account any payments to be credited to the Registered Participant. The payments to be credited to the Registered Participants shall:
 - (a) be settled through self billing mechanism which shall allow the Allocation Platform to issue invoices in the name and on behalf of the Registered Participant; and
 - (b) be notified through the same invoice as the one used for the payments of the Registered Participant as set forth in paragraph 3 of this Article.
- 6. Where compensations are due to the Registered Participant in respect of curtailment of Long Term Transmission Rights and are subject to a cap set forth in Article 59(2), such compensations shall be settled with the first invoice to be issued after the end of the relevant month and subject to a cap determined as the total amount of Congestion Income collected by the concerned TSOs on the Bidding Zone border in the relevant month, deducting all remunerations paid according to Article 40 and Article 48 and compensations paid according to Article 60 and where applicable Article 61 for the considered month. The total amount of Congestion Income in one month is defined as the sum of a twelfth of the revenues raised at yearly Auction on the concerned Bidding Zone Border and the revenues generated by the monthly Auction and Congestion Income from other timeframes which occurred during this month on the concerned Bidding Zone border.
- 7. An invoice shall be issued after the end of the relevant period over which caps on compensation are calculated in accordance with Article 59(2), reconciling any discrepancy between the compensations paid out on a monthly basis and the compensations required to be paid out in accordance with Article 59(2). In the case of default of a market participant, TSO cost recovery shall be ensured by relevant NRAs in accordance with the applicable legislation.
- 8. The payments due shall be netted by the Allocation Platform taking into account the amount as set forth in paragraph 3 and 5 of this Article.
- 9. If the balance of the payments as set forth in paragraph 3 and 5 of this Article results in a net payment from the Registered Participant to the Allocation Platform, the Registered Participant shall settle this balance within five (5) Working Days after the date of issuance of the invoice.
- 10. Payments by the Registered Participant as set forth in paragraph 7 of this Article shall be collected as follows:

- (a) based on the standard procedure, the Allocation Platform shall collect the payment automatically from the dedicated Business Account of the Registered Participant on the respective due date of the invoice; or
- (b) alternatively, the Registered Participant shall ensure payment through a non-automated transaction to the account of the Allocation Platform specified on the invoice by indicating the invoice reference.

The alternative procedure may be used upon request of the Registered Participant and with the consent of the Allocation Platform. The Registered Participant shall notify the Allocation Platform by email the request to use the alternative procedure at least two (2) Working Days before the date of issuing of the next invoice as set forth in paragraph 2 of this Article. Once the alternative procedure is agreed, it shall be deemed to be valid until otherwise agreed between the Registered Participant and the Allocation Platform.

11. If the balance of the payments as set forth in paragraph 3 and 5 of this Article results in a net payment from the Allocation Platform to the Registered Participant, the Allocation Platform shall pay this balance within seven (7) Working Days after the date of issuance of the invoice to the bank account as announced during the accession process in accordance with Article 9 paragraph 1(g) by the Registered Participant who is entitled to the payments at the due date.
12. Upon the collection of the payment as set forth in paragraph 8 of this Article, the Allocation Platform shall update the Credit Limit accordingly.
13. In case of an erroneous invoice resulting in an additional payment of the Allocation Platform or the Registered Participant the Allocation Platform shall correct the invoice and any due amount shall be settled as soon as they have been notified to Registered Participant.
14. Bank fees of the payer's bank shall be covered by the payer. Bank fees of the receiving bank shall be covered by the beneficiary. Bank fees of any intermediary bank, shall be covered by the Registered Participant.
15. The Registered Participant shall not be entitled to offset any amount, or withhold any debts arising in connection with obligations resulting from an Auction, against any claims towards the Allocation Platform, whether or not arising out of an Auction. Nevertheless, the right to offset and the right to withhold are not excluded in case the Registered Participant's claim against Allocation Platform is established by a legally binding judgement or is uncontested.

Article 66

Payment disputes

1. A Registered Participant may dispute the amount of an invoice, including any amounts to be credited to the Registered Participant. In this case, the Registered Participant shall notify the nature of the dispute and the amount in dispute to the Allocation Platform as soon as practicable and in any event within fifteen (15) Working Days after the date of issuance of the invoice or credit note by registered mail and email. Beyond this period, the invoice shall be deemed to have been accepted by the Registered Participant.
2. If the Registered Participant and the Allocation Platform are unable to resolve the difference within ten (10) Working days after the notification, the procedure for the dispute resolution in accordance with Article 70 shall apply.

3. A dispute shall in no way relieve the Party from the obligation to pay the amounts due as set forth in Article 65.
4. If it is agreed or determined based upon the dispute resolution procedure as set forth in Article 70 that an amount paid or received by the Registered Participant was not properly payable, the following process shall apply:
 - (a) the Allocation Platform shall refund any amount including interest to be calculated according to Article 62(4) to the Registered Participant in case that the amount paid by the Registered Participant as set forth in Article 65(3) and (6) was higher or the amount paid by the Allocation Platform was lower than the due amount. The Allocation Platform shall make the payment to the bank account indicated by the Registered Participant for this reimbursement in accordance with Article 9 paragraph 1 (g).
 - (b) the Registered Participant shall pay any amount including interest to be calculated according to Article 62(4) to the Allocation Platform in case that the amount paid by the Registered Party as set forth in Article 65(3) and (6) was lower or the amount paid by the Allocation Platform was higher than the due amount. The Registered Participant shall make the payment in accordance with the procedure set forth in Article 65(8). Upon such payment the Allocation Platform shall update the Credit Limit of the Registered Participant as set forth in Article 65(10).
5. The interest paid in case of a payment in accordance with paragraph 4 of this Article shall be applied from the first (1st) day following the date on which the payment was due up to the date on which the disputed amount was refunded and it shall apply also to all taxes and levies required by law.

Article 67

Late payment and payment incident

1. In case the Registered Participant has not fully paid an invoice by the due date specified on the invoice, the Allocation Platform shall notify the Registered Participant that a payment incident will be registered if the amount including applicable interest due is not received within three (3) Working Days upon sending of the notification. In case of no payment within the deadline, the Allocation Platform shall notify the Registered Participant that the payment incident was registered.
2. Immediately after registration of the payment incident the Allocation Platform may invoke the collaterals.
3. The Allocation Platform may suspend or terminate the Participation Agreement in case of registered payment incident in accordance with Article 71 and Article 72.
4. In case of late payment or refund, the Parties shall pay interest on the amount due including taxes and levies from the first (1st) day following the date on which the payment was due until the date on which the payment is done. The interest shall be equal to the highest amount of:
 - (a) a flat rate of 100 €; or
 - (b) in accordance with Article 5 of Directive 2011/7/EU, eight (8) percentage points per annum above the reference interest rate as officially published by the national authorities of the country in which the Allocation Platform is located and round up to the nearest half percentage point.

CHAPTER 11

Miscellaneous

Article 68

Duration and amendment of Allocation Rules

1. The Allocation Rules are of indefinite duration and are subject to amendment in accordance with this Article. These Allocation Rules and any amendments thereof shall be consulted upon subject to paragraph 7 of this Article, proposed by the relevant TSOs and enter into force in accordance with the applicable national regulatory regime. The Allocation Platform shall publish the amended Allocation Rules and send an amendment notice to Registered Participants.
2. Subject to paragraph 7 of this Article, an amendment shall enter into force at the date and time specified in the amendment notice but not earlier than thirty (30) calendar days after the amendment notice is sent to Registered Participants by the Allocation Platform.
3. Each amendment shall apply to all aspects of these Allocation Rules, including but not limited to all Auctions conducted after the date on which the amendment takes effect.
4. Unless expressly stated otherwise by the Allocation Platform the amended Allocation Rules shall govern all rights and obligations in connection with these Allocation Rules including those acquired before the date of amendment but with the delivery date after the amendment takes effect. In case Financial Transmission Rights are introduced at a respective Bidding Zone border replacing Physical Transmission Rights, transitional arrangements may be introduced in a regional or border specific annex with regards to the return of already acquired Physical Transmission Rights according to CHAPTER 5 and with regards to the right to nominate such Physical Transmission Rights according to CHAPTER 7 after the amendment takes place.
5. Any amendment of these Allocation Rules shall apply automatically to the Participation Agreement in force between the Allocation Platform and the Registered Participant, without the need for the Registered Participant to sign a new Participation Agreement but without prejudice to the Registered Participant's right to request the termination of its Participation Agreement in accordance with Article 72(1). By participating in the Auction after the Registered Participant was informed about the changes and/or adaptations of the Allocation Rules and after these changes and/or adaptations of the Allocation Rules entered into force, it is deemed that the Registered Participant has accepted the changed, i.e. the valid and effective version of the Allocation Rules.
6. The Allocation Rules and the border and /or regional specific annexes included thereto shall be periodically reviewed by the Allocation Platform and the relevant TSOs at least every two years involving the Registered Participants. In case the relevant TSOs consider the amendment of these Allocation Rules as a result of this review, the procedure described in this Article shall apply. This biennial review is without prejudice of the competence of National Regulatory Authorities to request at any time amendments of the Allocation Rules and the annexes included thereto in accordance with the existing legislation.
7. These Allocation Rules are subject to the legislation prevailing at the time at which they take effect. In the event that there is a change in legislation or any action by competent authorities at national or European Union level which have an effect on these Allocation Rules and/or

their annexes then, notwithstanding any other provision of these Allocation Rules, the Allocation Rules shall be amended accordingly and pursuant to this Article.

Article 69

Liability

1. The Allocation Platform and the Registered Participants are solely responsible for the fulfilment of any obligation they undertake or are subject to and which arises from or is in connection with the Allocation Rules and the Participation Agreement.
2. Subject to any other provisions of these Allocation Rules the Allocation Platform shall only be liable for damages caused by:
 - (a) fraud, gross negligence or wilful misconduct.
 - (b) death or personal injury arising from its negligence or that of its employees, agents or subcontractors.
3. A Registered Participant shall indemnify and keep indemnified the Allocation Platform and its officers, employees and agents from and against any and all loss or liability (including legal costs) related to a damage that it has caused, which any of them may suffer or incur by reason of any claim by any third party on account of any and all loss (whether direct or indirect) suffered by the claimant or any of the claimant's officers, agents, subcontractors or employees in connection with these Allocation Rules.
4. The Allocation Platform and each Registered Participant acknowledges and agrees that it holds the benefit of paragraph 3 of this Article for itself and as trustee and agent for its officers, employees and agents.
5. The Registered Participant shall be solely responsible for its participation in Auctions including but not limited to the following cases:
 - (a) the timely arrival of Bids and transfer and return notifications by the Registered Participant;
 - (b) technical failure of the information system on the side of the Registered Participant preventing the communication via the channels foreseen in accordance with these Allocation Rules.
6. In case of remuneration in accordance with Article 48 or curtailment compensation due to Force Majeure or in order to ensure operation remains within Operational Security Limits or in Emergency Situation in accordance with Article 59 and Article 60 and Article 61 or in accordance with any regional or border specific annex Registered Participants shall not be entitled to other compensation than the compensation described in these Allocation Rules.
7. The Registered Participant shall be liable with respect to any sanctions, penalties, or charges that may be imposed by financial authorities on the Allocation Platform for incorrect tax treatment due to wrong or incomplete information provided by the Registered Participant.
8. This Article survives the termination of the Registered Participant's Participation Agreement.

Article 70
Dispute resolution

1. Without prejudice to paragraphs 6 and 8 of this Article, where there is a dispute the Allocation Platform and the Registered Participant shall first seek amicable settlement through mutual consultation pursuant to paragraph 2. For this purpose, the Party raising the dispute shall send a notification to the other party indicating:
 - (a) the existence of a Participation Agreement between the Parties;
 - (b) the reason for the dispute; and
 - (c) a proposal for a future meeting, physical or not, with a view to settle the dispute amicably.
2. The Parties shall meet within twenty (20) Working Days after the matter has been referred to them and seek to resolve the dispute. If no agreement is reached or no response received within a period of thirty (30) Working Days from the date of the aforementioned notification, either Party may refer the matter to the senior management of the Parties to resolve the dispute pursuant to paragraph 3.
3. The senior representative of each of the Allocation Platform and the Registered Participant with authority to resolve the dispute shall meet within twenty (20) Working Days of a request to meet and seek to resolve the dispute. If the representatives are unable to resolve the dispute within twenty (20) Working Days of the meeting or such longer time as may be agreed then the dispute shall be determined by arbitration in accordance with paragraph 4.
4. Where a dispute is to be referred to arbitration under paragraph 3, either the Allocation Platform or the Registered Participant may give notice to the other stating the nature of the dispute and referring the dispute to arbitration. Arbitration shall be conducted in accordance with the Rules of Arbitration of the Chamber of Commerce (ICC). The arbitration shall be conducted before one (1) arbitrator to be nominated upon agreement of the Parties unless a Party requests the appointment of three (3) arbitrators. In case of one (1) arbitrator, the Parties shall agree on the nomination of the arbitrator within two (2) months after the notice was given by the Party referring the dispute to arbitration. If no agreement can be found, the arbitrator shall be appointed by the ICC Court. In case of three (3) arbitrators the claimant shall nominate one (1) arbitrator and the respondent shall nominate one (1) arbitrator. The arbitrators nominated by each Party shall then nominate the chairman of the arbitral tribunal within three (3) Working Days from the confirmation of the appointment of the second arbitrator by the respondent. If the arbitrators nominated by each party cannot agree on the appointment of the chairman, the chairman shall be appointed by the ICC Court. The arbitration shall take place in the location of the Allocation Platform unless otherwise defined in the Participation Agreement and in accordance with the governing law of these Allocation Rules while the language of the arbitration proceedings shall be English. The emergency arbitrator provisions according to the Rules of Arbitration of the Chamber of Commerce shall not apply but the interim or injunctive relief measures under the governing law shall apply.
5. Arbitration awards shall be final and binding on the Allocation Platform and the relevant Registered Participant as from the date that they are made. The Allocation Platform and the Registered Participant shall carry out any award of an arbitration relating to any dispute without delay and each waive their right to any form of appeal or recourse to a court of law or other judicial authority, in so far as such waiver may validly be made.

6. Notwithstanding paragraphs 3 and 4 of this Article, the Parties may jointly agree to apply court proceedings instead of arbitration to settle a dispute arisen in connection with these Allocation Rules.
7. In cases of late payment and notwithstanding Article 67 and paragraphs 1 to 4 of this Article, a Party may bring court proceedings against the other Party for any amount due under or in connection with these Allocation Rules and unpaid for more than twenty (20) Working Days after the date the amounts were due.
8. The Parties agree that proceedings referred to in paragraph 6 or paragraph 7 may be brought in any competent court to hear such claim. The Registered Participant irrevocably waives any objection which it may have now or hereafter regarding the venue of such proceedings in any competent court and any claim that any such proceedings have been brought in an inconvenient forum.
9. Notwithstanding any reference to amicable settlement, expert resolution or arbitration under this Article, the Allocation Platform and the Registered Participant shall continue to perform their respective obligations under these Allocation Rules and the Registered Participant's Participation Agreement.
10. This Article survives the termination of the Registered Participant's Participation Agreement.

Article 71

Suspension of the Participation Agreement

1. The Allocation Platform may by notice to the Registered Participant suspend temporarily the Registered Participant's rights in connection with these Allocation Rules with immediate effect if the Registered Participant commits a major breach of an obligation in connection with these Allocation Rules which may have a significant impact to the Allocation Platform as follows:
 - (a) if a Registered Participant fails to pay any amount properly due and owing to the Allocation Platform pursuant to Article 67;
 - (b) if a Registered Participant fails to provide and maintain collaterals in accordance with Article 25;
 - (c) any breach which may have a significant financial impact to the Allocation Platform;
 - (d) the Allocation Platform has reasonable grounds to believe that the Registered Participant no longer satisfies one or more of any other conditions to participate in Auctions according to these Allocation Rules unless termination applies according to Article 72.
2. In any case of a minor breach in relation to these Allocation Rules such as but not limited to the failure of the Registered Participant to notify a change in the submitted information in accordance with Article 9, the Allocation Platform may by notice to the Registered Participant inform the Registered Participant's that its rights in connection with these Allocation Rules may be suspended unless the Registered Participant remedies the suspension event in the time period specified in the notice. The suspension shall take effect when the period specified for remedy has elapsed without that such remedy has taken place. After the suspension takes effect in accordance with paragraphs 1 and 2 of this Article, the suspended Registered Participant may no longer participate in an Auction or in the transfer or return of Long Term Transmission Rights and unless the payment of the Long Term Transmission Right is fully

settled or fully secured by collaterals by the suspended Registered Participant, the suspended Registered Participant shall not be entitled to use Long Term Transmission Rights according to CHAPTER 7. For the avoidance of doubt, the Long Term Transmission Rights which the Registered Participant is prohibited from using as a result of such suspension may be offered by the Allocation Platform in subsequent Auctions and the Allocation Platform shall not return the remuneration for Long Term Transmission Rights in accordance with Article 48.

3. The Allocation Platform may withdraw a notice under paragraphs 1 or 2 of this Article at any time. Having given a notice under paragraphs 1 or 2 of this Article, the Allocation Platform may give a further or other notice at any time in respect of the same or a different suspension event.
4. Once the Registered Participant has fulfilled or remedied the suspension event as notified to it in the notice sent by the Allocation Platform, the Allocation Platform shall reinstate as soon as reasonably practicable the Registered Participant's rights in relation to use of its allocated Long Term Transmission Rights and its ability to participate in Auctions and/or the transfer and return of Long Term Transmission Rights by written notice to the Registered Participant. As from the date of effect of the reinstatement, the Long Term Transmission Rights allocated prior to the suspension and which remain unused may be nominated in the case of Physical Transmission Rights and the Registered Participant may participate in Auctions and/or the transfer and return of Long Term Transmission Rights and is entitled to receive remuneration for Long Term Transmission Rights in accordance with Article 48.
5. If the Allocation Platform gives a notice to a Registered Participant under paragraph 1 or 2 of this Article, such notice of suspension does not relieve the Registered Participant from its payment obligations under CHAPTER 10, including its payment obligations in relation to the Long Term Transmission Rights for which the Registered Participant loses the right of use pursuant to paragraph 2.

Article 72

Termination of the Participation Agreement

1. A Registered Participant may at any time request the Allocation Platform to terminate the Participation Agreement to which the Registered Participant is a Party. The termination shall take effect after thirty (30) Working Days upon receipt of the termination request by the Allocation Platform and if all outstanding payment obligations are settled.
2. A Registered Participant may terminate the Participation Agreement to which the Registered Participant is a Party for good cause when the Allocation Platform has committed a major breach of an obligation connected with these Allocation Rules or the Participation Agreement in the following cases:
 - (a) where the Allocation Platform repeatedly fails to pay any amount properly due and owing to the Registered Participant with a significant financial impact;
 - (b) where there is a significant breach of the confidentiality obligations in accordance with Article 75.

The Registered Participant shall send a notice to the Allocation Platform stating the reason for termination and giving the Allocation Platform twenty (20) Working Days to remedy the breach. Unless the Allocation Platform remedies the breach within the abovementioned deadline, the termination shall take effect immediately upon expiration of such deadline. A holder of Long Term Transmission Rights whose Participation Agreement is terminated under

this paragraph is under no obligation to pay remaining instalments for the Long Term Transmission Rights' and is entitled to a refund to the extent that any instalment includes an amount in respect of use after the date of termination, to be calculated pro-rata from the date termination takes effect.

3. If any of the termination events in paragraph 4 occurs in relation to a Registered Participant, the Allocation Platform may by notice to the Registered Participant terminate the Participation Agreement, including the Registered Participant's rights connected with these Allocation Rules. A termination under this paragraph takes effect from the time of the notice or any later time specified in it. The Registered Participant may not at a later stage enter into the Participation Agreement with the Allocation Platform until the circumstances of termination continue to exist or it is not sufficiently guaranteed that the breach may not occur again.
4. The termination events referred to in paragraph 3 shall be the following:
 - (a) if the rights of the Registered Participant are suspended for longer than thirty (30) Working Days;
 - (b) if a Registered Participant does not qualify for the participation in the Auction as set forth in Article 10;
 - (c) if a Registered Participant repeatedly breaches these Allocation Rules or a Participation Agreement, whether or not the breach is capable of remedy;
 - (d) if a competent authority (i) determines that the Registered Participant has committed a misuse or fraudulent act and (ii) requests the Allocation Platform to terminate the Participation Agreement to which such Registered Participant is a Party or (iii) agrees that the Allocation Platform has reasonable grounds to believe that the Registered Participant has committed a misuse or fraudulent act in participating in Auctions and transfer/return of Long Term Transmission Rights; or
 - (e) if the Registered Participant has taken any action which may lead to the damaging or reduction in effectiveness of the Auction Tool (it being understood that such an action is deemed to happen in case of any behaviour that can be assimilated to an attack on the information system such as, but not limited to, deny of service, spam, virus, brute forcing, Trojan horse attack).
5. After the termination takes effect in accordance with paragraphs 1 to 3 of this Article and from that time, the Registered Participant may no longer participate in an Auction or in the transfer or return of Long Term Transmission Rights it has acquired. CHAPTERS 5,6 and 7 shall not apply to such acquired Long Term Transmission Rights. For the avoidance of doubt, the Long Term Transmission Rights, which the Registered Participant is prohibited from using as a result of termination, may be offered by the Allocation Platform in subsequent Auctions and the Allocation Platform shall not return the remuneration for Long Term Transmission Rights in accordance with Article 48.
6. Termination of a Participation Agreement does not affect any rights and obligations under or in connection with the Participation Agreement and these Allocation Rules which arose prior to that termination unless otherwise specified in this Article. Accordingly, any Registered Participant whose Participation Agreement is terminated will remain liable, subject to and in accordance with the Allocation Rules, in respect of all such rights and liabilities. This paragraph

shall apply without prejudice to other remedies available to the Allocation Platform under these Allocation Rules.

Article 73

Force Majeure

1. The Allocation Platform or a Registered Participant, which invokes Force Majeure, shall promptly send to the other Party a notification describing the nature of Force Majeure and its probable duration and shall continue to furnish reports with respect thereto with reasonable frequency during the period of Force Majeure. The Party invoking the Force Majeure shall make every possible effort to limit the consequences of the Force Majeure.
2. The affected obligations, duties and rights of a Party subject to Force Majeure shall be suspended from the beginning of Force Majeure, with the exception of the confidentiality provisions in accordance with Article 75.
3. Suspension under paragraph 2 is subject to the following:
 - (a) suspension will be of no greater scope and of no longer duration than is required by the Force Majeure;
 - (b) the suspension applies only for so long as the Party invoking to Force Majeure is using reasonable efforts to remedy their inability to perform.
4. The consequences of a Force Majeure event, which is not subject to any discussion or litigation between the Allocation Platform and the Registered Participant, are:
 - (a) the Party invoking Force Majeure cannot be held responsible to pay compensation for any damage suffered, due to the non-performance or partial performance of all or any of its obligations during the Force Majeure and when such non-performance or partial performance is due directly to Force Majeure;
 - (b) the acquired Long Term Transmission Rights which have been entirely paid and become subject to Force Majeure are reimbursed for the duration of the Force Majeure in accordance with any applicable legislation and these Allocation Rules; and
 - (c) where the Long Term Transmission Rights' holder is the party claiming the Force Majeure event, the Allocation Platform may, for its own benefit, reallocate the holder's Long Term Transmission Rights to the subsequent Auctions and for the duration of the Force Majeure event.
5. If the Force Majeure continues for a period longer than six (6) months, the Allocation Platform or each Registered Participant may, by notice to the other given at any time while the Force Majeure continues beyond that period, unilaterally terminate the Participation Agreement. The termination shall take effect ten (10) Working Days after the notice is given or any later date specified in the notice. A holder of Long Term Transmission Rights whose Participation Agreement is terminated under this paragraph is under no obligation to pay remaining instalments for the Long Term Transmission Rights' and is entitled to a refund to the extent that any instalment includes an amount in respect of use after the date of termination, to be calculated pro-rata from the date termination takes effect.
6. For avoidance of doubt this Article is without prejudice to the provisions of CHAPTER 9 regarding the curtailment of Long Term Transmission Rights.

Article 74

Notices

1. Any notice or other communication to be given under or in connection with these Allocation Rules shall be in English.
2. Unless otherwise expressly provided in these Allocation Rules, all notices or other communications shall be in writing between the Allocation Platform and each Registered Participant and shall be sent to the email address and if not possible, by facsimile number and marked for the attention of the other Party's representative as set out in the Participation Agreement or as notified by the Registered Participant from time to time in accordance with Article 9.
3. All notices or other communications shall be given by letter delivered by hand against receipt or sent by registered mail or courier in the following cases:
 - (a) the conclusion of the Participation Agreement in accordance with Article 6;
 - (b) the suspension and termination according to Article 71 and Article 72; and
 - (c) the submission of the bank Guarantee in accordance with Article 21 paragraph 3 .
4. All notices or other communications shall be deemed to have been received:
 - (a) in the case of delivery by hand, when delivered against receipt; or
 - (b) in the case of recorded delivery prepaid post, on the day following the recorded day of delivery; or
 - (c) in the case of facsimile, on acknowledgement of receipt by the addressee's facsimile receiving equipment; or
 - (d) in the case of email, when delivered to the other party but only if an acknowledgement of receipt is requested and obtained by the Party sending the e-mail.
5. If a notice or other communication has been received outside normal Working Hours on a Working Day), it is deemed to have been received at the opening of business on the next Working Day.

Article 75

Confidentiality

1. The Participation Agreement and any other information exchanged relating to its preparation and the application of a market participant shall be considered as confidential.
2. Subject to paragraph 3 of this Article, the Allocation Platform and each Registered Participant who is a recipient of confidential information in relation to these Allocation Rules shall preserve the confidentiality of such information and shall not directly or indirectly reveal, report, publish, disclose, transfer or use any item of the confidential information otherwise than for the purpose for which it was disclosed.
3. Notwithstanding paragraph 2 of this Article, the Allocation Platform or a Registered Participant may disclose confidential information of a disclosing Party to a third party with the other Party's prior consent expressed in writing and subject to the condition that the receiving Party

has given assurance that such third party is bound by equivalent confidentiality obligations as set out in these Allocation Rules directly enforceable by the other Party.

4. Notwithstanding paragraph 2 of this Article the Allocation Platform or a Registered Participant may disclose confidential information of a disclosing Party:
 - (a) to the extent expressly permitted or contemplated by the Allocation Rules;
 - (b) to any person who is one of the directors, officers, employees, agents, advisers or insurers of the recipient and who needs to know the confidential information in connection with these Allocation Rules;
 - (c) as far as required in order to comply with applicable national or EU legislation such as REGULATION (EU) No 1227/2011 and REGULATION (EU) No 543/2013 or any other relevant domestic administrative acts such as grid codes;
 - (d) as far as required by a court, arbitrator or administrative tribunal or an expert in the course of proceedings before it to which the recipient is a Party;
 - (e) as may be required by the relevant TSOs for the proper fulfilment of their mission and their obligations in accordance with applicable laws and these Allocation Rules by themselves or through agents or advisers; or
 - (f) as far as required in order to obtain clearances or consents from a competent authority.
5. Moreover, the obligations arising from this Article shall not apply:
 - (a) if the Party which receives the information can prove that at the time of disclosure, such information was already publicly available;
 - (b) if the receiving Party provides proof that, since the time of disclosure, the said information has been legally received from a third party or has become publicly available;
 - (c) to confidential information communicated, in accordance with the legal and regulatory provisions, in an incorporated form from which no item of information specific to a market participant can be deduced;
 - (d) to information whose publication is explicitly provided for by the present Allocation Rules.
6. The obligations of confidentiality in this Article shall remain valid for a period of five (5) years after termination of the Registered Participant's Participation Agreement.
7. The signature of a Participation Agreement and the exchange of confidential information do not confer any rights to patents, knowledge or any other form of intellectual property concerning information or tools made available or sent by one Party to the other under the terms of these Allocation Rules.

Article 76

Assignment and subcontracting

1. The Allocation Platform may assign, novate or otherwise transfer any of its rights or obligations under a Participation Agreement or these Allocation Rules to another Allocation Platform. The Allocation Platform shall notify the Registered Participants of the change by sending an email with acknowledgment of receipt as soon as possible and in any event at least ten (10) Working Days before the date on which the change takes effect.
2. Without prejudice to Article 41, a Registered Participant may not assign, novate or otherwise transfer any of its rights or obligations under its Participation Agreement or these Allocation Rules without the prior written consent of the Allocation Platform.
3. Nothing in this Article shall prevent an Allocation Platform or Registered Participant from entering into a subcontracting agreement in relation to this Allocation Rules. Entry into a subcontracting agreement by a Registered Participant does not relieve the Registered Participant of any obligation or liability under its Participation Agreement or these Allocation Rules.

Article 77

Governing law

These Allocation Rules shall be governed by and construed in all respects in accordance with the law of the location of the registered office of the Allocation Platform unless otherwise specified in the Participation Agreement.

Article 78

Language

The applicable language for these Allocation Rules shall be English. For the avoidance of doubt, where TSOs need to translate these Allocation Rules into their national language, in the event of inconsistencies between the English version published by the Allocation Platform and any version in another language, the English version published by the Allocation Platform shall prevail.

Article 79

Intellectual property

No Party shall acquire any right, title, licence or interest in or to any intellectual property rights of the other Party in connection with these Allocation Rules.

Article 80

Relationship of the Parties

1. The relationship of the Allocation Platform and the Registered Participant is that of service provider and service user respectively. Except as expressly provided in these Allocation Rules, nothing contained or implied in these Allocation Rules constitutes or is deemed to constitute the Allocation Platform or a Registered Participant, the partner, agent or legal representative of the other for any purpose whatsoever including transfer of Long Term Transmission Rights or create or be deemed to create any partnership, agency or trust between the Parties.
2. The Registered Participant acknowledges that neither the Allocation Platform nor any person acting on behalf of or associated with the Allocation Platform makes any representation, gives any advice or gives any warranty or undertaking of any kind in respect of these Allocation Rules, the Participation Agreements or the disclosed information or otherwise in relation to or

in connection with these Allocation Rules, the Participation Agreements and the disclosed information or any transaction or arrangement contemplated by these Allocation Rules, the Participation Agreements and the disclosed Information except as specifically provided in these Allocation Rules or the Participation Agreement.

Article 81

No third party rights

The Allocation Platform and each Registered Participant acknowledge and agree that a person who is not a party to the Participation Agreement between them, including any other market participant, has no rights to enforce these Allocation Rules or the Participation Agreement as between the Allocation Platform and that Registered Participant.

Article 82

Waiver

1. No omission to exercise or delay in exercising any right, power or remedy provided by law or under these Allocation Rules shall impair or constitute a waiver of such or any other right, power or remedy. No single or partial exercise of any such right, power or remedy precludes or impairs any other or further exercise thereof or the exercise of any other right, power or remedy provided by law or under these Allocation Rules.
2. Any waiver of any right, power or remedy under these Allocation Rules must be in writing and may be given subject to any conditions thought fit by the grantor. Unless otherwise expressly stated, any waiver is effective only in the instance and only for the purpose for which it is given.

Article 83

Entire agreement

These Allocation Rules and the Participation Agreement contain or expressly refer to the entire agreement between the Allocation Platform and each Registered Participant with respect to the subject matter hereof and expressly exclude any warranty, condition or other undertaking implied at law or by custom and supersedes all previous agreements and understandings between the Allocation Platform and each Registered Participant with respect thereto. The Allocation Platform and each Registered Participant acknowledge and confirm that none of them accede to these Allocation Rules or the Participation Agreement in reliance on any representation, warranty or other undertaking (other than where made fraudulently) not fully reflected in the terms of these Allocation Rules or the Participation Agreement.

Article 84

Remedies exclusive

The rights and remedies provided by these Allocation Rules and the Participation Agreement to the Allocation Platform and each Registered Participant are exclusive and not cumulative and, to the extent permissible by law, shall exclude and be in place of all substantive (but not procedural) rights or remedies expressed or implied and provided by law or statute in respect of the subject matter of these Allocation Rules and the Participation Agreement. Accordingly, the Allocation Platform and each Registered Participant hereby waives to the fullest extent possible all such rights and remedies provided by law or statute, and releases each other of them if it is liable to any other of them, its officers, employees and agents to the same extent from all duties, liabilities, responsibilities or obligations provided by law or statute in respect of the matters dealt with in these Allocation Rules and the Participation Agreement and undertakes not to enforce any of the same except as expressly provided herein.

Article 85
Severability

If any provision of these Allocation Rules or a Participation Agreement is declared invalid, unenforceable or illegal by the courts of any jurisdiction to which it is subject or pursuant to arbitration or by order of any competent authority, such invalidity, unenforceability or illegality shall not prejudice or affect the remaining provisions of these Allocation Rules and the Participation Agreement which shall continue in full force and effect notwithstanding such invalidity, unenforceability or illegality. Any invalid, illegal, void and/or unenforceable part(s) or provision(s) shall be replaced by valid, legal and/or enforceable part(s) or provision(s) in order to achieve the intended economic and legal effect.

**BritNed border specific annex
to the Allocation Rules
GB – NL border**

CHAPTER 1

General Provisions

Section 1

Subject-matter and scope

1. In accordance with Article 4 (*Regional specificities*) of the Allocation Rules, regional or border specificities may be introduced for one or more Bidding Zone borders. Rules described in this Annex apply to the Netherlands-Great Britain border comprising the Interconnector operated by BritNed (the “**Border**”).
2. The capitalised terms used in this Annex are defined or referred to in the Allocation Rules or in the BritNed Access Rules unless otherwise specified below:

Allocation Rules means the harmonised allocation rules for long term transmission rights approved in accordance with Article 51 of Commission Regulation (EU) 2016/1719 establishing a guideline on Forward Capacity Allocation;

Annex means this annex to the Allocation Rules relating to the Border;

Balancing and Settlement Code means the code of that name established under the licence granted by the UK Secretary of State to National Grid Electricity Transmission Plc under Section 6(1)(b) of the Electricity Act 1989 (as amended);

BritNed means BritNed Development Limited;

BritNed Access Rules shall mean the Access Rules relating to the Interconnector published by BritNed but, for the avoidance of doubt, not including the Allocation Rules;

Interconnector means the interconnector linking the transmission systems in Great Britain and the Netherlands operated by BritNed;

Interconnector Capability has the meaning given to that term in the BritNed Access Rules;**Long Term Auction** means an auction held for the purposes of Forward Capacity Allocation;

Mid North Sea Day Ahead Market Spread means the difference in the power exchange prices on the British and Dutch day ahead markets (such power exchanges to be chosen by BritNed in its absolute discretion from time to time) for the relevant hour(s) as adjusted to reflect DC losses on the Interconnector;

Mid North Sea Day Ahead Market Spread Cap means the cap calculated in accordance with Section 16(4) of this Annex;

Mid North Sea Nomination or MNN has the meaning given to that term in the BritNed Access Rules;

Mid North Sea Netted Nomination or MNNN has the meaning given to that term in the BritNed Access Rules;

NGET Transmission System means the system of electric lines owned or operated by National Grid Electricity Transmission Plc for the transmission of electricity, as further defined in the licence granted to it by the Secretary of State under section 6(1)(b) of the Electricity Act 1989;

Reserve Price means the minimum price in a Long Term Auction for which Long Term Transmission Rights are offered, as approved by the relevant National Regulatory Authorities. This minimum price will be set by reference to costs and not by reference to predictions of market revenues. Several steps of minimum prices may be identified within an Auction, ranging from the marginal cost to the full cost (including an allowance for capital expenditure) of operating the Interconnector;

TenneT Transmission System means the system of electric lines operated by TenneT TSO for the transmission of electricity as further defined in the codes governing the transportation and use of electricity in the Netherlands;

Weighted Average Marginal Price means, in relation to a Registered Participant, the weighted average Marginal Price of the Long Term Transmission Rights of that Registered Participant, the aggregate of which forms its entitlement set out in the applicable Rights Document.

3. By way of amendment of Article 2 (*Definitions and interpretation*) of the Allocation Rules, the definition of “Information System Rules” shall mean the terms and conditions for access to and use of the Auction Tool by Registered Participants as set out in Rule A9 (*Information System Rules*) of the BritNed Access Rules.

Section 2

Effective date and application

1. This Annex shall be effective from the date on which the Allocation Rules enter into force, subject to approval from the relevant National Regulatory Authorities. This Annex shall be reviewed annually by BritNed and the National Regulatory Authorities may also request a review. In the event that this Annex requires amendment, Article 68 (*Duration and amendment of Allocation Rules*) of the Allocation Rules shall apply.
2. The Allocation Rules and this Annex shall apply to Long Term Transmission Rights and all other rights and obligations in relation to the Border including those acquired before but with all or part of the delivery period occurring after the date on which the Allocation Rules and this Annex take effect in accordance with paragraph 1 above.
3. The provisions of Sections 1(3) (*Subject-matter and scope*), 3 (*Collaterals*), 8 (*Returns*), 9 (*Transfers*), 10(1)(b) (*Remuneration of Long Term Transmission Rights holders for non-nominated Physical Transmission Rights and Financial Transmission Rights*), 15(1)(b) (*Compensation for curtailments*), 17 (*Invoicing and payment conditions*) and 18 (*Invoicing*) of this Annex shall cease to apply with effect from the date on which the first provisional auction specification for Long Term Transmission Rights for the Border is published by the Single Allocation Platform.

CHAPTER 3

Collaterals

Section 3

Collaterals

1. By way of amendment to Article 20(e) (*Form of cash deposit*) of the Allocation Rules, the dedicated Business Account will not be used by the Allocation Platform for the purposes of settlement and must in all cases be opened in the name of the Allocation Platform at a financial institution selected by the Allocation Platform.
2. By way of amendment to Article 21 (*Form of Bank Guarantee*) of the Allocation Rules, the requirement to provide a Bank Guarantee may be satisfied by delivery of an equivalent instrument (“Alternative Guarantee”) in terms acceptable to the Allocation Platform, issued by a financial institution other than a bank with a long term credit rating meeting the requirements of Article 21(1)(h).

Section 4

Credit Limit

1. For the purposes of calculating the Credit Limit under Article 23 (*Credit Limit*) of the Allocation Rules and Rule B7 (*Payment Security*) of the BritNed Access Rules, any outstanding payment obligations of the Registered Participant under the BritNed Access Rules shall additionally be taken into account.
2. In the case of Long Term Auctions with a Product Period greater than one (1) month, one (1) month of potential maximum commitment associated with the Bid will be considered for the purposes of assessing the Credit Limit. (For example, in an Auction with a Product Period of a year where the Credit Limit is one hundred Euros (€100), Bids will be permitted up to a level that creates a total Product Period commitment of one thousand two hundred Euros (€1,200)).

Section 5

Calls on collaterals

The right of the Allocation Platform to call upon the collateral of a Registered Participant in respect of the Border under Article 26 (*Calls on collaterals*) of the Allocation Rules and Rule B7 (*Payment Security*) of the BritNed Access Rules shall additionally apply in relation to any sum invoiced under the BritNed Access Rules that a Registered Participant has failed to pay by the due date for payment.

CHAPTER 4

Auctions

Section 6

Reduction Periods of Offered Capacity

1. For the purposes of Article 30 (*Reduction Periods of Offered Capacity*) of the Allocation Rules, Reduction Periods may be included by the Allocation Platform in the Auction Specification for Products with a Product Period of twelve months on the basis of indicative start and finish times for reductions in Cross Zonal Capacity that will subsequently be confirmed by the Allocation Platform with as much advance notice as reasonably practicable, provided that the aggregate period of reduction shall not exceed that specified in the Auction Specification.

Section 7

Reserve Price

1. In Article 35(4) (*Auction Results Determination*) of the Allocation Rules and for the purposes of determining the Auction results, paragraph (a) shall be deleted and the following shall be inserted as new paragraphs (a) and (b) (and the existing paragraph (b) shall become (c)):
 - a. Bids with prices lower than the Reserve Price will be excluded for the purposes of determining the Auction results and, as a consequence, the Marginal Price will always be equal to or higher than the Reserve Price; and
 - b. If the total quantity of Cross Zonal Capacity for which valid Bids have been submitted is equal to or lower than the Offered Capacity for the relevant Auction then the Bids will be accepted and the Marginal Price will be the Reserve Price.
2. The Reserve Price for a particular Auction will be made available to Registered Participants as soon as practicable after the Auction has finished. Confirmation of the Reserve Price shall be submitted to both The Gas and Electricity Markets Authority and the Netherlands Authority for Consumers and Markets immediately before any Auction is conducted.

CHAPTER 5

Return of Long Term Transmission Rights

Section 8

Returns

1. By way of amendment to Article 39(1) (Process of the return) of the Allocation Rules, Long Term Transmission Rights may only be returned directly by the Long Term Transmission Right Holder(s). For the avoidance of doubt, a notification sent indirectly through a third party will not be accepted by the Allocation Platform.
2. By way of amendment to Article 39(7) (Process of the return) of the Allocation Rules, the inability of the Allocation Platform to register a return shall include circumstances in which the Allocation Platform is not able to accept a return for legal or regulatory reasons.

Section 9

Transfers

By way of amendment to Article 42 (*Process of the transfer*) of the Allocation Rules, the notifications of transfers of Long Term Transmission Rights can only be achieved directly by the Long Term Transmission Right Holder(s). For the avoidance of doubt, a notification sent indirectly through a third party will not be accepted.

CHAPTER 7

Use and remuneration of Long Term Transmission Rights

Section 10

Remuneration of Long Term Transmission Rights holders for non-nominated

Physical Transmission Rights and Financial Transmission Rights

1. For the purposes of calculating the remuneration payable to a Registered Participant under Article 48(1)(*Remuneration of Long Term Transmission Rights holders for non-nominated Physical Transmission Rights and Financial Transmission Rights*) of the Allocation Rules:
 - a. the “Market Spread” to be calculated under Article 48(1)(a) shall be calculated as the Mid North Sea Day Ahead Market Spread ; and
 - b. the Marginal Price of the initial Auction to be calculated under Article 48(1)(c) shall be calculated as the Weighted Average Marginal Price.

Section 11

Cancellation of a Long Term Nomination Gate

Where Long Term Physical Transmission Rights have been issued and technical difficulties with the Auction Tool occur, the Allocation Platform may be forced to cancel a Long Term Nomination Gate. In that case, the Allocation Platform shall inform the Registered Participants as soon as practicable of such cancellation. Should BritNed cancel a Long Term Nomination Gate, the Registered Participant’s corresponding Long Term Physical Transmission Rights set out in the Rights Document shall be compensated in accordance with Article 48(1) of the Allocation Rules and Section 10 of this Annex.

Section 12

Deemed Metered Volumes

1. When a Registered Participant issues a Mid North Sea Nomination of Physical Transmission Rights, then the Allocation Platform will, subject to paragraph 2 below, ensure that a corresponding Deemed Metered Volume, as adjusted to reflect DC losses on the Interconnector and for any reductions in Mid North Sea Nominations as a result of curtailment, is allocated to the relevant Registered Participant for the purposes of the Balancing and Settlement Code using the Deemed Metered Volume allocation rules set out in Schedule 5: “Deemed Metered Volume Allocation” of the BritNed Access Rules.
2. If the coordinated capacity calculation methodology for the Channel Capacity Calculation Region approved in accordance with Article 20 of Regulation (EU) 2015/1222 takes into account DC losses on the Interconnector, the calculation of Deemed Metered Volumes allocated in accordance with paragraph 1 above shall be amended to reflect that methodology.

CHAPTER 9

Curtailement

Section 13

Curtailement general provisions

1. This chapter should be read in conjunction with Rules D8 (*Curtailement*) and D9 (*Curtailement Reconciliation*) of the BritNed Access Rules published on the website of the Allocation Platform which covers the curtailement of Day Ahead and Intraday Transmission Rights and Day Ahead and Intraday MNNs.
2. For the purposes of Article 56 (*Triggering events and consequences of curtailement on Long Term Transmission Rights*) of the Allocation Rules, a Capacity Shortage, as defined in paragraph 3 of this Section 13, occurring:
 - a. before the Day Ahead Firmness Deadline, may be considered by the Allocation Platform to have been triggered by a breach of the Operational Security Limits or an event of Force Majeure; or
 - b. on or after the Day Ahead Firmness Deadline, may be considered by the Allocation Platform to have been triggered by an emergency situation or an event of Force Majeure,

and, in either case, for the purposes of Article 57 (*Process and notification of curtailement*) of the Allocation Rules, the aggregate quantity of Transmission Rights to be curtailed on a pro rata basis with any Day Ahead or Intraday Transmission Rights to be curtailed in accordance with the BritNed Access Rules shall be equal to the Curtailement Quantity calculated in accordance with paragraph 3 of this Section 13.

3. A Capacity Shortage occurs in any minute in a direction if:

$$NTC_{dir} < \sum Capa_{dir}^{GNC} + \sum MNN_{dir}^{GC} - \sum MNN_{opp}^{GC}$$

Where:

NTC_{dir}

is the value of the Interconnector Capability at that time in that direction; and

$\sum Capa_{dir}^{GNC}$

is the sum of the Transmission Rights, across all Registered Participants in that direction and for all timescales, including any Day Ahead and Intraday Transmission Rights allocated under the BritNed Access Rules, for which Nomination Gate Closure has not yet occurred, (before curtailement of those rights); and

$\sum MNN_{dir}^{GC}$

is the sum of the MNN values, across all

$\sum \text{MNN}^{GC}_{opp}$

Registered Participants in that direction for all timescales, in respect of Units for which Nomination Gate Closure has occurred, (before curtailment of that MNN in respect of the relevant Capacity Shortage in accordance with this Annex or the BritNed Access Rules); and

is the sum of the MNN values, across all Registered Participants in the opposite direction for all timescales, in respect of Units for which Nomination Gate Closure has occurred, (before curtailment of that MNN in respect of the relevant capacity Shortage in accordance with this Annex or the BritNed Access Rules),

and the “Curtailment Quantity” is the positive number equal to the difference between the Net Transfer Capacity in such direction and ($\sum \text{CapaGNCdir} + \sum \text{MNNGCdir} - \sum \text{MNNGCopp}$).

Section 14

Curtailment of Long Term Transmission Rights and Long Term MNNs

1. If a Registered Participant’s Long Term Transmission Rights or Long Term MNNs have been curtailed as a result of a triggering event described in Article 56 of the Allocation Rules (*Triggering events and consequences of curtailment on Long Term Transmission Rights*) as amended by paragraph 2 of Section 13 of this Annex then any such Long Term Transmission Rights and Long Term MNNs will not be reinstated if the Allocation Platform, acting reasonably, decides to increase the Interconnector Capability in any Settlement Period (either GB or NL) in any flow direction. Any such increase of Interconnector Capability will be added to the Offered Capacity in the next available Auction.

Section 15

Compensation for curtailments general provisions

1. For the purposes of Chapter 9 (*Curtailment*) of the Allocation Rules:
 - a. any calculation of the “Market Spread” shall be calculated as the Mid North Sea Day Ahead Market Spread; and
 - b. any calculation of the “Marginal Price of the initial Auction” shall be calculated as the Weighted Average Marginal Price.

Section 16

Compensation for curtailments of Long Term Transmission Rights

1. For the purposes of Article 59 of the Allocation Rules, the compensation payable in respect of Long Term Transmission Rights shall be subject to the caps set out in paragraph 3 of that Article.
2. For the purposes of Article 59(3) of the Allocation Rules, there shall be deducted from the total amount of Congestion Income for the relevant month, in addition to the remuneration paid under Articles 40 and 48 and the compensation paid under Articles 60 and 61 for that month, any amount paid by way of compensation under Section 11 of this Annex (*Cancellation of a Long Term Nomination Gate*).

CHAPTER 10

Invoicing and Payment

Section 17

Invoicing and payment conditions

1. Article 65(10) (*Invoicing and payment conditions*) of the Allocation Rules shall not apply in respect of the Border and the following shall apply in its place:

“Payments by the Registered Participant under paragraph 7 of this Article shall be made as follows:

- a. the Registered Participant shall ensure payment through a non-automated transaction to the account of the Allocation Platform specified on the invoice by indicating the invoice reference; or
 - b. alternatively, the Allocation Platform shall, subject to prior agreement with the Registered Participant, collect the payment automatically from any bank account other than the dedicated Business Account (which, for the avoidance of doubt, may only be used for the purposes of holding collateral) of the Registered Participant on the due date of the invoice.
2. The alternative procedure set out in sub-paragraph b may only be used upon request of the Registered Participant and with the consent of the Allocation Platform. The Registered Participant may request the Allocation Platform to use the alternative procedure by email at least two (2) Working Days before the date of issuing of the next invoice under paragraph 2 of this Article (as amended by the Annex). Once the alternative procedure is agreed, it shall be deemed to be valid until otherwise agreed between the Registered Participant and the Allocation Platform.”

Section 18

Invoicing

1. By way of amendment of Article 65(2) to (8) (inclusive) (*Invoicing and Payment Conditions*) of the Allocation Rules, unless notified otherwise, no later than the 10th Working Day of each month, the Allocation Platform will send by email as a PDF attachment (or by any other means as indicated from time to time by the Allocation Platform) to the Registered Participant an invoice or credit note stating:
 - i. the monthly instalments payable by the Registered Participant in respect of the portion related to month M+1 of Long Term Transmission Rights, the Product Period of which is equal to or greater than one month, and the allocation of which will have taken place before the 3rd Working Day of month M;
 - ii. the monthly instalments payable by the Registered Participant in respect of the portion related to month M of Long Term Transmission Rights, the Product Period of which is equal to or greater than one month, and the allocation of which will have taken place after or on the 3rd Working Day of month M-1;

- iii. the amount payable by the Registered Participant in respect of Long Term Transmission Rights, the Product Period of which is less than one (1) month and starts in month M-1;
 - iv. the monthly instalments payable by the Allocation Platform to the Registered Participant in respect of the portion related to month M+1 of Long Term Transmission Rights reallocated in Auctions, the Product Period of which is equal to or greater than one month, and the allocation of which will have taken place before the 3rd Working Day of month M;
 - v. the monthly instalments payable by the Allocation Platform to the Registered Participant in respect of the portion related to month M of Long Term Transmission Rights reallocated in Auctions, the Product Period of which is equal to or greater than one month, and the reallocation of which will have taken place after or on the 3rd Working Day of month M-1;
 - vi. the amount payable by the Allocation Platform in respect of the Long Term Transmission Rights returned for reallocation in Auctions in accordance with Chapter 5 (*Return of Long Term Transmission Rights*) in Auctions, the Product Period of which is less than one (1) month and starts M-1;
 - vii. any amount payable by the Allocation Platform in respect of non-nominated Long Term Physical Transmission Rights or any amount payable by the Allocation Platform in respect of Long Term Financial Transmission Right Options;
 - viii. where practicable, the notification of the portion related to month M-1 of the Long Term Transmission Rights subject to transfer in accordance with Chapter 6 (*Transfer of Long Term Transmission Rights*) by or to the Registered Participant;
 - ix. any amounts payable or credits due to the Registered Participant by the Allocation Platform under Chapter 9 (*Curtailment*) as amended by this Annex;
 - x. any amount payable by the Registered Participant to the Allocation Platform for any training requested by the Registered Participant, in addition to the Standard Training provided for the use of the Allocation Platform;
 - xi. any taxes payable by the Registered Participant or the Allocation Platform in respect of amounts in the invoice;
 - xii. the total amounts payable by the Registered Participant to the Allocation Platform under that invoice (or receivable by the Registered Participant from the Allocation Platform under that credit note); and
 - xiii. any other information required to be included in the invoice under English or Dutch law.
3. Where an invoice issued by the Allocation Platform does not contain full background data for the derivation of invoice summary amounts, then the Registered Participant may consult the Auction Tool to obtain such background data.
 4. Any invoice issued under Article 65 (*Invoicing and payment conditions*) of the Allocation Rules may include other items including those to be invoiced under the BritNed Access Rules.

CHAPTER 11

Miscellaneous

Section 19

Duration and amendment of Allocation Rules

By way of clarification to Article 68(6) (*Duration and amendment of Allocation Rules*) of the Allocation Rules, the biennial review required of the Allocation Rules and the border and /or regional specific annexes included with the Allocation Rules by the relevant TSOs shall be treated as satisfied to the extent that any such review is undertaken in accordance with the requirements of competent National Regulatory Authorities.

Section 20

Liability

By way of clarification of Article 69(2) (*Liability*) of the Allocation Rules, the Allocation Platform shall not be liable for damages caused by any act or omission that does not amount to fraud, gross negligence or wilful misconduct or that does not cause death or personal injury of any person.

Supporting document to the all TSOs’ proposal for harmonised allocation rules for long-term transmission rights in accordance with Article 51 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation

10 April 2017

Disclaimer

This explanatory document is submitted by all Transmission System Operators (TSOs) to all National Regulatory Authorities (NRAs) for information purposes only and accompanying the all TSOs’ proposal for harmonised allocation rules for long-term transmission rights (“HAR proposal”) in accordance with Article 51 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on Forward Capacity Allocation (“FCA Regulation”).

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1. Introduction

The Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (hereinafter “**FCA Regulation**”) was published in the official Journal of the European Union on 27 September 2016 and entered into force on 17 October 2016. The FCA Regulation sets out rules regarding the type of long-term transmission rights that can be allocated via explicit auction, and the way holders of transmission rights are compensated in case their right is curtailed. The overarching goal is to promote the development of liquid and competitive forward markets in a coordinated way across Europe, and provide market participants with the ability to hedge their risk associated with cross-border electricity trading. In order to deliver these objectives, a number of steps are required.

One of these steps is the introduction of harmonised rules for long-term transmission rights at Union level. In accordance with Article 51 of the FCA Regulation, 6 months after the entry into force of the FCA Regulation, all TSOs shall develop a proposal for the harmonised allocation rules for long-term transmission rights (hereinafter “**HAR**”). The proposal for the HAR should be put to public consultation in accordance with Article 6 of the FCA Regulation. The FCA Regulation also allows for regional specificities to be reflected in border or regional specific annexes of the HAR proposal as described in Article 52(3).

Based on the above, all TSOs have elaborated on a HAR proposal which was then consulted upon between 16 January and 17 February 2017. During the public consultation, a public workshop took place giving the opportunity to interested stakeholders and various organisations impacted by the HAR with an opportunity to raise questions and ask clarifications from the TSOs. At the end of the public consultation nearly 60 comments from 12 respondents were received which were then duly considered by the TSOs.

This document provides an overview of how the comments to the public consultation have been assessed and how the relevant parts of the HAR proposal were amended. The full list of comments received is also attached to this document in the form of an annex. In the framework of the public consultation, the border or regional specific annexes were also published and consulted upon. In case of interest parties are invited to contact the relevant TSOs to access the comments provided on those annexes and their assessment by the concerned TSOs. Accordingly, it is noted that this document deals only with the comments and the content of the main body of the HAR.

It is worth noting that the current version of the HAR proposal is the outcome of previous steps taken as part of the early implementation of the FCA Regulation. In coordination with regulators and interested stakeholders, ENTSO-E has decided to begin the early development, adoption and implementation of the HAR before the FCA Regulation was in force and posed an obligation on TSOs.

The first HAR proposal was submitted and approved by the relevant NRAs in 2015 and applied for the long-term auctions of 2016 (hereinafter “**2016 HAR**”). After the positive vote of the Electricity Cross Border Committee on the FCA Regulation in October 2015, the relevant TSOs in coordination with regulators and interested stakeholders decided to update the HAR to further align with the draft FCA Regulation. This process ended in summer 2016 where the updated version of the HAR was submitted by TSOs. The rules were adopted by the relevant NRAs and applied for the long-term auctions in 2017 (hereinafter “**2017 HAR**”).

Document structure

The document is structured in two parts:

- Section 1 is the executive summary describing the process in general; and
- Section 2 provides additional information on some parts of the HAR and a detailed summary of the assessment of the comments received.

The document has one Annex, i.e. the detailed comments received by ENTSO-E on the main body of the HAR during the public consultation held from 16 January until 17 February 2017.

2. Explanatory remarks and assessment of the comments received

The structure of this part of document follows the chapters of the HAR.

Chapter 1 – General provisions

Regarding Article 1 of the HAR proposal, it should be noted that the final version deviates from the one submitted to public consultation in terms of the deletion of Annex 1. This modification has been introduced by TSOs in coordination with the NRAs. The reason for removing Annex 1 is that the HAR shall apply to all Bidding Zone borders where long-term transmission rights are being issued, unless otherwise decided by the relevant NRAs in accordance with Article 30 of the FCA Regulation. The information on the products offered will be detailed in the regional proposals for long-term transmission rights in accordance with Article 31 of the FCA Regulation. Since Annex 1 of the HAR was used also to accommodate the information on the applicability of the cap on compensations, after its removal the necessary information will be added in regional proposals (preferably one per Capacity Calculation Region), which will then be approved by the relevant NRAs.

The list below is an indicative list of the Annexes to be submitted by TSOs, complemented by additional regional or border specific Annexes if needed. These Annexes will encompass the applicability of the cap on compensations and any regional/border-specific provisions from the former regional/border specific Annexes.

Annex 1: Regional specific Annex for the Nordic Capacity Calculation Region

Annex 2: Regional specific Annex for the Hansa Capacity Calculation Region

Annex 3: Regional specific Annex for the Core Capacity Calculation Region

Annex 4: Regional specific Annex for the Italy-North Capacity Calculation Region

Annex 5: Regional specific Annex for the Greece-Italy Capacity Calculation Region

Annex 6: Regional specific Annex for the South-west Europe Capacity Calculation Region

Annex 7: Regional specific Annex for the Ireland and United Kingdom Capacity Calculation Region

Annex 8: Regional specific Annex for the Channel Capacity Calculation Region

Annex 9: Regional specific Annex for the Baltic Capacity Calculation Region

Annex 10: Regional specific Annex for the South-East Europe Capacity Calculation Region

For Article 1 a request was raised for including reference to buy-back of transmission rights. TSOs consider that such a procedure falls out of the scope of the HAR and the FCA Regulation and thus cannot be accommodated.

Article 2 has been modified in order to remove terms that are defined in other pieces of legislation. Article 2(1) of Regulation (EC) 714/2009 deviates from the definition of “interconnector” laid down in Article 2 of Directive 2009/72/EC. Accordingly, it is necessary to specify which definition is upheld in the HAR.

Regarding the question on the definition of Force Majeure, TSOs consider that the definitions from other pieces of legislation and the one in the HAR should be adequate for covering all situations.

With regard to the comment on the definition of FTR-obligations, the relevant provisions are introduced to the HAR in accordance with the requirements set in the FCA Regulation. At this stage, TSOs are not planning to introduce FTR-obligations in the near future. To this end, all specific rules will have to be detailed in a dedicated border/ regional specific annex. Furthermore, the type of products for the respective Bidding Zone borders will be defined in the regional proposals for the design of LTRs according to Article 31 of the FCA Regulation.

A comment was also raised regarding the reduction period. When defining the products in advance TSOs have to take into account several factors, including the ones related to balancing problems (e.g. in case of high renewable production associated with low consumption period). By deleting foreseen balancing problems for this definition, the volume of cross-border capacities offered to the market on long term timeframe would risk to not be optimized. It is therefore suggested to maintain the reference to foreseen balancing problems.

Regarding the regional specificities provisions of Article 4, several respondents commented by suggesting either moving the provisions to transitional arrangements or adding a termination date. The comments on the specific Article but also under the general remarks to the proposal have been assessed and it was concluded that the FCA Regulation (and specifically Article 52.3) allows the possibility for regional specificities even after its entry into force and not only for a transitional period. In addition, it is worth mentioning that some specificities in regional annexes do not contradict with the FCA Regulation (e.g. technical profiles in annex 10) and thus there is no reason to treat them as temporary measures. The border or regional specific annexes are subject to the approval of the relevant NRAs in accordance also with Article 4.7.d of the FCA Regulation.

The comments received on the specific Annexes were forwarded to the respective TSOs and will be taken into consideration when finalising these Annexes.

In Article 5 of Chapter 1, the effective date of the HAR is introduced. TSOs propose to have the proposed HAR applying to the long-term allocations from 1 January 2018. This timing will largely depend on the approval process by all NRAs as outlined in Article 4 of the FCA Regulation. According to these provisions, all NRAs have to decide on the HAR within 6 months (i.e. approximately in October 2017). In case all NRAs do not reach a common decision or in case they request an amendment to the proposal, the foreseen processes will allow the HAR to apply only as from 1 January 2019. This solution will only ensure that all auctions are conducted under the same rules.

Chapter 2 – Requirements and process for participation in Auctions and Transfers

Two comments were raised on Article 17 with the request to allow reasonable time for market participants when the Allocation Platform develops and publishes additional financial terms. TSOs have reviewed the comments and concluded that the process for such additional terms shall be deemed as covered by the provisions on the participation agreement.

Chapter 3 – Collaterals

This chapter outlines the provisions for handling the risk of non-payment. TSOs deem that the proposed measures should be adequate for coping with such a risk.

Regarding the proposed ratings for bank guarantees in Article 21, TSOs have debated at length for this issue also in previous versions of the HAR (mainly the 2016 HAR) and have concluded on the exact figures. The proposed credit ratings were kept intact also in the 2017 HAR version and also in the current version. TSOs see the benefits of having one common level of credit rating for the Allocation Platform as a way to ensuring an equal level playing field for all market participants. Otherwise, different credit ratings could complicate the rules for market participants and set higher hurdles on some borders than others in terms of participation.

Moreover, Article 21 includes a provision for a reduction of the abovementioned credit ratings by the Allocation Platform (in coordination with the TSOs and subsequently with the NRAs). It should be highlighted that such decrease should occur only in extreme cases of industry-wide downgrades of financial institutions (e.g. results of an extensive crisis). In such cases swift almost immediate reaction is essential and thus the provisions in the Article do not include lengthy decision making processes. Any delay in decision making (due to e.g. either just additional formal-time consuming approval from all NRAs or even discussion among them to which level the required rating should be changed) might significantly increase risk of higher negative financial consequence for the Allocation Platform, respectively TSOs. Since these costs typically pass through costs for TSOs, this means that these potentially higher costs would be borne by the end-consumers.

A comment was raised regarding Article 21.3, suggesting that the bank guarantees should be valid as soon as processed by the Allocation Platform rather than there being a defined cut-off for when they must be received to be valid for an auction. While this change may be beneficial for some stakeholders, it may lead to Registered Participants being treated differently on different occasions leading to disputes or perceived discrimination. For this reason no change has been proposed for the HAR in article 21 compared to the 2016 HAR.

One respondent commented and asked for clarifications in the wording of Article 22. TSOs have assessed the remarks and concluded that no change is needed in this provision in order to keep consistency with previous versions of the HAR.

Two respondents suggested that more time be given to market participants for increasing the collaterals in cases of collateral incidents. Based on the current practice, market participants are informed about a potential collateral incident ahead of an official notification in accordance with Article 25.2. Therefore, sufficient time is given for adjusting the level of collaterals and thus no change is implemented in the respective provision.

Chapter 4 – Auctions

Two comments were raised on Article 28 suggesting to have more timeframes listed as standard for forward capacity allocation. TSOs have assessed those comments and concluded that the wording shall be kept as it was originally proposed since those timeframes are mentioned also in the FCA Regulation. It should be noted that Article 28.3 of the HAR states that base product with different timeframes and forms of products being allowed (as in Article 28.4). The details on the products are also part of the regional design of long-term transmission rights (in accordance with Article 31 of the FCA Regulation). One of the respondents commented on using the product period instead of timeframe in Article 29. TSOs decided not to implement any change in Article 29.2.c since the two terms (i.e. product period and timeframe) have different meanings. In Article 2 of the HAR the product period is defined as means the time and date on which the right to use the Long Term Transmission Right commences and the time and date on which the right to use the Long Term Transmission Right ends.

Regarding Article 30, a comment was raised on adding the causes of the reduction period in the announcements of such reductions. TSOs decided not to accommodate the suggestion since the causes of the reductions may vary as indicated also in the definition in Article 2 and relevant information is made available in other sources e.g. in the Transparency Platform.

Moreover, one respondent requested not to take into account foreseen balancing problems in reduction periods in Article 30. It is worth clarifying that when defining the products in advance TSOs have to take into account several factors, including the ones related to balancing problems (e.g. in case of high renewable production associated with low consumption period); by not considering foreseen balancing problems in the reduction period, the volume of cross-border capacities offered to the market on long term timeframe will risk not to be optimized. To this end, no change to the Article was introduced.

A comment was raised also on Article 31 with a request for clarification. TSOs would respond that in all timeframes the price of a product can be calculated as EUR/MW/h depending on the different elements and characteristics of the product.

For Article 31 it should be clarified the reason for adding a provision for different bid prices. When using the pro-rata rule in the harmonised auction rules, it is necessary to limit the possibility of submitting multiple bids for the same bid price. By doing so the possibility of gaming to secure a higher portion of the capacity when applying the pro-rata algorithm is avoided.

Following up to a comment received on Article 32, TSOs have amended the wording of Article 32.2 adding “without undue delay” in the confirmation of the Allocation Platform to the Registered Participant about the registering of the bids.

Further clarifications were requested on the formula provided in Article 34. TSOs have assessed the comment and concluded that no change is needed at the formula. As correctly pointed out by the respondent, the formula provided covers one border and direction but the overall financial outcome can be derived from it.

One of the respondents asked for clarification on the interpretation of the term “surplus” as provided in Article 35. The term should be understood as follows: For cases where there can be multiple results (borders with technical profiles) the optimisation function ensures a maximisation of the congestion revenue. In the event that there are no differences of congestion revenue between the solutions, the function ensures maximum capacity allocation.

A comment was also raised on the clarification between paragraphs 3 and 4 of Article 35. TSOs would like to clarify that the result of the optimisation and the definition of the marginal price shall be understood as two distinct steps in the process of the determination of the auction results. That is the reason for keeping two separate provisions.

TSOs would like to note that the wording in paragraph 7 of Article 35 has been amended with the explanatory term “allocated to individual Registered Participants” for the case when long-term transmission rights are equal to zero.

Chapter 5 – Return of Long Term Transmission Rights

For the process of the return of Long Term Transmission Rights, it is suggested to refer to an authorised third party that would send the notification on behalf of the rights' holder. The authorisation of such third party can be ensured by signing the Participation Agreement.

Chapter 6 – Transfer of Long Term Transmission Rights

For the process of the transfer of Long Term Transmission Rights, it is suggested to refer to an authorised third party that would send the notification on behalf of the rights' holder. The holder of the said transmission rights shall authorise this third party to proceed with the notification.

With regard to the transfer of long-term transmission rights, a suggestion was received for keeping all transfers in one platform. At this stage, no change to the HAR is introduced. Upon the establishment of the Single Allocation Platform in accordance with the FCA, all provisions in the HAR will be implemented in one place.

Regarding the question raised for potential fees applicable to long-term transmission rights holders in case of transfer, it should be clarified that such fees do not apply.

Chapter 7 – Use and remuneration of Long Term Transmission Rights

Several comments were raised regarding the proposed provision in Article 45. For some of the respondents this was considered as a positive evolution in the HAR by allowing market participants more flexibility. On the other hand, several respondents suggested reverting to the wording in previous versions of the HAR where an explicit mention to the physical transmission rights being reserved for balancing purposes was made.

In view of the voted [text](#) of the Balancing Guideline (which received a positive vote in comitology on 16 March 2017), the wording of the HAR has been amended to allow only physical transmission rights to be used for balancing purposes.

One of the respondents suggested removing paragraph 1.a of Article 48. Given that where allocation constraints such as losses are taken into account in day-ahead allocation, the market spread may be adjusted according to FCA (Article 35.4) no change to the HAR is implemented. It should be noted that by not taking into account the losses, the daily congestion income would not cover the remuneration of the non-nominated long term transmission rights.

Chapter 8 – Fallback procedures

Following one comment received, the wording in Article 53.3.a has been modified. Regarding the suggestion to specify the way cancellations after the contestation period, TSOs have concluded that such cases should be treated in accordance with the general liability rules as described in Article 69 of the HAR.

In addition, the reason for keeping the wording as proposed in Article 52 is that not all reasons for auction cancellations can be defined and stated explicitly.

Chapter 9 – Curtailment

Several comments were raised on Article 56. One of the respondents suggested removing any to 'Emergency Situations' as a triggering event for curtailment after the day-ahead firmness deadline (DAFD) and keep only reference to force majeure situations. It should be noted that the timeframe after the DAFD is governed by the provisions of Article 72 Commission Regulation (EU) No. 2015/1222 (CACM Regulation) where both the emergency situation and the force majeure are foreseen. To this end, no change is implemented in Article 56.

An additional comment was received on Article 56 suggesting to align the wording of triggering events of curtailments in order to avoid inconsistencies and unclear cross-references with other pieces of legislation. After assessing the comment, TSOs would like to remind that triggering events for curtailments are distinguished before and after the DAFD, covered in Article 56.1 and 56.3 respectively. The definitions of triggering events should follow the one of Regulation (EC) 714/2009, since no other definition is introduced in the CACM Regulation or the FCA Regulations.

Regarding Article 56 it was also suggested adding a distinction between Physical Transmission Rights (which can be curtailed in emergency situations and force majeure) and Financial Transmission Rights (which should be curtailed only in force majeure situations). Given that the FCA Regulation foresees in Article 53 the possibility of long-term transmission rights (without any distinction) for safeguarding the secure operation of the system and in case of force majeure ahead of the DAFD, no change in the wording was introduced.

One of the respondents suggested including in Article 57.2 a provision focusing on the factual reasons that lead to the curtailments. Since the wording in Article 57.2 makes a reference to Article 56 where the triggering events for curtailments are detailed, it was concluded that no change in the wording is necessary.

Several respondents commented on the information provided by the Allocation Platform to the affected long-term transmission rights holders in case of curtailments. TSOs have reviewed the comments and concluded that the current wording of Article 57.2 foresees a notification by email to the affected holders of long-term transmission rights including the triggering event of such a curtailment.

In view of some comments received regarding the wording of Article 57.4, the wording has been amended in order to avoid misinterpretations about the parallel allocation of physical and financial transmission rights at the same Bidding Zone border, as also stipulated by Article 31.6 of the FCA Regulation.

Compared to the previous versions of the HAR and in conjunction with the all TSOs' proposal for the DAFD in accordance with Article 69 of the CACM Regulation, the provision in Article 58 was amended and the timing is set to 60 minutes before the day-ahead market gate closure time. The change was welcomed by the respondents to the consultation.

Regarding Article 59, one of the respondents recommended having a clear firmness on the transmission capacity. Since the provisions of the FCA Regulation and the HAR foresee the process and the rules for any curtailments after the DAFD, no change in the Article is introduced.

In addition, one of the respondents suggested removing the cap to compensations as an option for TSOs. It should be noted that the FCA Regulation foresees such a possibility in Article 54 with specific principles on how the cap shall be calculated. The cap (when introduced) shall be seen as a method to limit socialization costs and provide a balanced risk distribution between trades and end-users for curtailments that can occur for many reasons and influenced by many parties. In addition, the monthly cap for the HVDC interconnectors is justified by the nature of these interconnections reflected in their availability. Finally, it should be reminded

that the caps (when proposed) shall be approved by the relevant NRAs as outlined in Article position supported by the relevant NRAs as outlined in paragraph 2 of Article 59. Based on the above, no change is introduced in the Article.

One of the respondents highlighted the fact that some of the provisions in the regional/ border specific Annexes deviate substantially from the respective provisions in the main body of the HAR and in particular from Articles 59.2 and 59.3. Similar to the response on the comments in Article 4, it should be reminded that such a flexibility is given by the FCA Regulation without an obligation for defining a phase out time of such regional specificities.

Chapter 10 – Invoicing and Payment

In Chapter 10 a specific provision was added for cases where FTR-obligations are introduced. In such cases and due to the increased risk exposure of the allocation platform, it is suggested to have a clearing house for calculating the amounts that should be remunerated to the market participants as well as the amounts the Allocation Platform shall receive from market participants.

Chapter 11 – Miscellaneous

One comment was raised regarding the periodical review of the HAR. Regarding the suggestion, it should be considered that the FCA Regulation foresees in Article 5.12 that all methodologies or terms and conditions can be amended following the request of TSOs. To this end, no change is introduced in the wording of the HAR.

Regarding Article 69(6), it was suggested to not preclude the provisions of Article 40 from this subsection. TSOs have assessed the suggestion and concluded that the Article focuses on compensations and thus it correctly refers to Article 48 (paragraphs 48.2 and 48.3). Article 69.6 shall not refer to Article 40 since it does not relate to compensations but to remunerations of returned long-term transmission rights. Therefore, no change is introduced in the HAR.

3. Annex: List of comments received

This section presents the comments received during the public consultation indicating the respective Article and the respondent's organization.

Article	Comment	Respondent's Organisation
General	How does HAR take into account, for calculating caps on compensations due to curtailment, the provisions of art. 61 point 1 of FCA, which provides that the costs for ensuring firmness include compensation mechanisms as well as cost of re-dispatching, countertrading and imbalance associated with compensating market participants?	ANRE
General	Bord Gáis Energy welcomes the opportunity to respond to this consultation on the Harmonised Allocation Rules (HAR) and in particular on Annex 7 relating to the allocation rules on the SEM-GB border. Bord Gáis Energy wishes to express its support of the response to this Consultation submitted by the Electricity Association of Ireland (EAI) and urges ENTSO-E and ACER to review and consider the concerns and proposals raised in EAI's response. Bord Gáis Energy provides its high level views on the main issues of concern below, the majority of which relate to Annex 7 of this HAR document. Our concerns are put forward in the context of existing low levels of forwards liquidity in the Irish all-island market which is expected to continue at least in the medium term. This context heightens the need for market participants' confidence in the availability and firmness of FTR Options on the SEM-GB border, such that FTR Options enable reasonable cross-border hedging in the forwards timeframe in I-SEM.	Bord Gáis Energy Limited
General	The Electricity Association of Ireland welcomes the opportunity to respond to this consultation. Our comments relate primarily to Annex 7 but we also make comment on a number of the articles in the main body of the HAR. We request that further engagement is undertaken with industry before finalisation of Annex 7.	Electricity Association of Ireland
General	EDF welcomes the opportunity to provide comments on ENTSO-E consultation on the draft Harmonized Allocation Rules (HAR) for Forward Capacity Allocation. Once approved by national regulators, these amended Rules will apply for allocated Long Term transmission Rights (LTRs) with delivery date on 1st January 2018 or later. Following the entry into force of the Regulation 2016/1719 establishing a guideline on Forward Capacity Allocation (FCA Regulation) on 16th October 2016, the amendment of the current version of HAR should be considered as an important step for the full implementation of the FCA Regulation. The FCA Regulation aims namely at promoting the development of liquid and competitive forward markets and at ensuring the full firmness of LTRs to enable market participants to hedge against the uncertainty of electricity prices on short term markets. The "Clean Energy Package" recently published by the European Commission recently re-emphasized such principles and in particular the fact that: "Long Term Rights shall be firm" . In this general context of evolution, EDF wishes to acknowledge some positive evolutions of the revised HAR compared to the previous version, such as for example:	EDF SA

- the improvement of the level of firmness of LTRs, to further align with the FCA provisions;
- the introduction of new invoicing and payment conditions in Article 65(6) and (7), to not wait until the following year to settle the compensations due to curtailments of the current year;
- and the possibility to nominate PTRs for balancing services, as clearly mentioned in Article 45.5 (see below our detailed comments).

However, as stated in our previous comments, we regret the lack of harmonization of the HAR which still contain at least fifteen (15) specific Annexes per region/border in this revised version and we consider that some other specific points need further clarifications and explanations, as mentioned below in further details.

-To move towards truly “Harmonized Allocation Rules”

We would like to question the fact that the new HAR still maintains 15 specific annexes with specific regimes per borders or regions derogating to the general rules. While the harmonization of the current auction rules on forward capacity allocation is a clear objective of the FCA regulation now entered into force, we regret that such derogating rules are still maintained in the new HAR. We do not see the interest for the system to maintain specific allocation rules per region or per border. On the contrary, the harmonization of forward Capacity Allocation Rules at EU level, is necessary to create a level playing field at EU level and to ensure an equal access to electricity markets to all market participants irrespective of their location, with positive effects in terms of liquidity and efficiency of wholesale electricity markets. We therefore encourage ENTSO-E to work closely with TSOs to limit the number of annexes as much as possible (to avoid having different sets of rules across European markets) and to move progressively towards the truly HARmonized Allocation Rules, in accordance with FCA provisions.

- Curtailment and firmness (Article 57 and Annexes)

EDF welcomes the introduction of some improvements of the firmness conditions under which LTRs are issued by TSOs and TSOs effort to further align with FCA Guidelines firmness regime. We could however regret that some specific borders (and in particular IFA, FR-ES or FR-CH borders) still apply a different regime of firmness which derogates from the main body of HAR rules, and in particular from Articles 59.2 and 59.3. We therefore recommend to align all specific annexes with the firmness regime of the main body of HAR (See below our detailed comments on these specific Annexes). Beyond the progressive evolution of HAR to align with FCA firmness regime, we would like to recall as well that one of the TSOs tasks should be to optimize the available capacity on forward timeframes. In this view, TSOs should use curtailment as a last resort measure after having activated all other available remedial actions (such as re-dispatching and countertrading) and regulators should have a monitoring role in this respect. To ensure the monitoring of curtailments events, we should ensure that “the factual reasons that lead to the curtailments” are published in due time and reported to the respective regulatory authorities, as imposed by Article 53(1) of FCA Regulation, to avoid any preventive curtailment and ensure that curtailment is really the last resort measure. We therefore recommend to explicitly include the obligation to

	<p>publish “factual reasons that lead to curtailment” in the notification mentioned in Article 57.2 “process and notification of curtailment” of the HAR.</p> <p>- FTRs Options and FTRs Obligations (Article 2) We understand TSOs’ proposal to include FTR Options and FTR Obligations in Article 2 of HAR as far as these products are now foreseen in the FCA Regulation. However, these products do not derive neither from an explicit need of the market, nor from an explicit request from market participants. In the case of FTR obligations, TSOs will namely collect congestion revenues if the request for capacity (with the price > 0) is higher than the available capacity at each allocation. In case the spread is in the opposite direction, we do not see the rationale for paying a negative spread to the TSOs, which do not support any financial risk in allocating cross-border capacity. FTRs as obligation would only make sense if market participants would trade between themselves such or similar contracts. In such case, payment for the negative spread would be the consequence of risk premiums. This is however not the case when TSOs allocate capacity. For the time being, we do not see any reason justifying FTRs Obligations and we welcome the proposed Annex 1 of HAR clarifying that none of the TSOs will offer at this stage FTR Obligations. Should in the future any set of TSOs consider applying FTR Obligations at one border, we insist that market participants should be consulted well in advance to discuss the possible reform. Concerning FTR Options, EDF believes that their introduction would not bring substantial improvements in terms of efficiency of capacity allocation while reducing the flexibility granted to market participants to nominate the capacity allocated on the forward markets. For the time being, we do not see good reasons justifying the potential implementation of FTRs Options on any new bidding zone borders, and any proposal in this sense should be subject to a public consultation of market participants.</p> <p>- PTRs for balancing services (Article 45.5) The possibility to reserve Long term Rights for balancing services as introduced in Article 45.5 of HAR should be seen as a positive evolution of the allocation rules. We welcome in particular the fact that the HAR leaves the door open for Market Participants to make efficient trade-offs on the best way to use cross-border capacity, in particular between the nomination of capacity to use the PTRs on the energy market and the decision to use it for balancing purposes. EDF suggests furthermore to specify explicitly in this Article that the choice to use nominated PTRs for balancing purposes could be made by registered participants after the clearing of day-ahead markets in the afternoon on intra-day.</p>	
General	<p>Edison welcomes ENTSO-E’s consultation on the draft of Harmonised Allocation Rules (HAR). Harmonized rules at European level for cross-border capacity allocation are essential to facilitate equal access to electricity markets and to develop liquid and competitive forward markets across Europe. According to the European Regulation 2016/1719 establishing a guideline on Forward Capacity Allocation (FCA Regulation), which entered into force on the 16th October 2016, within six months a proposal for harmonised allocation rules shall be jointly</p>	Edison Spa

developed by all TSOs (Article 51). Edison thanks ENTSO-E and TSOs for the desire in accelerating the development of a HAR common proposal: the HAR early implementation project, started by ENTSO-E and the involved TSOs, helped the drafting of the current version of HAR, based on two previous consultations, and ensures a prompt implementation of FCA Regulation. Edison welcomes the opportunity to provide comments and considerations about the proposal of HAR common provisions (Main Body) and regional specific Annexes. These rules are fundamental for providing all European market players with the ability to hedge their risk associated with cross-border electricity trading and uncertainty of short term electricity prices in the most transparent and non-discriminatory way. Moreover, the HAR are able to provide the TSOs with signals on potential congestions on certain borders and enable them to operate the electricity transmission system in a more efficient way.

Truly harmonized rules: As specified in FCA Regulation (Article 52), it is accepted that regional Annexes, containing bidding zone border requirements and illustrating different regimes derogating from the HAR, are included in the HAR. In the current consultation the number of Annexes is 15. Edison believes that the TSOs should explain the reason for maintaining such a large number of specific regimes for European borders. In the spirit of the HAR, only the harmonization of the rules for cross-border capacity allocation is able to guarantee a level playing field and ensures non-discriminatory access to electricity forward markets for all European players irrespective to their location. The final goal, which is the harmonization of allocation rules in forward markets, is the cornerstone of the HAR and TSOs should keep on working to limit the number of regional specificities. Edison recommends that TSOs provide an appropriate justification for any regional derogation and a possible timeline of the expected alignment of the relevant borders rules to the HAR in a separate explanatory document.

Curtailement: In HAR the long-term transmission rights (LTTRs) curtailment procedure, the possible triggering events and the relative compensation are detailed. The triggering events include emergency situations which may lead to LTTRs curtailment after the Day-Ahead Firmness Deadline (DAFD). Edison appreciates the deletion of the reference to "Emergency Situation" in article 56.1 from the previous consultation, but we do not support its presence in article 56.3 and 61. From Edison's point of view, only in case of Force Majeure, which is a clearly legally defined situation, the TSOs shall be entitled to curtail LTTRs after DAFD.

Switzerland integration: Edison appreciates the inclusion of Switzerland in the scope of application of HAR, since this is in line with the goal of a full harmonization of allocation rules in line with FCA Regulation, in particular in terms of firmness and compensation of curtailments that Edison favours. Currently bidding zone borders of Switzerland are not included in the list of Capacity Calculation Regions (CCRs) approved by ACER in accordance with European Regulation 2015/1222 establishing a guideline on capacity allocation and congestion management (CACM Guidelines), while the FCA Regulation clearly states that Switzerland will have open access to the single

	<p>allocation platform, consequently to Swiss laws implementing the main provisions of Union electricity market legislation and to an intergovernmental agreement (Article 1). We suggest to explicitly declare that, once the HAR will be approved by the Swiss regulatory authority, the rules will enter into force for Swiss TSO and all actors operating in Switzerland, even if they are not legally bound by the FCA Regulation.</p> <p>Balancing services reserve: Edison does not support the explicit reference to the possibility of Physical Transmission Rights (PTRs) holders to reserve their capacity for balancing services. The European Commission is currently working on the Electricity Balancing Network Code (EB NC), meant to facilitate the trade of balancing resources between European TSOs and to lead to a more efficient use of available resources, a reduction of costs and an increase in security of supply. Until this code is not implemented, it is important that HAR do not include binding provisions which could result in overlapping rules with the ones stated in EU Guidelines. Moreover, reserving capacity for balancing services may have a considerable impact on the Market Coupling effective functioning and liquidity.</p>	
General	<p>The European Federation of Energy Traders (EFET) welcomes the opportunity to provide comments on the ENTSO-E consultation on draft Harmonised Allocation Rules (HAR) for forward capacity allocation. We would first like to thank the community of TSOs for their pre-implementation effort of the HAR in advance of the entry into force of the Forward Capacity Allocation Guideline (FCA GL), and ENTSO-E in particular for its coordination role throughout this process. The two earlier version of the HAR (pre-implementation) greatly helped speed up the redaction of this first version of the full FCA GL-compliant rules. The HAR will improve the quality of services offered by TSOs and the quality of the allocated transmission rights themselves. This is turn will improve the efficiency and increase the liquidity and competitiveness of forward market across Europe. As highlighted at many occasions, forward capacity allocation is vital for market participants to hedge their long-term positions and make sure that they are not exposed to short-term price volatility and imbalance costs. Long-term rights also provide long-term signals to the TSOs regarding potential congestion on certain cross-border points. This gives an indication to the TSOs regarding forward market activities and could potentially help in forecasting additional revenues that TSOs receive as a congestion income. In general, we note that the new HAR are broadly in line with the FCA GL and match market participants' expectations in terms of improvement of the firmness conditions under which forward transmission rights are issued by TSOs. Curtailment and compensation rules are now in line with the FCA GL. While EFET welcomes that fewer borders apply specific rules for the allocation of transmission rights, there are still 22 borders where parts of the rules are not harmonised. The existence of the border-specific annexes undermines the whole process and its harmonisation goal. We urge TSOs to keep on working to reduce the number of border-specific rules. Further, we recommend that TSOs provide appropriate justification for any deviation from the common rule, as well as an indication of the expected timeline for the phase-out of these specific rules, in a separate explanatory document at the time of submission to the NRAs.</p>	EFET

	<p>Comments on the recitals: We generally welcome the explanatory function of the recitals in legislation pieces. However, we wonder about the necessity to include recitals in a document such as the HAR. In terms of content, we see positive aspects highlighted in these recitals:</p> <ul style="list-style-type: none"> • Mention of the goal of harmonisation of the FCA GL in recital (3) • Insistence on the need for liquidity, non-discriminatory access, transparency and “orderly” price formation in recitals (10), (11), (12), (13), (14) <p>However, we miss a mention of an objective to phase out border-specific annexes in recital (5).</p>	
General	<p>Enel welcomes the opportunity to provide comments on the ENTSO-E consultation on draft Harmonised Allocation Rules (HAR) for forward capacity allocation (FCA). The new HAR are in general in line with the FCA GL and improve the firmness conditions under which forward transmission rights are issued by TSOs. Nonetheless, we notice that there are still 14 annexes and 22 borders on which rules are not harmonized. We propose that TSOs provide a justification of the need of having derogations to the HAR and a clear schedule of the removal of these derogations.</p>	Enel
General	<p>EURELECTRIC wishes to acknowledge some positive evolutions of the revised HAR compared to the previous version, such as for example:</p> <ul style="list-style-type: none"> - the improvement of the level of firmness of Long Term Rights , to further align with the FCA provisions; - the introduction of new invoicing and payment conditions in Article 65(6) and (7), to not wait until the following year to settle the compensations due to curtailments of the current year; - and the possibility to nominate PTRs for balancing services, as clearly mentioned in Article 45.5 (see below our detailed comments <p>EURELECTRIC believes it is important to limit, as much as possible, the number of annexes to having different sets of rules across European markets. We would like to emphasise that to achieve a real harmonisation between all borders the objective should be to phase-out the regional annexes (in order to avoid too many specific rules). In this respect, EURELECTRIC would welcome a stronger governance on the existence and phase out of annexes. For instance, we believe that TSOs should provide the NRAs and the market players with a view on the timeline for the phase-out together with a justification for having specific rules at their borders. NRAs could then request TSOs to provide a justification every year for maintaining the existence of annexes. We consider that some other specific points need further clarifications and explanations, as mentioned below in further details. Furthermore, our position still remains in accordance with in our comments to ENTSO-E’s consultation on the updated version of the Harmonised Allocation Rules for Forward Capacity Allocation (in May 2016).</p>	EURELECTRIC
General	1. Harmonisation	Europex

	<p>The sheer number of annexes introducing specific rules on certain borders shows how challenging the harmonisation of forward capacity allocation rules is. The current harmonisation exercise should not be an objective as such, as it imposes resource-intensive changes with little added value for the energy system. Instead of a big bang harmonisation of all rules, ENTSO-E should first consider reviewing which key components of the model really need to be harmonised. The guiding principle for this priority check should be to analyse which harmonisation aspects will bring real benefits to the market.</p> <p>2. Full Firmness For Long-Term Transmission Rights (LTTRs) to serve as true hedging instruments, the principle of Full Firmness (without caps) needs to apply. Importantly, Article 59 of the NC FCA HAR in its current version does not fulfil this criterion. While we recognise that Full Firmness on LTTRs exposes the Capacity Owners (e.g. TSOs) to higher financial risks, the lack of Full Firmness for given LTTR products significantly diminishes their value as hedging instrument for the Holders ("Buyers") of LTTRs.</p> <p>3. LTTR Obligation Given that the drafting of the NC FCA HAR at the current stage is limited to option-type PTRs/FTRs, it is essential that, as stipulated in the Forward Capacity Allocation Guideline (FCA GL), the choice to alternatively apply Obligations remains valid for Capacity Owners (e.g. TSOs). Therefore, the NC FCA HAR needs to be amended accordingly.</p> <p>4. Secondary Trading of LTTRs and the need for a level playing field for all market venues To further optimise the use of capacity through an equal and efficient trading system, it is important to enable Secondary Trading of LTTRs by all market venues. Existing Regulated Markets and MTFs do not have the possibility to list products that are not classified as financial instruments, cf. MiFID. This leads to a lack of competition between market venues and reduces the efficiency of the FCA trading system as such. In addition, the current draft of the NC FCA HAR proposal fails to describe or provide the key functionalities needed to enable orderly and efficient Secondary Trading of LTTRs. We therefore strongly recommend amending the current NC FCA HAR proposal. These principles should then be further detailed in subsequent technical rules to ensure a fair and non-discriminatory opportunity for parties other than the Single Allocation Platform (SAP) to organise Secondary Trading of LTTRs. Any trading should be allowed to be done freely in an either continuous or auction-based form.</p>	
General	Overall we perceive the HAR as a high quality document with (mostly) fair rules. The annexes provide exemptions which are in contradiction with European harmonization, hence they should be phased out.	Vattenfall
1	This article should include a reference to the buy-back of transmission rights. TSOs have many instruments at hand to ensure system security such as re-dispatching and counter-trading, or financial compensation and reimbursement of market participants for curtailment of cross-zonal capacity. An alternative solution consists in a buy-back regime where TSOs can purchase previously allocated rights in the secondary market. Under a market-	EFET

	based buyback regime, TSOs will always, by definition, be paying the market valuation of the capacity. This can then sensibly be assessed as an alternative to other firmness tools.	
2	Should the sudden crisis in the energy market, referred to by Art. 42 of Directive 72/2009 and by the art. 4 of Directive 89/2005, be explicitly included in the Force Majeure situations, for the avoidance of doubt?	ANRE
2	<ul style="list-style-type: none"> • Financial Transmission Rights Obligations: we understand that including FTR obligations in the HAR is now a requirement of the FCA GL. We nonetheless reiterate our position on the subject: we do not believe that TSOs should offer FTR obligations. TSOs get the congestion revenue in case the request for capacity (with the price > 0) is higher than the available capacity at each allocation. In case the spread is in the opposite direction we don't see the rationale for paying a negative spread to the TSOs. There is no financial risk for the TSOs in allocating capacity, and FTRs as obligation would only make sense if market participants would trade between themselves such or similar contracts and payment for the negative spread would be the consequence of risk premiums. This is however not the case when TSOs allocate capacity. Should any set of TSOs consider applying FTR obligations at one border, we insist that market participants are consulted well in advance of the possible reform. • Reduction Period: in the definition of "Reduction Period", we recommend the deletion of the reference to "foreseen balancing problems", so that the text reads: "Reduction Period means a period of time, i.e. specific calendar days and/or hours, within the Product Period in which Cross Zonal Capacities with a reduced amount of MW are offered taking into account a foreseen specific network situation (e.g. planned maintenance, long-term outages);" It is very unclear what could be considered by the TSOs as a foreseen balancing problem. The reduction periods should strictly relate to line maintenance and outage. 	EFET
2	FTRs Options and FTRs Obligations (Article 2) - EURELECTRIC understands TSOs' proposal to include FTR Options and FTR Obligations in Article 2 of HAR as far as these products are now foreseen in the FCA Regulation. However, these products do not derive from an explicit need of the market, nor from an explicit request from market participants. In the case of FTR obligations, TSOs will namely collect congestion revenues if the request for capacity (with the price > 0) is higher than the available capacity at each allocation. In case the spread is in the opposite direction, we do not see the rationale for paying a negative spread to the TSOs, which do not support any financial risk in allocating cross-border capacity. FTRs as obligation would only make sense if market participants would trade between themselves such or similar contracts. In such case, payment for the negative spread would be the consequence of risk premiums. This is however not the case when TSOs allocate capacity. For the time being, we do not see any reason justifying FTRs Obligations and we welcome the proposed Annex 1 of HAR clarifying that none of the TSOs will offer at this stage FTR Obligations. Should in the future any set of TSOs consider applying FTR Obligations at one border, we insist that market participants should be consulted well in advance to discuss the possible reform. Concerning FTR Options, we believe that their introduction would not bring substantial improvements in terms of efficiency of capacity allocation while reducing the flexibility granted to market participants to nominate the capacity allocated on the forward markets. As long as the FTRs options come with full firmness and do not negatively affect holders of such products, the potential	EURELECTRIC

	implementation of FTRs Options on any new bidding zone borders could be considered, and any proposal in this sense should be subject to a public consultation of market participants.	
4	Edison deems as fundamental that the present article includes a reference to the main objective of the HAR (the full harmonization in the long term) and a feasible time limit for the regional Annexes to exist. In fact, regional and border specific derogations to the general auction rules should be considered as transitory arrangements. A clear process should be defined to ensure that border specific annexes are temporary measures and will be periodically reviewed in order to check whether specificities are still required or shall be deleted. Therefore, we consider fundamental that the HAR clearly states in this paragraph that the regional regimes will align to the common allocation rules.	Edison Spa
4	Regional specificities and border-specific annexes should be part of a specific "Transitional Arrangements" title. This is the harmonisation logic of the FCA Guideline. We don't think that regional specificities should be an integral part of the enduring rules. The objective in the medium to long term should be full harmonisation. While we acknowledge that Art. 52.3 HAR does not foresee a time limit for the regional annexes, the harmonisation of the rules, and hence the disappearance of the regional annexes, should be included in this article, at least as an objective.	EFET
4	This article leaves too much room to individual TSO's to deviate from the HAR. We see instances in the Annexes (like BritNed) that proposes some many exemptions that it can hardly be called 'harmonized'. There should be at least an end date in here (sunset clause). A question here is how much freedom an individual border has to state its own rules	Vattenfall
17	"Reasonable" notice of additional standard financial terms from JAO from time to time should be provided to Registered Participants due to potential impacts on in house processes.	Bord Gáis Energy Limited
17	Where the Allocation Platform develops and publishes additional standard financial terms to be accepted, reasonable notice of these should be given to Registered Participants and due regard to Registered Participants' views on the terms should be had. The article should be amended to reflect this.	Electricity Association of Ireland
21	In this article, we suggest not to limit the use of bank guarantees entered fewer than two days before the bidding period closure of an auction to subsequent auctions only. Provided that the Allocation Platform can process them in due course, Bank Guarantees delivered after the 2-working day deadline should be accepted and the Platform operator should update the credit limit of the market participant in line with such guarantee.	EFET
22	The wording should be checked in Art. 22, as the validity of Bank Guarantee results as being at least 60 days for products longer than 1 month (30 days after the end of each next calendar month), at least 30 days for products equal to 1 month (30 days after the end of the product period) and at least 60 days for product shorter than 1 month (60 days after the end of product period). As long as the standard procedure for payments is the automatically withdrawal from the dedicated business account of the registered participant and since the date of invoicing should be before the 10th of each month and the invoice should be for future LTTR, wouldn't be easier that in case of payment incident, the Rights Document	ANRE

	should not allow the participant to use those LTTRs? As such, only small amounts should be secured by guarantees, namely for those LTTRs whose product period begins before the due date of payments, probably for those with shorter periods than 1 month.	
25	Under Article 25(2), 3 Working Days for a Registered Participant to increase its collateral from the receipt of a notification of a collateral incident is preferable to 2 Working Days. 3 Working Days would be more reasonable and better enable participants to respond to collateral requirements in a timely manner.	Bord Gáis Energy Limited
25	Article 25(2): Requiring a Registered Participant to increase its collateral within 2 Working Days from sending a notification of a collateral incident is very tight. EAI requests that Three (3) Working Days is allowed to enable Participants to respond within reasonable timelines	Electricity Association of Ireland
28	A different wording should be used for the frequency of auctions (yearly, monthly and s.o.) for the same product versus the product period; yearly timeframe used in Art. 28 is in fact the period of the products: Year_Base, Year_Peak and Year_OffPeak.	ANRE
28	Danske Commodities would like to add the following additional forward capacity allocations timeframes: Quarters, Years+2. We think that adding more maturities will strengthen the possibility for hedging positions and increase liquidity in the affected markets. The capacity for the extra auctions should come as additional capacity and should not be taken from the existing auctions if possible.	Danske Commodities A/S
28	EAI requests confirmation as to the process through which Registered Participants may express their preferences on the regularity of auctions held on JAO for an interconnector. Shall such consultation on auction regularity be the premise of the interconnector owner itself? Clarity also on the method to update auction rules on the discovery for example of issues during I-SEM mock trials for FTRs, is requested.	Electricity Association of Ireland
29	The same wording should be used for the same meaning (ex.: what does it mean, in art. 29 point 2: c: capacity allocation timeframe and what does it mean g: the product period?)	ANRE
30	EAI would welcome inclusion on the “cause” of a Reduction Period in addition to the “duration” and “amount” of Offered Capacities.	Electricity Association of Ireland
30	In line with our comment on Art. 2.2, we believe that ‘foreseen balancing problems’ should not be a valid reason for reduction of capacity. Also, reasons for Reduction Periods should be outlined in the Auction Specification announcement.	EFET
31	The product period meaning (definition) should be clarified, since for a product like Year_Peak, the product period could be equal to 12 hours/day x 365 days or could be 365 days, but in the latter case the wording for Bid Price (Euros per MW for one hour of the product period) is not correct	ANRE
32	EAI requests confirmation that, as now on the SEM-GB interconnectors, confirmation that a bid has been correctly registered is received in real time/ immediately through the Auction Tool.	Electricity Association of Ireland

34	<p>The wording should be checked, since the participant has to either increase the guarantee, either decrease the payment obligations due, not to modify the Credit Limit as such.</p> <p>It's not so clear whether the guarantees/colaterals are unique for all auctions or there should be one for each auction. If the first statement is true, then it's not clear how point 2 applies for a situation in which a participant enters bids for 2 (quasi) simultaneous auctions, for 2 different products (a situation referred to in point 4). For the same auction, what would be the reason to accept 2 bids with the same price from the same participant?</p> <p>A transparent formula for how the credit limit check would be done is necessary. It should look like: $\text{MPO}_{\text{current auction}} - \text{first due payment} \leq (\text{Guarantee} - \text{Due payments for instalments of former auctions})$, where MPO = formula provided at 34 point 5</p>	ANRE
35	<p>What point 3 of art. 35 provisions add to point 4 provisions of the same article? Why is it necessary and what the optimization function could do more than determining the marginal price?</p>	ANRE
35	<p>Article 35(3): Please confirm the definition of "Registered Participants' Surplus"? Is it related to economic surplus as referenced in the CACM regulation?</p>	Electricity Association of Ireland
41	<p>Article 41: EAI's preference is that transfer of long term transmission rights volumes (with prices remaining confidential) occur on the JAO platform for transparency reasons</p>	Electricity Association of Ireland
44	<p>The use of the Notice Board by registered participant is free of charge according to Article 44.1 of the HAR but are there some fees requested to the registered participants when a transfer is notified to the Allocation Platform?</p>	EDF SA
45	<p>Point 5 (balancing services): both Regulation 714/2009 and Regulation 1719/2016 (FCA) provide UIOSI as the single principle for nomination of LTTR and use of not-nominated LTTR; since EB GL implies that some cross border capacity could be used for balancing services, HAR should be in line with the (provisional) provisions of EB GL, art. 37 -42, which state that by 2 years after entry into force of EB GL, 2 or more TSOs may allocate cross-zonal capacity for the exchange of balancing capacity or sharing of reserves, when supported by a cost-benefit analysis... subject to some conditions. Since this cost-benefit analysis has not been done for every border and the other conditions were not set, I suggest to delete the point 5 of art. 45 from HAR and to modify HAR when the respective methodologies would be accomplished. Otherwise, the point 5 only allows for LTTR in order to exchange balancing services, adding to FCA rules, but doesn't clarify any condition for such an allowance.</p>	ANRE
45	<p>The possibility to reserve Long term Rights for balancing services as introduced in Article 45.5 of HAR should be seen as a positive evolution of the allocation rules. We welcome in particular the fact that the HAR leaves the door open for Market Participants to make efficient trade-offs on the best way to use cross-border capacity, in particular between the nomination of capacity to use the PTRs on the energy market and the decision to use it for balancing purposes. EDF suggests furthermore to specify explicitly in this Article that the choice to use nominated</p>	EDF SA

	PTRs for balancing purposes could be made by registered participants after the clearing of day-ahead markets in the afternoon on intra-day.	
45	Article 45.5: In Edison's opinion, the reference to the possibility of PTRs holders to reserve their capacity for balancing services should be deleted. Until the new EB NC does not enter into force, it is more appropriate not to introduce provisions which are potentially overlapping on the rules defined by European codes. Moreover, the provision contained in this paragraph, if applied next year, could have an impact on the markets coupling effectiveness and liquidity.	Edison Spa
45	EURELECTRIC remains opposed to the reservation by TSOs of cross-border capacity for balancing purpose. In that respect, the possibility to reserve PTRs for balancing services as introduced in Article 45.5 of HAR should be seen as a possible way to grasp effectively the economic benefits of exchanging reserves instead of energy through interconnectors. Therefore, we welcome in particular the fact that the HAR leaves the possibility for Market Participants to make efficient trade-offs on the best way to use cross-border capacity for DA, ID or BAL.	EURELECTRIC
48	We recommend the deletion of this point. Transmission rights should be remunerated at market spread without adjustments or taking account of allocation constraints/losses.	EFET
52	We consider that Auction cancellation cases, as described in Article 52, could be further clarified. In particular, before the end of the contestation period, it is not clear if it is necessary to meet all conditions listed in paragraph 3.a) to cancel the auction. Could you clarify what is meant by "similar reasons"? Finally, we understand that a compensation should be paid to the participant in case of auction cancellation after the end of contestation period, which could be explicitly clarified in the Article as well.	EDF SA
56	It should be clarified when curtailment is allowed before DAFD and when it is allowed after DAFD, since art. 72 of Regulation 1222/2015 (CACM) refers art. 16(2) of Regulation 714/2009, which refers also the emergency situations, adding to them: where TSO must act in an expeditious manner and re-dispatching or countertrading is not possible. The emergency state is defined in the Guideline on electricity transmission system operation (provisional version, 2015), as system state where one or more operational security limits are violated. Par 1 of art. 56 of HAR states that curtailment is allowed before DAFD ...to ensure operation remains within operational security limits. As such, in order to highlight the differences, if any, the same wording should be used, replacing the unclear cross reference.	ANRE
56	Edison suggests to eliminate the references to 'Emergency Situations' as a triggering event for curtailment after the DAFD. We believe that only Force Majeure could cause curtailments to already firm LTTRs and a special regime compensation (compensation at the initial price paid). Emergency refers to a broad range of contingences not clearly defined/harmonised on a legal level and could, thus, bring to higher uncertainty on the allocated products.	Edison Spa
56	We believe a clear distinction should be made between Physical Transmission Rights on the one side, and Financial Transmission Rights on the other side. We do not challenge the provisions of Art.56 as far as PTRs are concerned. However, we believe that TSOs should only be allowed to curtail FTRs in case of Force Majeure (such	EFET

	<p>as an unforeseen and inevitable technical failure). Indeed, FTRs being only linked to the physical underlying capacity for capacity calculation purposes, no physical event linked to operational security or emergency situations may affect them. This is the approach taken at the Spanish-Portuguese border. We believe that this principle should be in the main body of the HAR and apply to all borders at which FTRs are issued. Hence, we propose the following amendments:</p> <p>Article 56: Triggering events and consequences of curtailment on Long Term Transmission Rights</p> <ol style="list-style-type: none"> 1. Long Term Transmission Rights irrespectively of the Product Period may be curtailed in the event of Force Majeure, or, in the case of Physical Transmission Rights, to ensure operation remains within Operational Security Limits before the Day Ahead Firmness Deadline. 2. Curtailment may be applied on allocated Long Term Transmission Rights including, where the case may be, on nominated Physical Transmission Rights. 3. Long Term Transmission Rights may be curtailed after the Day Ahead Firmness Deadline in the case of Force Majeure or, in the case of Physical Transmission Rights, emergency situation in accordance with Article 72 of Commission Regulation (EU) No. 2015/1222. For the avoidance of doubt, Long Term Transmission Rights when curtailed after the Day Ahead Firmness Deadlines shall be curtailed in the same way as day-ahead and intraday capacity and compensated in accordance with the applicable legislation. 4. [unchanged] 5. [unchanged] 	
57	How does HAR take into account the provisions of art. 25 of FCA, concerning the coordinated curtailment with more than 48 hours ahead of the start of the delivery day? Art. 57 of HAR should consider the notifications in such a situation and rewording the point 4, in order to avoid the understanding that both physical and financial transmission rights could occur on a border in a specific moment	ANRE
57	Under Article 57(3) given the potential financial impact, not least from a hedging perspective, of FTR curtailment, notice of triggering events and estimated duration for FTR curtailments should be emailed to market participants as well as published on the website. Timely notice of these issues is important.	Bord Gáis Energy Limited
57	Article 57(3): EAI requests that triggering events for curtailment and their estimated duration are not only published on the JAO website but also sent by email to Registered Participants given the potential consequences in terms of hedging values of curtailment.	Electricity Association of Ireland
57	To ensure the monitoring of curtailments events, we should ensure that “the factual reasons that lead to the curtailments” are published in due time and reported to the respective regulatory authorities, as imposed by Article 53(1) of FCA Regulation, to avoid any preventive curtailment and ensure that curtailment is really the last resort measure. We therefore recommend to explicitly include the obligation to publish “factual reasons that lead to curtailment” in the notification mentioned in Article 57.2 “process and notification of curtailment” of the HAR.	EDF SA

57	Art.57.3: The reason for curtailment should be included in the notification mentioned in Art. 57.2 to ensure timeliness of disclosure of the triggering events. This is currently often a problem, information on the reason for curtailment is often not disclosed unless requested by market participants.	EFET
57	Curtailment and firmness (Article 57 and Annexes) - EURELECTRIC welcomes the introduction of some improvements of the firmness conditions under which LTTRs are issued by TSOs and TSOs' effort to further align with FCA Guidelines firmness regime. EURELECTRIC however regrets that some specific borders (in particular FR-GB, FR-ES or FR-CH borders) still apply a different regime of firmness which derogates from the main body of HAR rules, and in particular from Articles 59.2 and 59.3. We therefore recommend aligning all specific annexes with the firmness regime of the main body of HAR. This is a good example to illustrate the importance of phasing out the annexes as soon as possible to offer the same level of firmness across Europe (i.e. the application of a cap on the compensation for curtailment is to be considered as an exception and should be duly justified). Apart from the progressive evolution of HAR to align with FCA firmness regime, we would like to recall that one of the TSOs tasks should be to optimize the available capacity on forward timeframes. In this respect, TSOs should use curtailment as a last resort measure after having activated all other available remedial actions (such as re-dispatching and countertrading) and regulators should have a monitoring role in this respect. To ensure the monitoring of curtailment's events, we should ensure that "the factual reasons that lead to the curtailments" are published in due time and reported to the respective regulatory authorities, as imposed by Article 53(1) of FCA Regulation, to avoid any preventive curtailment and ensure that curtailment is really the last resort measure. We therefore recommend to explicitly include the obligation to publish "factual reasons that lead to curtailment" in the notification mentioned in Article 57.2 "process and notification of curtailment" of the HAR.	EURELECTRIC
58	Danske commodities like to have a clear firmness on the transmission capacity. Danske commodities thinks the TSO's should take the risk. The Participants will normally hedge their positions with OTC deal.	Danske Commodities A/S
58	We welcome the modification of the rules, bringing the DAFD 60 minutes before DA GCT, compared to 30 minutes previously. This brings this provision in line with the CACM GL.	EFET
59	Danske commodities like to have a clear firmness on the transmission capacity. Danske commodities thinks the TSO's should take the risk. The Participants will normally hedge their positions with OTC deal.	Danske Commodities A/S
59	We welcome the new wording of Art.59.2, which establishes that the application of a cap on the compensation for curtailment is now an exception to the rule that shall be justified by the requesting TSOs and approved by the relevant NRAs. That brings this paragraph in line with the spirit of the FCA GL.	EFEFT
59	We see no need to give TSOs the option to determine a compensation cap. A TSO should facilitate a level playing field for market parties throughout Europe, while being financially neutral. If losses are incurred, fi due to technical failures not being force majeure, an incidental month/year of losses should be possible. It is up to the individual TSO to address this with the NRA. A compensation cap is unduly shifting operational risk to a market party who has no influence on this risk.	Vattenfall

	We also do not support the special treatment that HVDC cables receive by being allowed to define a monthly cap.	
65	Taking into account the introduction of an annual cap for compensations in case of curtailment, EDF fully supports the new invoicing and payment conditions as set forth in Article 65(6) and (7). Instead of waiting until the following year to settle the compensations due to curtailments of the current year, it will enable all Parties to perform monthly settlements and a final re-settlement after the year.	EDF SA
68	Concerning the periodical review of HAR rules every two years, we recommend an amendment to Article 68.6 to explicitly enable Registered Participants to request specific amendments to HAR rules as contracting Party, and to not limit this right to the Allocation Platform and the relevant TSOs.	EDF SA
69	Article 69(6): Clarity is required that article 40 (remuneration for return of transmission rights) is not precluded from this subsection?	Electricity Association of Ireland
List of Bidding Zones borders	We welcome the clear information provided in Annex 1 for each border, especially regarding the application of border-specific rules, and more particularly a cap on compensation for curtailment. However, as pointed out during the workshop organised by ENTSO-E on 3 February, there are doubts as to the practicality of including this information as part of the HAR in the form of an annex applying to all borders, as any change – including the introduction of new borders where long-term rights are issued, the suppression of a reference to a border-specific annex, or modifications regarding the applicability of a cap – will be subject to an all-TSOs proposal and an all-NRAs approval process. Also, including the list as it stands in a binding annex without the bidding zone borders where no long-term transmission rights are issued at the moment pre-empts the – expected – requests for exemptions and possible NRA approvals according to Art.30.2 FCA GL. Hence, we recommend that Annex 1 is taken out of the document and included in a non-binding explanatory document accompanying the TSOs' submission of the rules to the NRAs. This will have the consequence that all bidding zones borders applying a cap on curtailment compensation should issue a border-specific annex.	EFET

**Support document to the
BritNed border specific annex
to the Allocation Rules
GB – NL border**

Disclaimer

This explanatory document is submitted by BritNed to Ofgem and ACM for information purposes only and accompanying the BritNed border specific annex to the all TSOs' proposal for harmonised allocation rules for long-term transmission rights ("HAR proposal") in accordance with Article 51 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on Forward Capacity Allocation ("FCA Regulation").

Explanatory remarks of comments received from the public consultation

This document provides an overview of how the comments to the public consultation have been assessed and how the relevant parts of the Annex were amended.

The table below sets out BritNed's explanatory remarks and responses to the various comments received from ACM, Ofgem, Danske commodities, Vattenfall and EFET in relation to the January 2017 consultation version of the BritNed HAR Border Specific Annex. The comments received are mostly from ACM and Ofgem, unless otherwise is stated.

	Reference	Comment	BritNed's explanatory remark
1.	General	<p>There are quite a few deviations from the EU HAR main body in this Annex for which the justification is not evident to us. Also these additions to the annexes as well as alternative interpretations of both FCA Guideline and EU HAR Articles is reducing the level of harmonisation intended by the FCA Guideline. This is not desirable.</p> <p>Please amend the annex so as include the justifications we have requested where such deviations from the EU HAR are to remain. We would also like to receive a track changed version of the Annex.</p>	The scope and extent of the deviations from the HAR have been substantially reduced in this version of the Annex, compared with the current version.
2.	General	<p>PTRs and FTRs cannot be offered at the same time. Please add in Section 1 Subject matter and scope that the Articles that deal with FTRs only apply when FTRs are offered and the articles that deal with PTRs only apply when</p>	There is no intention to offer both PTRs and FTRs for the same delivery periods.

		PTRs are offered.	
3.	General	Please explain why there are so many differences between the BritNed and IFA Annexes (considering both are HVDC Interconnectors).	Some differences arise from the inclusion in the BritNed Annex of drafting to cater for FTRs as an alternative to PTRs. There are also differences in drafting style which stem from the legacy access rules. Further, some issues are interconnector-specific, such as the BritNed reserve price. Otherwise we believe that the BritNed and IFA annexes are broadly similar in substantive terms.
4.	Section 3: Collaterals	This credit rating deviates from the standard credit rating in the EU HAR. Given Article 2(3) this deviation is temporary. Why is a temporary deviation for the level of the credit rating in the main body of the EU HAR necessary?	This has been deleted from the Annex and BritNed will adhere to the HAR requirements for credit ratings.
5.	Section 3: Collaterals	Why is this sentence added in the Annex? It is consistent with a similar sentence in the main body of the EU HAR (see Article 21(h)) EU HAR. We think this sentence can therefore be deleted.	On the basis that BritNed will adhere to the HAR requirement on credit ratings, this sentence regarding downgrade has also been deleted.
6.	Section 4: Credit Limits	Even with the example this sentence is still a bit unclear. Please further explain what is meant. Why is a deviation from the main body of the EU HAR necessary?	Article 63(5) of the HAR suggests that two months of payments may be necessary in certain circumstances. This is a temporary rule that will fall away once the SAP becomes operational.
7.	Section 5: Calls on Collateral	Is this referring to Bidding Zone Border? Please explain.	Yes – “Border” is defined in Section 1(1).

	Section 5: Calls on Collateral	Please explain why this deviation of the main body of the EU HAR is necessary?	The provision is simply clarifying that collateral can be used for payment defaults under the Access Rules as well as defaults under the HAR – there is a single collateral sum for each Participant.
8.	Section 6: Reduction Periods of Offered Capacity	<p>This Article seems to suggest that updated capacity calculations which reduce capacity will not result in compensation for already sold LTTRs? This seems contradictory to Article 30(2) EU HAR.</p> <p>What is the justification for this deviation from the EU HAR main body?</p>	<p>The use of Reduction Periods is needed as with FCA HAR firmness of capacity is introduced. This was not the case under our current rules and therefore we could curtail the capacity for the planned outages. With the FCA HAR rules BritNed needs to apply reduction periods in order to be able to do the required maintenance for the HVDC system.</p> <p>As art 30 of the HAR prescribes the Auction Specification will include the duration (i.e. length of outage) and the amount of offered capacity of the reduction period in the Auction Specification. In this way, BritNed believes it is compliant with the HAR.</p> <p>However, the precise timing of the reduction period, which is necessary for routine maintenance purposes, will not be known by BritNed at that point and cannot therefore be included in the Auction Specification. This information will be communication with the participant in the beginning of</p>

			<p>December, before the annual long term right are effective.</p> <p>The question of compensation does not arise because the quantity of LTRs included in the Auction Specification will be net of the capacity affected by the Reduction Period.</p>
9.	Section 7: Reserve Price	<p>We would like confirmation from BritNed as to how allocation constraints are being dealt with. Should this be dealt with through the capacity calculation methodology? Please explain why a reserve price has been added in this annex as well as justification for its inclusion.</p> <p><u>Danske commodities</u>: BritNed Chapter 3 section 6: Danske Commodities would like to question the auction optimization by having reserve prices. In the event of small forward spread we could end up in a situation where none of the auctions would clear the reserve price and hence no participant would be allocated long-term transmission rights. We would find it more beneficial to remove the reserve price.</p> <p><u>EFET</u>: Article 7-> Sec.7: we recommend the deletion of this section. Reserve prices have never been part of the negotiation or the debate on the EU</p>	<p>The reserve price has been a feature of BritNed's Access Rules since commissioning and was part of BritNed's exemption from certain aspect of the Third Energy Package.</p>

		HAR. Including a reserve price provision as part of a border-specific annex would constitute a serious breach of confidence by the DC cable operators.	
10.	Section 8: Returns	<p>According to Article 43(1) FCA Guideline and Article 38(1) EU HAR all transmission rights can be returned. To limit the rights of holders of financial transmission rights by not giving them the possibility to return their rights seems contrary to the principles of the FCA GL and EU HAR.</p> <p>Why is this deviation from the EU HAR main body necessary?</p>	<p>BritNed will rely on the TSO exemption under MiFiD II and will therefore, in the absence of authorisation under the Financial Services and Markets Act, be capable only of engaging in the primary allocation of FTRs. This may be a feature that can be implemented when the Single Allocation Platform becomes operative. The Annex has therefore been amended to provide that rights returned for resale will not be registered by the Allocation Platform if it is not able to do so for legal or regulatory reasons.</p>
11.	Section 9: Transfers	<p>Why is this deviation from the EU HAR main body necessary?</p>	<p>BritNed does not have the necessary processes in place to verify/validate transfers notified by third parties. This will therefore be only a temporary derogation until the Single Allocation Platform becomes operational.</p>
12.	Section 10, Paragraph 1: Remuneration of LTR holders for non-nominated PTRs and FTRs	<p>This Article seems to suggest that transaction and clearing fees of the relevant power exchanges should be taken into account in the market energy price.</p> <p>Please explain why this is necessary.</p> <p>Please explain how this mechanism</p>	<p>The Annex has been amended by removing this adjustment to the Market Spread.</p>

		operates today, and, if different, in the future	
13.	Section 10, Paragraph 1: Remuneration of LTR holders for non-nominated PTRs and FTRs	The EU HAR states that it should be the Marginal Price of the initial Auction (Article 48[1c] EU HAR) - so why is BritNed using the weighted average marginal price?	BritNed's settlement systems are set up on the basis of weighted average marginal price so this will only be a temporary derogation until the Single Allocation Platform becomes operational. The weighted average marginal price may in any event provide better a better outcome for the Registered Participant as it relates the compensation to the actual costs incurred in acquiring the LTRs.
14.	Section 10, Paragraph 2(b): Remuneration of LTR holders for non-nominated PTRs and FTRs	Please explain why this deviation from the EU HAR main body is necessary.	This paragraph has been deleted as requested.
15.	Section 11: Cancellation of a Long Term Nomination Gate	Please explain why this is necessary. Is this not covered by Article 32(2) FCA Guideline? Perhaps this process is more relevant under FCA Article 36 rather than in a HAR annex as the nomination methodology is a regional decision. Please provide justification as to why it is included here.	This rule was part of the BritNed Access Rules and has been added to provide clarity for Participants.
16.	Section 12: Deemed Metered Volume	This Article states that deemed meter volumes will be adjusted to reflect DC losses on the IC. Please explain how BritNed intends for losses to be taken into account under the EU HAR and the capacity calculation.	This rule reflects BritNed's existing practice and is consistent with the treatment of losses over IFA. The capacity calculation methodology is to be developed in 2019 in accordance with the requirements of CACM. A new paragraph 2 has therefore been added

			to provide for the method of calculating DMVs to be updated once the capacity calculation methodology has been developed.
17.	Section 13, Paragraph 2: Curtailment general provisions	According to Article 53 and 56 FCA Guideline and Article 72 CACM Guideline the three triggering events for curtailment are Operational Security Limits, Emergency Situation and Force Majeure. Please confirm that the term "Capacity Shortage", as defined in Article 13(3) of this Annex, is the result of one of these triggering events	Pre-DAFD, a Capacity Shortage may be considered by the Allocation Platform to have been triggered by a breach of Operational Security Limits or an event of Force Majeure. Post-DAFD, a Capacity Shortage may be treated as having been triggered by an Emergency situation or an event of Force Majeure. We have updated paragraph 2 of Section 13 accordingly.
18.	Section 15: Compensation for curtailments general provisions	The EU HAR states that it should be the Marginal Price of the initial Auction - so why is BritNed using the weighted average marginal price?	BritNed's settlement systems are set up on the basis of weighted average marginal price so this will only be a temporary derogation until the Single Allocation Platform becomes operational. The weighted average marginal price may in any event provide a better outcome for the Registered Participant. For example, if the Registered Participant has obtained 30MW of LTRs through 3 different auctions and BritNed has to compensate for curtailing 15 MW, how should the marginal price be determined? Taking either the lowest or highest price would be arbitrary and a weighted average marginal price is more reasonable and fairer approach, in this example 15 Euro:

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19.	Section 16: Compensation for curtailments of LTRs	<p>This Article introduces new caps that reduces the level of firmness of Long Term Transmission Rights and shifts risk to market participants. We think these deviations from the main body of the EU HAR are not allowed by the FCA Guideline.</p> <p>We think that the introduction of a Market Spread Cap is not in line with the FCA Guideline.</p> <p>This is not in line with Article 54(2) FCA GL. There should be no cap on market spread. This is not in line with the intention of the FCA Guideline and EU HAR.</p> <p><u>Vattenfall</u>: A continued application of compensation price caps which is the 80th percentile of historic revenues, without taking into account revenues from day-ahead, is an unfair (operational) risk allocation. BritNed should take full responsibility on their</p>	<p>The market spread cap has been deleted as requested. Section 16 now simply provides that the HAR Article 59(3) cap will apply.</p>																								

		<p>technical availability except force majeure. The Reserve price is an undue price floor and should be removed. When demand for capacity is lower than what is available this should be valued @ 0 EUR/MW (in that case a lot of money is usually be made on the reverse direction).</p> <p>Article 16: Regarding 16(2): This constitutes a cap on the payout of curtailments before the DA firmness deadline, which is undesirable. Regarding paragraph 4: No clue what this entails and why the 80th percentile is chosen. Seems random. Why is this article needed next to 16(3)?</p> <p><u>EFET</u>: Article 16-> Sec.16.4: we recommend the deletion of this paragraph. For DC interconnectors, the cap applied on compensation for curtailment of transmission rights shall be determined as the total amount of congestion income collected by the concerned TSOs on the relevant bidding zone border in the relevant month. The cap should not be further limited to the 80th percentile value of market spread, as proposed in Annex 12. Art.59.3 of the EU HAR is a sustainable compromise reached between the DC cable operators, the regulators and market</p>	
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		participants, any deviation from which we would consider as a serious breach of confidence by the DC cable operators.	
20.	Section 16: Compensation for curtailments of LTRs	This paragraph is contrary to the FCA Guideline and the EU HAR. This should be the total amount of congestion income as defined in Article 59(3) EU HAR. See Article 54 (2) FCA Guideline: In case of Direct Current interconnectors, TSOs may propose a cap not lower than the <u>total congestion income</u> collected by the concerned TSOs on the bidding zone border in the relevant calendar month.	Paragraph 2 of Section 16 now provides for the cap described in HAR Article 59(3) to apply. However, compensation paid under Section 11 of the BSA (<i>Cancellation of a Long Term Nomination Gate</i>) needs to be taken into account in setting the cap.

~~Annex 12~~ BritNed border specific annex
to the ~~Harmonised~~ Allocation Rules
~~Border specific annex: BritNed Interconnector~~
GB – NL border

CHAPTER 1

General Provisions

Section 1

Subject-matter and scope

1. In accordance with Article 4 (*Regional specificities*) of the Allocation Rules, regional or border specificities may be introduced for one or more Bidding Zone borders. Rules described in this Annex apply to the Netherlands-Great Britain border comprising the Interconnector operated by BritNed (the "**Border**").

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2. The capitalised terms used in this Annex are defined or referred to in the Allocation Rules ~~to which this Annex is attached~~ or in the BritNed Access Rules unless otherwise specified below:

Allocation Rules means the harmonised allocation rules for long term transmission rights approved in accordance with Article 51 of Commission Regulation (EU) 2016/1719 establishing a guideline on Forward Capacity Allocation;

Annex means this annex to the Allocation Rules relating to the Border;

Balancing and Settlement Code means the code of that name established under the licence granted by the UK Secretary of State to National Grid Electricity Transmission Plc under Section 6(1)(b) of the Electricity Act 1989 (as amended);

BritNed means BritNed Development Limited;

BritNed Access Rules shall mean the Access Rules relating to the Interconnector published by BritNed but, for the avoidance of doubt, not including the Allocation Rules;

~~**BSUOS Charges** means Balancing Services Use of System Charges as that term is defined in CUSC;~~

Interconnector means the interconnector linking the transmission systems in Great Britain and the Netherlands operated by BritNed;

~~**Marginal Price** means **Interconnector Capability** has the price determined at a meaning given to that term in the BritNed Access Rules;~~
Long Term Auction means an auction held for each MW the purposes of Forward Capacity Allocation;

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Mid North Sea Day Ahead Market Spread means the difference in the power exchange prices on the British and Dutch day ahead markets (such power exchanges to be chosen by BritNed in its absolute discretion from time to time) for the relevant hour of acquired Long Term(s) as adjusted to reflect DC losses on the Interconnector;

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Mid North Sea Day Ahead Market Spread Cap means the cap calculated in accordance with Section 16(4) of this Annex;

Mid North Sea Nomination or MNN has the meaning given to that term in the BritNed Access Rules;

Mid North Sea Netted Nomination or MNNN has the meaning given to that term in the BritNed Access Rules;

~~NGET Transmission Rights, which shall be equal to or higher than the Reserve Price;~~
~~and~~ **System** means the system of electric lines owned or operated by National Grid Electricity Transmission Plc for the transmission of electricity, as further defined in the licence granted to it by the Secretary of State under section 6(1)(b) of the Electricity Act 1989;

Reserve Price means the minimum price in a Long Term Auction for which Long Term Transmission Rights are offered, ~~as approved by the relevant National Regulatory Authorities.~~ This minimum price will be set by reference to costs and not by reference to predictions of market revenues. Several steps of minimum prices may be identified within an Auction, ranging from the marginal cost to the full cost (including an allowance for capital expenditure) of operating the Interconnector;

TenneT Transmission System means the system of electric lines operated by TenneT TSO for the transmission of electricity as further defined in the codes governing the transportation and use of electricity in the Netherlands;

Weighted Average Marginal Price means, in relation to a Registered Participant, the weighted average Marginal Price of the Long Term Transmission Rights of that Registered Participant, the aggregate of which forms its entitlement set out in the applicable Rights Document.

- By way of amendment ~~to~~of Article 2 (*Definitions and interpretation*) of the Allocation Rules, the definition of "Information System Rules" shall mean the terms and conditions for access to and use of the Auction Tool by Registered Participants as set out in Rule A9 (*Information System Rules*) of the BritNed Access Rules.

Section 2

Effective date and application

- This ~~annex~~Annex shall be effective from the date ~~of entry into force~~ ~~of~~on which the Allocation Rules ~~enter into force~~, subject to approval from the relevant National Regulatory Authorities. This ~~annex~~Annex shall be reviewed annually by ~~the TSOs~~BritNed and the National Regulatory Authorities may also request a review. In the event that this ~~annex~~Annex requires amendment, Article 68 (*Duration and amendment of Allocation Rules*) of the Allocation Rules shall apply.
- The Allocation Rules and this Annex shall apply to Long Term Transmission Rights and all other rights and obligations in relation to the Border including those acquired before but with all or part of the delivery period occurring after the date on which the Allocation Rules and this Annex take effect in accordance with paragraph 1 above.
- ~~The provisions of Sections 1(3) (Subject-matter and scope), 3 (Collaterals), 8 (Returns), 9 (Transfers), 10(1)(b) (Remuneration of Long Term Transmission Rights holders for non-nominated Physical Transmission Rights and Financial Transmission Rights), 15(1)(b) (Compensation for curtailments), 17 (Invoicing and payment conditions) and 18 (Invoicing) of this Annex shall cease to apply with effect from the date on which the first provisional auction specification for Long Term Transmission Rights for the Border is published by the Single Allocation Platform.~~

CHAPTER 23 Collaterals

Section 3 Collaterals

1. By way of amendment to Article 20(e) (*Form of cash deposit*) of the Allocation Rules, the dedicated Business Account will not be used by the Allocation Platform for the purposes of settlement and must in all cases be opened in the name of the Allocation Platform at a financial institution selected by the Allocation Platform.
2. By way of amendment to Article 21 (*Form of Bank Guarantee*) of the Allocation Rules, the requirement to provide a Bank Guarantee may be satisfied by delivery of an equivalent instrument ("Alternative Guarantee") in terms acceptable to the Allocation Platform, issued by a financial institution other than a bank with a long term credit rating meeting the requirements of ~~paragraph 3 below Article 21(1)(h)~~.
- ~~3. By way of amendment to Article 21(h) (*Form of Bank Guarantee*) of the Allocation Rules, the issuer of the Bank Guarantee or the issuer of any Alternative Guarantee accepted by the Allocation Platform under paragraph 2 above must have a long term credit rating of not less than A by Fitch and Standard and Poor's Corporation or A2 by Moody's Investors Service Inc. If the issuer of the Bank Guarantee or Alternative Guarantee (the "Issuer") ceases to have the required long term credit rating, the Registered Participant shall within five (5) Working Days submit to the Allocation Platform a substitute Bank Guarantee or Alternative Guarantee by a bank or other financial institution with the required long term credit rating or replace the Bank Guarantee or Alternative Guarantee with a cash collateral deposit. If there are industry-wide downgrades of financial institutions, the Allocation Platform may investigate what the new standards are and, at its own discretion if deemed necessary, decrease the required credit rating for a limited period of time. If the Issuer has two credit ratings and such credit ratings are not of the same level of parity (commonly known as "split ratings") then, for the purposes of determining the Issuer's long term credit rating, the lower credit rating will apply.~~

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Section 4 Credit Limit

1. For the purposes of calculating the Credit Limit under Article 23 (*Credit Limit*) of the Allocation Rules and Rule B7 (*Payment Security*) of the BritNed Access Rules, any outstanding payment obligations of the Registered Participant under the BritNed Access Rules shall additionally be taken into account.
2. In the case of Long Term Auctions with a Product Period greater than one (1) month, one (1) month of potential maximum commitment associated with the Bid will be considered for the purposes of assessing the Credit Limit. (For example, in an Auction with a Product Period of a year where the Credit Limit is one hundred Euros (€100), Bids will be permitted up to a level that creates a total Product Period commitment of one thousand two hundred Euros (€1,200)).

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Section 5
Calls on collaterals

The right of the Allocation Platform to call upon the collateral of a Registered Participant in respect of the Border under Article 26 (*Calls on collaterals*) of the Allocation Rules and Rule B7 (*Payment Security*) of the BritNed Access Rules shall additionally apply in relation to any sum invoiced under the BritNed Access Rules that a Registered Participant has failed to pay by the due date for payment.

~~CHAPTER 3~~ CHAPTER 4
Auctions

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Section 6

Reduction Periods of Offered Capacity

1. For the purposes of Article 30 (Reduction Periods of Offered Capacity) of the Allocation Rules, Reduction Periods may be included by the Allocation Platform in the Auction Specification for Products with a Product Period of twelve months on the basis of indicative start and finish times for reductions in Cross Zonal Capacity that will subsequently be confirmed by the Allocation Platform with as much advance notice as reasonably practicable, provided that the aggregate period of reduction shall not exceed that specified in the Auction Specification.

Section 7

Reserve Price

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1. ~~By way of amendment to~~ Article 35(4) (Auction Results Determination) of the Allocation Rules and for the purposes of determining the Auction results: , paragraph (a) shall be deleted and the following shall be inserted as new paragraphs (a) and (b) (and the existing paragraph (b) shall become (c)):
 - a. Bids with prices lower than the Reserve Price will be excluded for the purposes of determining the Auction results and, as a consequence, the Marginal Price will always be equal to or higher than the Reserve Price; and
 - b. If the total quantity of Cross Zonal Capacity for which valid Bids have been submitted is equal to or lower than the Offered Capacity for the relevant Auction then the Bids will be accepted and the Marginal Price will be the Reserve Price.
2. The Reserve Price for a particular Auction will be made available to Registered Participants as soon as practicable after the Auction has finished. Confirmation of the Reserve Price shall be submitted to both The Gas and Electricity Markets Authority and the Netherlands Authority for Consumers and Markets immediately before any Auction is conducted.

~~Chapter 4~~ CHAPTER 5

Return of Long Term Transmission Rights

~~Section 7~~ Returns

- ~~1.~~ By way of amendment to Article 39(1) (Process of the return) of the Allocation Rules, ~~the notifications of returns of~~ Long Term Transmission Rights ~~can~~ may only be ~~achieved~~ returned directly by the Long Term Transmission Right Holder(s). For the avoidance of doubt, ~~the sending of a~~ notification sent indirectly through a third party will not be accepted by the Allocation Platform.
- ~~2.~~ By way of amendment to Article 39(7) (Process of the return) of the Allocation Rules, the inability of the Allocation Platform to register a return shall include circumstances in which the Allocation Platform is not able to accept a return for legal or regulatory reasons.

~~Section 9~~ Transfers

By way of amendment to Article 42 (*Process of the transfer*) of the Allocation Rules, the notifications of transfers of Long Term Transmission Rights can only be achieved directly by the Long Term Transmission Right Holder(s). For the avoidance of doubt, ~~the sending of a~~ notification sent indirectly through a third party will not be accepted.

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CHAPTER 57

Use and remuneration of Long Term Transmission Rights

Section 8

Rights Document

~~By way of amendment to Article 47(2) (Rights Document) of the Allocation Rules, the Allocation Platform shall send the Rights Document daily and no later than at 16:15 p.m. on the second (2nd) day preceding the delivery day via the Auction Tool to the Registered Participant~~

Section 910

Remuneration of Long Term Transmission Rights holders for non-nominated

Physical Transmission Rights and Financial Transmission Rights

1. ~~For the purposes of calculating the remuneration payable to a Registered Participant under Article 48(1) (Remuneration of Long Term Transmission Rights holders for non-nominated Physical Transmission Rights and Financial Transmission Rights Options) of the Allocation Rules, where the non-nominated Long Term Transmission Rights are sold in a Daily Implicit Auction, the price shall be:~~

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- a. ~~100% of the difference of power exchange prices on the British and Dutch day ahead markets after market coupling (such power exchanges to be chosen by BritNed in its absolute discretion from time to time) for the relevant hour(s) minus the proportion of the DC losses of the Interconnector, BSUOS Charges and GB transmission system AC losses for the relevant Long Term Transmission Rights to the extent that the price difference is derived in the same flow direction of Long Term Transmission Rights not being used;~~
 - b. ~~If a Daily Implicit Auction is cancelled or the Long Term Transmission Rights made available to a Daily Implicit Auction are reduced for any technical reason such that non-nominated Long Term Transmission Rights are not made available in the Daily Implicit Auction referred to in paragraph 1 above, compensation will be based on the Marginal Price derived from the fallback explicit Daily Auction;~~
 - c. ~~If the explicit Daily Auction is not held for any reason, compensation to a Registered Participant with non-nominated Long Term Transmission Rights will be based on the weighted average price of Long Term Transmission Rights of the Registered Participant, the aggregate of which forms its entitlement set out in the Rights Document.~~
- a. the "Market Spread" to be calculated under Article 48(1)(a) shall be calculated as the Mid North Sea Day Ahead Market Spread ; and
 - b. the Marginal Price of the initial Auction to be calculated under Article 48(1)(c) shall be calculated as the Weighted Average Marginal Price.

Section ~~10~~11

Cancellation of a Long Term Nomination Gate

~~In the event of~~ Where Long Term Physical Transmission Rights have been issued and technical difficulties with the Auction Tool occur, the Allocation Platform may be forced to cancel a Long Term Nomination Gate. In that case, the Allocation Platform shall inform the Registered Participants as soon as practicable of such cancellation. ~~Should BritNed cancel a Long Term Nomination Gate, the Registered Participant's corresponding Interconnector Capacity is compensated at the weighted average price of the~~ Long Term Physical Transmission Rights ~~corresponding to such Interconnector Capacity~~ set out in the Rights Document shall be compensated in accordance with Article 48(1) of the Allocation Rules and Section 10 of this Annex.

Section ~~11~~12

Deemed Metered Volumes

1. When a Registered Participant issues a Mid North Sea Nomination of Physical Transmission Rights, then the Allocation Platform will, subject to paragraph 2 below, ensure that a corresponding Deemed Metered Volume, as adjusted ~~for~~to reflect DC losses on the Interconnector and for any reductions in Mid North Sea Nominations as a result of curtailment, is allocated to the relevant Registered Participant for the purposes of the Balancing and Settlement Code using the Deemed Metered Volume allocation rules set out in Schedule 5: "Deemed Metered Volume Allocation" of the BritNed Access Rules.

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2. If the coordinated capacity calculation methodology for the Channel Capacity Calculation Region approved in accordance with Article 20 of Regulation (EU) 2015/1222 takes into account DC losses on the Interconnector, the calculation of Deemed Metered Volumes allocated in accordance with paragraph 1 above shall be amended to reflect that methodology.

CHAPTER 69 Curtailement

Section 1213

Curtailement general provisions

~~1. Chapter 9 (Curtailement) of the Allocation Rules shall not apply in respect of the Border and the following shall apply in its place:~~

~~Curtailement shall be carried out for the Border in accordance with this chapter of the Annex in place of Chapter 6 (Curtailement) of the Allocation Rules.~~

~~2.1. This chapter should be read in conjunction with Rules D8 (Curtailement) and D9 (Curtailement Reconciliation) of the BritNed Access Rules published on the website of the Allocation Platform which covers the curtailement of DailyDay Ahead and Intraday Interconnector CapacityTransmission Rights and DailyDay Ahead and Intraday MNNs.~~

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~~3.2. The Allocation Platform shall curtail For the purposes of Article 56 (Triggering events and consequences of curtailement on Long Term Transmission Rights and if necessary Long Term MNNs during each Settlement Period GB or Settlement Period NL (as appropriate) in which there is) of the Allocation Rules, a Capacity Shortage identified in accordance with Section 14 (Capacity Shortage), as defined in paragraph 3 of this Annex. Section 13, occurring:~~

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~~a. Each Registered Participant whose Long Term before the Day Ahead Firmness Deadline, may be considered by the Allocation Platform to have been triggered by a breach of the Operational Security Limits or an event of Force Majeure; or~~

~~b. on or after the Day Ahead Firmness Deadline, may be considered by the Allocation Platform to have been triggered by an emergency situation or an event of Force Majeure.~~

~~4. and, in either case, for the purposes of Article 57 (Process and notification of curtailement) of the Allocation Rules, the aggregate quantity of Transmission Rights are to be curtailed by the Allocation Platform shall lose its entitlement to transfer, return or nominate for physical use these Long Term on a pro rata basis with any Day Ahead or Intraday Transmission Rights or to receive remuneration based on non-nominated rights.~~

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~~to be curtailed in accordance with the BritNed Access Rules shall be equal to the Curtailement Quantity calculated in accordance with paragraph 3 of this Section 13 Notice to the Registered Participants.~~

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~~1. The Allocation Platform shall inform the Registered Participant of any curtailement of Long Term Transmission Rights or Long Term Nominations as soon as practicable via email, stating the Capacity Shortage.~~

~~2. Capacity Shortages may change from time to time and the Allocation Platform shall inform the Registered Participant of the anticipated duration of such Capacity Shortage as soon as practicably possible after any change.~~

Section 14
Capacity Shortage

3. A Capacity Shortage occurs in any minute in a direction if;

$$NTC_{dir} < \sum \text{Capa}_{dir}^{GNC} + \sum \text{MNN}_{dir}^{GC} - \sum \text{MNN}_{opp}^{GC}$$

where:

- a. NTC_{dir} is the value of the Interconnector Capability at that time in that direction; and
- b. $\sum \text{Capa}_{dir}^{GNC}$ is the sum of the Interconnector Capacity rights across all Registered Participants in that direction, including Daily and Intraday rights allocated under the BritNed Access Rules, for any Timescale for which Nomination Gate Closure has not yet occurred, (before curtailment of these rights in respect of the relevant Capacity Shortage); and
- c. $\sum \text{MNN}_{dir}^{GC}$ is the sum of the MNN values across all Registered Participants in that direction for all Timescales, in respect of Interconnector Capacity for which Nomination Gate Closure has occurred (before curtailment of that MNN in respect of the relevant Capacity Shortage in accordance with this Annex or the BritNed Access Rules); and
- d. $\sum \text{MNN}_{opp}^{GC}$ is the sum of the MNN values across all Registered Participants in the opposite direction for all Timescales, in respect of Interconnector Capacity for which Nomination Gate Closure has occurred, (before curtailment of that MNN in respect of the relevant Capacity Shortage in accordance with this Annex or the BritNed Access Rules);

Where:

NTC_{dir}

is the value of the Interconnector Capability at that time in that direction; and

$\sum \text{Capa}_{dir}^{GNC}$

is the sum of the Transmission Rights, across all Registered Participants in that direction and for all timescales, including any Day Ahead and Intraday Transmission Rights allocated under the BritNed Access Rules, for which Nomination Gate Closure has not yet occurred, (before curtailment of those rights); and

$\sum \text{MNN}_{dir}^{GC}$

is the sum of the MNN values, across all Registered Participants in that direction for all timescales, in respect of Units for which Nomination Gate Closure has occurred, (before curtailment of that MNN in respect of the relevant Capacity Shortage in accordance with this Annex or the BritNed

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$\sum \text{MNN}_{opp}^{GC}$

Access Rules); and
is the sum of the MNN values, across all Registered Participants in the opposite direction for all timescales, in respect of Units for which Nomination Gate Closure has occurred, (before curtailment of that MNN in respect of the relevant capacity Shortage in accordance with this Annex or the BritNed Access Rules).

and the "Curtailment Quantity" is the positive number equal to the difference between the Net Transfer Capacity (NTC) in such direction and $(\sum \text{CapaGNCdir} + \sum \text{MNNGCdir} - \sum \text{MNNGCopp})$.

Section 1514

Curtailment of Long Term Transmission Rights and Long Term MNNs

1. ~~If a Registered Participant's~~ If there is a Capacity Shortage in any Settlement Period, the Long Term Transmission Rights of all Registered Participants in that Settlement Period in the direction of the Capacity Shortage will be curtailed by the Allocation Platform under this Annex on a pro rata basis with any Daily and Intraday Interconnector Capacity rights to be curtailed under the BritNed Access Rules.
2. Following the ~~or~~ Long Term Nomination Gate Closure, if there is a Capacity Shortage, the Long Term MNN values, in that Settlement Period and in that direction, are curtailed under this Annex on a pro rata basis with any Daily and Intraday MNNs to be curtailed under the BritNed Access Rules.
3. To the extent that the calculations under paragraph 2 result in an Interconnector Capacity value and/or an MNN value for a Registered Participant that is not a whole number, BritNed will round the result down to the nearest whole number. Any Interconnector Capacity remaining as a result of the rounding down process will, to the extent it is a whole number, be allocated by BritNed to Registered Participants at the next relevant Auction, where practicable.
have
- 4.1. ~~If a Registered Participant's~~ Interconnector Capacity has been curtailed as a result of a Capacity Shortage triggering event described in Article 56 of the Allocation Rules (Triggering events and consequences of curtailment on Long Term Transmission Rights) as amended by paragraph 2 of Section 13 of this Annex then any such Interconnector Capacity Long Term Transmission Rights and Long Term MNNs will not be reinstated if BritNed the Allocation Platform, acting reasonably, decides to increase the Interconnector Capability in any Settlement Period (either GB or NL) in any flow direction. Any such increase of Interconnector Capability will be added to the Offered Capacity in the next available Auction.

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~~Section 16~~

~~15~~

~~**Compensation for curtailments general provisions**~~

~~1. For the purposes of Chapter 9 (*Curtailment*) of the Allocation Rules:~~

- ~~a. any calculation of the "Market Spread" shall be calculated as the Mid North Sea Day Ahead Market Spread; and~~
- ~~b. any calculation of the "Marginal Price of the initial Auction" shall be calculated as the Weighted Average Marginal Price.~~

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~~Section 16~~

~~**Compensation for curtailments of Long Term Transmission Rights notified for Return**~~

~~If there is a Capacity Shortage in any Settlement Period (either by GB or NL) in a given direction leading to the curtailment of Long Term Transmission Rights notified for return by a Registered Participant to the Allocation Platform in accordance with Chapter 5 (*Return of Long Term Transmission Rights*) of the Allocation Rules (but not already resold), the corresponding notifications for return are cancelled in their entirety, without credit from the Allocation Platform and the corresponding Long Term Transmission Rights are retained by the Registered Participant. Those Long Term Transmission Rights are then subject to curtailment in accordance with Section 12 of this Annex.~~

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~~Section 17~~

~~**Curtailment of Long Term Transmission Rights subject to Capacity Transfer**~~

~~1. If there is a Capacity Shortage in any Settlement Period (either GB or NL) in a given direction leading to the curtailment of Long Term Transmission Rights notified for Capacity Transfer by a Registered Participant to the Allocation Platform:~~

- ~~a. if the Capacity Transfer has been confirmed by the party to whom the Capacity Transfer was made before the curtailment, the Long Term Transmission Rights are curtailed and a credit is made to such party in accordance with Section 12 of this Annex;~~
- ~~b. if the Capacity Transfer has not been confirmed by the party to whom the Capacity Transfer is being made before the curtailment, the Capacity Transfer is cancelled in its entirety by the Allocation Platform, the corresponding Long Term Transmission Rights are returned to the party which submitted the associated Capacity Transfer Notice and no credit is due to the party which had not confirmed the Capacity Transfer. These Long Term Transmission Rights are then subject to curtailment in accordance with Section 12 of this Annex.~~

~~Section 18~~

~~Compensation of curtailed Long Term Transmission Rights~~

~~Holders of curtailed Long Term Transmission Rights under Section 12 of this Annex shall be entitled to receive reimbursement (where practicable) equal to the price of the Long Term Transmission Rights set during the relevant Long Term Transmission Rights allocation process.~~

~~Section 19~~

~~Compensation of curtailed MNNs~~

~~1. If:~~

~~a. there is a Capacity Shortage in any Settlement Period (GB or NL) in a given direction leading to the curtailment of the Long Term MNN of a Registered Participant; and~~

~~b. such curtailment occurs prior to the receipt by the Allocation Platform of all Nominations in respect of Interconnector Capacity made available through Implicit Auctions from the Implicit Power Exchange in respect of such Settlement Periods;~~

~~the corresponding Long Term Transmission Rights will be credited to the Registered Participant at a price based on the weighted average Marginal Price of the relevant Long Term Auctions as originally paid by the Registered Participant.~~

~~2. If:~~

~~a. there is a Capacity Shortage in any Settlement Period (GB or NL) in any given direction leading to the curtailment of the Long Term MNN of a Registered Participant; and~~

~~b. such curtailment occurs after the receipt by Allocation Platform of all nominations in respect of Interconnector Capacity made available through Implicit Auctions from the Implicit Power Exchange in respect of such Settlement Periods;~~

~~the Registered Participant will be compensated by the Allocation Platform subject to the following valuation principle and compensation caps:~~

~~-The positive Day-Ahead Market Spread in the affected period in the same direction as the curtailment subject to the following caps (if the positive Day-Ahead Market Spread is in the opposite direction to the curtailment, the price taken into account for the compensation will be equal to 0 €/MWh):~~

~~The first cap applies to the Day-Ahead Market Spread and is different for each direction:~~

~~-17.9 €/MWh for a nomination from the Netherlands to Great Britain (the value to be taken as a reference in the compensation scheme cannot be greater than this given value); or~~

~~-11.4 €/MWh for a Nomination from Great Britain to the Netherlands (the value to be taken as a reference in the compensation scheme cannot be greater than this given value).~~

~~The second cap applies to the total monthly amount of compensations under paragraphs 1 and 2 of this Section 19. This cap is defined for each month as the sum of:~~

~~The revenue raised from Long Term Auctions with a Product Period less than or equal to a month in both directions for that particular Month; and~~

~~The revenue raised in relation to that Month from Long Term Auctions with a Product Period longer than a month, which shall be calculated based on the amount of Long Term Transmission Rights sold with a Unit Validity Time applicable to that particular Month in both directions.~~

~~If this monthly amount is reached, it will be shared on a pro rata basis between the Registered Participants deserving compensations in that month according to their compensation amount. This sharing will be done after taking into account the cap on the Day-Ahead Market Spread.~~

1. For the purposes of Article 59 of the Allocation Rules, the compensation payable in respect of Long Term Transmission Rights shall be subject to the caps set out in paragraph 3 of that Article.
2. For the purposes of Article 59(3) of the Allocation Rules, there shall be deducted from the total amount of Congestion Income for the relevant month, in addition to the remuneration paid under Articles 40 and 48 and the compensation paid under Articles 60 and 61 for that month, any amount paid by way of compensation under Section 11 of this Annex (Cancellation of a Long Term Nomination Gate).

CHAPTER ~~7~~10 Invoicing and Payment

Section ~~20~~17 Invoicing and payment conditions

1. Article 65(~~8~~10) (*Invoicing and payment conditions*) of the Allocation Rules shall not apply in respect of the Border and the following shall apply in its place:

“Payments by the Registered Participant under paragraph 7 of this Article shall be made as follows:

- a. the Registered Participant shall ensure payment through a non-automated transaction to the account of the Allocation Platform specified on the invoice by indicating the invoice reference; or
- b. alternatively, the Allocation Platform shall, subject to prior agreement with the Registered Participant, collect the payment automatically from any bank account other than the dedicated Business Account (which, for the avoidance of doubt, may only be used for the purposes of holding collateral) of the Registered Participant on the due date of the invoice.

2. The alternative procedure set out in sub-paragraph b may only be used upon request of the Registered Participant and with the consent of the Allocation Platform. The Registered Participant may request the Allocation Platform to use the alternative procedure by email at least two (2) Working Days before the date of issuing of the next invoice under paragraph 2 of this Article (as amended by the Annex). Once the alternative procedure is agreed, it shall be deemed to be valid until otherwise agreed between the Registered Participant and the Allocation Platform.”

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Section ~~21~~18 Invoicing

1. By way of amendment of Article 65(2) to (8) (inclusive) (*Invoicing and Payment Conditions*) of the Allocation Rules, unless notified otherwise, no later than the ~~11th~~10th Working Day of each month, the Allocation Platform will send by email as a PDF attachment (or by any other means as indicated from time to time by the Allocation Platform) to the Registered Participant an invoice or credit note stating:
 - i. the monthly instalments payable by the Registered Participant in respect of the portion related to month M+1 of Long Term Transmission Rights, the Product Period of which is equal to or greater than one month, and the allocation of which will have taken place before the 3rd Working Day of month M;
 - ii. the monthly instalments payable by the Registered Participant in respect of the portion related to month M of Long Term Transmission Rights, the Product Period of which is equal to or greater than one month, and the allocation of which will have taken place after or on the 3rd Working Day of month M-1;

- iii. the amount payable by the Registered Participant in respect of Long Term Transmission Rights, the Product Period of which is less than one (1) month and starts in month M-1;
- iv. the monthly instalments payable by the Allocation Platform to the Registered Participant in respect of the portion related to month M+1 of Long Term Transmission Rights reallocated in Auctions, the Product Period of which is equal to or greater than one month, and the allocation of which will have taken place before the 3rd Working Day of month M;
- v. the monthly instalments payable by the Allocation Platform to the Registered Participant in respect of the portion related to month M of Long Term Transmission Rights reallocated in Auctions, the Product Period of which is equal to or greater than one month, and the reallocation of which will have taken place after or on the 3rd Working Day of month M-1;
- vi. the amount payable by the Allocation Platform in respect of the Long Term Transmission Rights returned for reallocation in Auctions in accordance with Chapter 5 (*Return of Long Term Transmission Rights*) in Auctions, the Product Period of which is less than one (1) month and starts M-1;
- vii. ~~the~~any amount payable by the Allocation Platform in respect of non-nominated Long Term Physical Transmission Rights or any amount payable by the Allocation Platform in respect of Long Term Financial Transmission Right Options;
- viii. where practicable, the notification of the portion related to month M-1 of the Long Term Transmission Rights subject to transfer in accordance with Chapter 6 (*Transfer of Long Term Transmission Rights*) by or to the Registered Participant;
- ix. any amounts payable or credits due to the Registered Participant by the Allocation Platform under Chapter 9 (*Curtailment*) as amended by this Annex;
- x. any amount payable by the Registered Participant to the Allocation Platform for any training requested by the Registered Participant, in addition to the Standard Training provided ~~to~~for the use of the Allocation Platform;
- xi. any taxes payable by the Registered Participant or the Allocation Platform in respect of amounts in the invoice;
- xii. the total amounts payable by the Registered Participant to the Allocation Platform under that invoice (or receivable by the Registered Participant from the Allocation Platform under that credit note); and
- xiii. any other information required to be included in the invoice under English or Dutch law.

~~2.3.~~ Where an invoice issued by the Allocation Platform does not contain full background data for the derivation of invoice summary amounts, then the Registered Participant may consult the Auction Tool to obtain such background data.

~~3.4.~~ Any invoice issued under Article 65 (*Invoicing and payment conditions*) of the Allocation Rules may include other items including those to be invoiced under the BritNed Access Rules.

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CHAPTER 811

Miscellaneous

Section 2219

Duration and amendment of Allocation Rules

By way of clarification to Article 68(6) (*Duration and amendment of Allocation Rules*) of the Allocation Rules, the biennial review required of the Allocation Rules and the border and /or regional specific annexes included with the Allocation Rules by the relevant TSOs shall be treated as satisfied to the extent that any such review is undertaken in accordance with the requirements of competent National Regulatory Authorities.

Section 2320

Liability

By way of clarification of Article 69(2) (*Liability*) of the Allocation Rules, the Allocation Platform shall not be liable for damages caused by any act or omission that does not amount to fraud, gross negligence or wilful misconduct or that does not cause death or personal injury of any person.