

## Response to the ACER public consultation on the amendment of harmonised allocation rules for long-term electricity transmission rights

Brussels, 22 May 2025

### Key Message :

We remain sceptical regarding the implementation of the Flow-based methodology in the forward timeframe. While benefits in the Day ahead and intraday markets have been proven, in the forward markets, where TSOs do not manage actual flows, flow-based methodology could increase costs of hedging, limit cross-border capacity in certain borders (with already strained liquidity) and decrease transparency.

We understand that this comment is beyond the scope of the proposed changes to HAR. Still, we would like to use the opportunity to stress our calls for transparent and continuous dialogue with market participants, especially given the fact that the plan for an interim period with ATC extraction has been abandoned.

Overall, we have three recommendations for an optimal transition to the flow-based methodology:

1. As one pan-regional European auction for LTTRs will require higher collateral from market participants willing to bid, we call for regulators to find solutions for decreasing the collateral requirement costs to preserve hedging options.
2. As flow-based allocation will prioritise borders with higher spreads, capacity at smaller borders will be significantly reduced, severely decreasing hedging options for market participants in these regions and decreasing already limited liquidity, further fragmenting the market, and increasing the hedging costs. Steps should be taken by regulators to preserve capacity at these specific borders.
3. The interim LTCCM period with ATC extraction could have been an important testing period. Since this option has been removed, we stress the need for ACER and TSOs to continue a transparent and continuous dialogue with market participants to smooth the transition to a full Flow-based system.

# CONSULTATION RESPONSE



## Specific comments :

**For the proposed limitations towards hourly granularity in the HAR, do you see a need to align the granularity with the day-ahead market time unit?**

### No opinion

We support the proposed remuneration approach for hourly Financial Transmission Rights (FTRs), which is based on the average (positive) values of 15-minute spreads.

However, the differing granularity between FTRs and Physical Transmission Rights (PTRs) may pose challenges. Market participants may prefer to nominate PTRs for physical flows solely for specific 15-minute Market Transmission Units (MTUs), rather than for the entire 60-minute period, or to receive financial remuneration for transmission rights without nominating capacity for the full hour.

By design of the remuneration of non-nominated PTRs, specifically for bidding zone borders with implicit allocation, using hourly averages for remuneration of non-nominated PTRs, hampers the nomination optionality of PTRs and therefore hinders market efficiency- lowering overall welfare.

We therefore urge ACER to clarify the rules governing PTR nominations for 15-minute periods, including weighing in alignment with the Day-ahead MTU.

**Do you consider the proposed amendments for clarifying the use of prices in case of decoupling situation sufficiently clear for the HAR?**

### No

We would welcome additional clarity regarding the calculation of local reference price by TSOs in Article 48 (1)(a) and 59(1)(a) of the HAR amendment proposal. Our understanding is that the local reference price equals the shadow price.

**Do you see a need for publishing a complete list of registered participants on top of the published lists of market participants who acquired LTTRs?**

### Yes

# CONSULTATION RESPONSE



As an association of Energy Traders, we advocate for transparency in the energy markets. We believe that this step will provide additional transparency without adding any unnecessary costs.

However, publishing only one list of all participants in the auction could result in less transparency, given the fact that, in contrast with the status quo, market participants will not know about those who acquired LTTRs through the auction. Therefore, ask for two lists to be published – one with all participants in the auction, the other with only those who acquired LTTRs for a complete transparency.

## Contact

Name : Andrej Stancik  
Position: Senior Policy Advisor  
Phone: +421 948 871 960  
E-Mail: [a.stancik@energytraderseurope.org](mailto:a.stancik@energytraderseurope.org)