

# **Explanatory Document to the first amendment of the Long-term Capacity Calculation Methodology of the Core Capacity Calculation Region**

in accordance with Article 10 of Commission Regulation (EU) 2016/1719 of 26<sup>th</sup> September 2016 establishing a guideline on forward capacity allocation

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## **1. Introduction**

Article 10 of Commission Regulation (EU) 2016/1719 establishing a guideline on Forward Capacity Allocation ('FCA Regulation') requires TSOs to submit a proposal for a common capacity calculation methodology for the long-term timeframe ('Core LT CCM').

During the implementation of the Core LT CCM as well as the Decision No 05/2023 of the European Union Agency for the Cooperation of Energy Regulators of 22 March 2023 on the TSOs' proposal for amendments to the requirements for the Single Allocation Platform ('SAP') and the SAP cost sharing methodology ('SAP Methodology'), implementation challenges and discussions arose between NRAs, ACER and TSOs, which affected the implementation timeline of the aforementioned methodologies significantly.

To enable a coordinated capacity calculation, Go Live for the long-term timeframe in 2025, considering that the SAP is not yet ready to accommodate flow-based parameters, Core TSOs propose to include an ATC extraction at the end of the long-term capacity calculation process. This first amendment of the Core LT CCM aims at including the ATC extraction process as a transitional solution until the SAP is ready for operations.

In this explanatory document, Core TSOs explain the background of the changes included in the proposal for amendment of the Core LT CCM. A track-change version of the Core LT CCM reflecting the proposed changes is shared for informative purposes with this document.

## **2. ATC Extraction**

### 2.1. General Aspects

ATC extraction is an iterative method, enabling the computation of Available Transmission Capacities ('ATCs') for each timeframe, while respecting the constraints of the final flow-based parameters. A similar ATC extraction algorithm is already live within Core CCR, in the Intraday timeframe.

### 2.2. Explanation of Changes

#### 2.2.1 Article 2

Article 2 lists the abbreviations applicable within the Core LT CCM. In this amendment, Core TSOs suggest including definitions for Already Allocated Capacity (AAC), and available transmission capacity (ATC), on bidding zone borders, which is the transmission capacity that remains available after the deduction of eventual previously allocated capacities and which respects the physical conditions of the transmission system. This amendment is needed to define abbreviations used in the ATC extraction process.

#### 2.2.2 Article 22

Article 22 sets out the timeline for the implementation of the Core LT CCM. In this amendment, Core TSOs suggest amending Article 22 3.c), in order to clearly specify and distinguish the different Go Live dates for a coordinated capacity calculation with an ATC extraction and the go live date for the flow-based yearly auctions.

This differentiation enhances transparency and clarity regarding the obligation to implement a coordinated capacity calculation. Implementation starts with ATC extraction as a transitional solution, in order to allow for a yearly auction performed at the end of 2025 for the delivery year 2026, and monthly auctions throughout 2026. This step is followed by a full flow-based implementation to allow for a yearly auction performed from end of 2026 for the delivery year 2027 onward, and monthly auctions throughout 2027 and onward.

### 2.2.3 Annex 1

In this amendment proposal, Core TSOs propose including a new Annex, titled “Annex 1 - Transitional solution for calculation of long-term cross-zonal capacities”. This annex is based on Annex 4 of the Core ID CCM, which describes the ATC extraction process for the intra-day timeframe, adapted to long-term capacity calculation specificities. As such, it includes an applicability condition, stating that ATC extraction is a transitional solution, to be used only until SAP is able to support the allocation of cross-zonal capacities based on flow-based parameters.

Inputs for ATC extraction and a description of each calculation step are detailed in paragraphs 2 to 4 of Annex 1. Core TSOs introduce a new equation (equation 10), to define  $RAM_f$ , which is the updated remaining available margin after validation and splitting used as a basis for the ATC extraction iterative process. The iterative process used to calculate cross-zonal capacities based using ATC extraction is detailed in 4. c).

Publication requirements specific to ATC extraction are listed in Annex 1 paragraph 5.

Finally, the handling of returns in an ATC extraction setup is detailed in Annex 1 paragraph 6.

## **3. Other changes**

### 3.1. Explanation of changes to Article 11

Article 11 describes the integration of HVDC interconnectors at Core Bidding Zone Borders. In this amendment, Core TSOs suggest removing the following sentence: "in case of a planned outage of the HVDC interconnector, the MPTC shall be set to zero". This amendment is needed to take into account lessons learnt from simulations, which showed setting the MPTC to zero led to 0 MW values on the corresponding Bidding Zone Border. Similarly to the current set-up, reduction periods are foreseen be used instead.

### 3.2. Explanation of changes to Article 16

Article 16 describes the fallback procedure of Core LTCCM. In this amendment, Core TSOs suggest changing the monthly capacity calculation fallback data mentioned in 4.b), from “FB parameters calculated for the corresponding time horizon at the preceding yearly auction” to “the FB parameters calculated for the preceding monthly auction”. This amendment is needed to take into account experience and simulations showing that using the preceding monthly auction leads

to more up-to-date and accurate results. Indeed, using FB parameters calculated for the corresponding time horizon at the preceding yearly auction as suggested in the approved version of the methodology means using outdated CGMs from the previous year and risking inaccurate results.

### 3.3. Explanation of changes to Article 20

Article 20 describes the publication requirements in accordance with Article 3(f) of the FCA Regulation. In this amendment, Core TSOs suggest changing the publication requirement set out in 1.e) from “zone-to-zone PTDF” to “zone-to-slack PTDF”. This amendment is needed to ensure consistency with day-ahead process and improve transparency. Indeed, zone-to-zone PTDFs can be computed from zone-to-slack PTDFs, but the opposite is not possible. As such, publishing zone-to-slack PTDFs provides stakeholders with a better quality of information on the capacity calculation process.