
**Proposal for nomination rules for Physical Transmission
Rights for the bidding zone borders Denmark 1 -
Germany/Luxembourg and Denmark 2 -
Germany/Luxembourg in accordance with Article 36 of
Commission Regulation (EU) 2016/1719 of 26 September 2016
establishing a Guideline on Forward Capacity Allocation**

[date of approval]

DISCLAIMER

This document is released on behalf of the transmission system operators (“TSOs”) of the bidding zone borders Denmark 1 - Germany/Luxembourg and Denmark 2 - Germany/Luxembourg solely for the purpose of public consultation on their proposal for nomination rules for Physical Transmission Right for the bidding zone borders Denmark 1 - Germany/Luxembourg and Denmark 2 - Germany/Luxembourg in accordance with Article 36 of Commission Regulation (EU) No 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (“FCA Regulation”). This version of the Proposal is a draft proposal and does not constitute a firm, binding or definitive TSOs’ position on the content.

All TSOs of the bidding zone borders Denmark 1 - Germany/Luxembourg and Denmark 2 - Germany/Luxembourg, taking into account the following,

Whereas

- (1) This document is the common proposal developed by the Transmission System Operators of the bidding zone borders Denmark 1 - Germany/Luxembourg and Denmark 2 - Germany/Luxembourg (hereafter referred to as “TSOs”) for nomination rules for Physical Transmission Rights (hereafter referred to as the “**nomination rules Proposal**”) in accordance with Article 36 of Commission Regulation (EU) 2016/1719 establishing a guideline on Forward Capacity Allocation (hereafter referred to as the “**FCA Regulation**”).
- (2) Article 31 of the FCA Regulation foresees that long-term cross-zonal capacity shall be allocated to market participants in the form of physical transmission rights pursuant to the Use-It-Or-Sell-It (hereafter referred to as “UIOSI”) principle or in the form of FTRs — options or FTRs — obligations. This nomination rules Proposal only applies to the physical transmission rights acquired in forward capacity allocation. It lays down the rules for nomination of physical transmission rights for the bidding zone borders Denmark 1 - Germany/Luxembourg and Denmark 2 - Germany/Luxembourg.
- (3) In accordance with Article 36(2) of the FCA Regulation, this nomination rules Proposal is subject to consultation. Article 6 of the FCA Regulation requires that proposals submitted at bilateral or at multilateral level shall consult at least the Member States concerned and that the consultation shall last for a period not less than one month. Accordingly, this nomination rules Proposal was consulted from [] June 2017 until [] July 2017.
- (4) This nomination rules Proposal is submitted for the approval of all National Regulatory Authorities (hereafter referred to as the “NRAs”) of the bidding zone borders Denmark 1 - Germany/Luxembourg and Denmark 2 - Germany/Luxembourg.
- (5) TSOs on the bidding zone borders Denmark 1 - Germany/Luxembourg and Denmark 2 - Germany/Luxembourg consider that the FCA Regulation allows the submission of this Proposal on bidding zone border level, since proposals for nomination rules for electricity exchange schedules between bidding zones are not listed in Article 4 of the FCA Regulation. They acknowledge that Article 36(3) of the FCA Regulation requires all TSOs to progressively harmonise the nomination rules on all bidding zone borders on which physical transmission rights are applied. The TSOs therefore undertake to progressively examine the potential and the need for harmonisation of these rules, taking into account their technical nature.
- (6) This nomination rules Proposal generally contributes to the achievement of the objectives of Article 3 of the FCA Regulation. In particular, this nomination rules Proposal serves the objective of promoting effective long-term cross-zonal trade with long-term hedging opportunities for market participants by promoting a transparent framework for the nomination rules for Physical Transmission Rights.
- (7) This nomination rules Proposal contributes to the provision of non-discriminatory access to long-term cross-zonal capacity by detailing the process of nominating the Physical Transmission Rights already allocated in the long-term auctions (or the process of transferring that right in accordance with Article 44 of the FCA Regulation).
- (8) Furthermore, this nomination rules Proposal ensures fair and non-discriminatory treatment of all affected parties, as it sets rules to be applied by all parties. Before being approved, the rules detailed in this Proposal are subject to public consultation in accordance with Article 6 of the FCA Regulation.

- (9) Regarding the objective of transparency and reliability of information on forward capacity allocation, this nomination rules Proposal includes provisions on the necessary exchange of information between the holder of the transmission rights and the nomination platform for executing the nomination.
- (10) In conclusion, this nomination rules 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 TO ALL REGULATORY AUTHORITIES OF THE BIDDING ZONE BORDERS DENMARK 1 - GERMANY/LUXEMBOURG AND DENMARK 2 - GERMANY/LUXEMBOURG:

TITLE 1

General provisions

Article 1

Subject matter and scope

1. This nomination rules Proposal contains the terms and conditions for the nomination of Physical Transmission Rights on the bidding zone borders Denmark 1 - Germany/Luxembourg and Denmark 2 - Germany/Luxembourg.
2. In accordance with the FCA Regulation and the applicable harmonised allocation rules for long-term transmission rights developed as per Article 51 of the FCA Regulation, these nomination rules Proposal shall bind the holders of Physical Transmission Rights, their counterparties where applicable, and authorised third parties acting on their behalf.

Article 2

Definitions and interpretation

1. Capitalised terms used in this nomination rules Proposal 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 (EC) 2015/1222, Article 2 of Directive 2009/72/EC, Regulation (EU) 2016/1719 and in the applicable harmonised allocation rules for long-term transmission rights.
2. In this nomination rules Proposal, unless the context requires otherwise:
 - a) the singular indicates the plural and vice versa;
 - b) the headings are inserted for convenience only and do not affect the interpretation of the nomination rules Proposal;
 - c) references to an “Article” are, unless otherwise stated, references to an article of this nomination rules Proposal; and
 - d) any reference to legislation, regulations, directives, orders, instruments, codes or any other enactment shall include any modification, extension or re-enactment of it when in force.
3. In addition, the following definitions shall apply:
 - (a) “Allocation Platform” means the platform for the attribution of cross-zonal capacity through the shadow auctions on respective CCR Hansa bidding zone borders.
 - (b) “Balance Responsible Party” means the market participant with a balancing contract for

one or more scheduling areas.

- (c) “Balance Contract” means a contract between the relevant TSO and Balance Responsible Party setting out the rights and obligations of the two parties.
- (d) “Scheduling Area” means an area within the TSOs’ obligations regarding scheduling apply due to operational or organisational needs.

Article 3

Effective date and application

The nomination rules Proposal shall enter into force from the date of the next yearly auction.

TITLE 2

Nomination rules

Article 4

Entitlement of a physical transmission rights holder to nominate electricity exchange schedules

Physical transmission rights can be nominated by eligible persons fulfilling the minimum technical requirements to nominate pursuant to Article 5. Eligible persons may be the following:

- (a) the physical transmission rights’ holder; or
- (b) the person notified by the physical transmission rights’ holder to the Allocation Platform and TSOs.

Article 5

Minimum technical requirements to nominate

Persons eligible to nominate physical transmission rights for the bidding zone border Denmark 1 - Germany/Luxembourg or Denmark 2 - Germany/Luxembourg need to fulfil the following minimum technical requirements:

- (a) having a valid and effective balancing contract with both concerned TSOs; and
- (b) having established electronic data interchange to the nomination system of both concerned TSOs.

Article 6

Description of the nomination process

To nominate physical transmission rights for the bidding zone border Denmark 1 - Germany/Luxembourg or Denmark 2 - Germany/Luxembourg, eligible persons shall send electricity exchange schedule(s) to both TSOs before the long term nomination deadline pursuant to Article 7.

Article 7

Nomination timings

1. The long term nomination deadline shall be 8:30 a.m. on the day preceding the delivery day.
2. The Allocation Platform shall publish information on its website on the long term nomination deadline. In case of any discrepancy between the deadline published by the Allocation Platform and those of this valid and legally binding nomination rules Proposal, the latter shall prevail and the Allocation Platform shall not be held liable for any damage due to such a discrepancy.

Article 8
Format of nomination and communication

1. The eligible person shall nominate physical transmissions rights provided in the valid and effective Balance Contracts with both concerned TSOs.
2. The eligible person and TSOs shall communicate following the standard provided in the valid and effective Balance Contracts with both concerned TSOs.

TITLE 3
Miscellaneous

Article 9
Amendment of the nomination rules

In case of the introduction of new bidding zone borders or the deletion of bidding zone borders, where physical transmission rights are to be allocated, this nomination rules Proposal shall be amended accordingly.

Article 10
Language

The reference language for this nomination rules Proposal shall be English. For the avoidance of doubt, where TSOs need to translate this nomination rules Proposal into their national language(s), in the event of inconsistencies between the English version published by the TSOs in accordance with Article 4(13) of the FCA Regulation and any version in another language the relevant TSO(s) shall, in accordance with national legislation, provide the relevant NRA(s) with an updated translation of the nomination rules Proposal