

## **IFIEC Europe answer to the CORE CCR - Proposal for 1st amendment of the Methodology for splitting long-term cross-zonal capacity in accordance with Article 16 of FCA Regulation**

IFIEC Europe would like to thank CORE CCR TSOs for this consultation. IFIEC Europe would like to reiterate its longstanding position that it considers it best from the point of view of market functioning and market integration in the forward timeframe to give as much capacity as possible as early as possible to the market in order to allow for more efficient price formation and better price convergence in the forward timeframes, allowing for more efficient hedging opportunities for a.o. industrial consumers.

As such, IFIEC Europe considers the proposal to allocate only 80% of the long term capacity (the remaining available margin by critical network elements and contingencies) to be insufficient to allow for the abovementioned efficient forward market functioning and price formation. IFIEC Europe insists that 100% of this capacity is offered to the market for the yearly capacity allocation and insists that 100% of this capacity is paid for by grid users. Any withholding of capacity to later timeframes could lead to less efficient outcomes. IFIEC Europe insists that for those timeframes any non-allocated capacity from the yearly auctions should be augmented with additional cross-border capacity resulting from more recent updates of the capacity calculation process as new and better information becomes available in the time period leading to the monthly auctions during the monthly capacity calculations. IFIEC Europe considers any value below 100% as suboptimal, negatively impacting hedging opportunity for a.o. industrial consumers

IFIEC Europe estimates the same 100% allocation should apply for high voltage direct current interconnectors and does not understand why a separate regime of 65% instead of 80% would be to be applied to those during the first three years of operation.