Position Paper

Europex Consultation response to the ACER consultation on the Amendment of the SAP and the HAR (2026)

Brussels, 16 June 2026

1. Introduction

Europex welcomes the opportunity to respond to ACER's public consultation on the proposed amendments to the FCA GL (Regulation) related Harmonised Allocation Rules (HAR) and Single Allocation Platform (SAP) requirements.

As the association representing European energy exchanges, Europex has a direct interest in ensuring that the regulatory framework for LTTR FTRs, just as the alternative market based instruments TSOs may offer in primary auctions in accordance with FCA GL, provides support of forward hedging opportunities and operates efficiently, in a manner that is complementary to, rather than competitive with, well-functioning exchange-based forward markets and instruments. In addition to our responses to the questions posed in this consultation, we wish to reiterate our concerns about the suitability and efficiency of Flow-Based Allocation for primary auctions (e.g. LTTR FTR). The FCA GL reserves for TSOs the role of supporting forward hedging only when an assessment of cross-zonal hedging opportunities deems existing hedging opportunities inssuficient. In this sense, it must be noted that FTRs do not allocate cross-zonal capacity nor reflect physical positions.

2. Collateral Management

The accumulation of collateral requirements across all borders in the forthcoming single LTFBA auction, instead of currently discrete LTTR FTR ATC based auctions border-by-border, is, based on assessments made by e.g. ENTSO-E, expected to lead to a substantial increase in the collateral call, i.e, financial burden, for very many participants. The current bid price cap approach for independently auctioned LTTRs is based on the provided background material understood to be overestimating final payment obligations and simultaneously exposing TSOs to residual settlement risk, and if applied in simultaneous auctioning of all LTTR FTRs via a LTFBA model those “deficiencies” are expected to increase, thus serving neither market participants nor TSOs well.

However, the implementation timeline of the proposed solution, e.g. optimal bid filtering based on auction final FTR clearing prices, is a critical concern. LTFBA auctions are targeted to commence November 2026, yet the improved collateral solution is noted to not be available until

November 2027 at the earliest, and potentially November 2028. Market participants will therefore be exposed to higher collateral requirements for at least one full year of flow-based LTTR FTR auctions. This situation invites reflection on whether the current arrangements for LTTR auction infrastructure are best placed to deliver the level of market efficiency, technical sophistication and implementation speed that the evolving framework demands. We raise this concern also as a note that recurring implementation challenges in this space deserve careful consideration in the context of the ongoing FCA Regulation review.

On the reserved collateral mechanism (Article 23a): Europex welcomes this as a useful tool giving participants greater control over financial exposure. However, optimising collateral exposures, and as such also LTTR FTR prices and volumes activated, across a multi-border simultaneous LTFBA auction requires analytical capabilities which may not be available across the participant base, and potentially also generally hampered by lack of transparency of key parameters applied in the LTFBA model. A general remark is that the mechanism should not create additional complexity that disadvantages especially smaller participants with forward hedging needs of future expected energy supply/demand.

LTFBA mechanically increases collateral exposure for participants wishing to bid across multiple borders, and can also be the case when a party only bids linked to one (“cross- border”) LTTR FTR. This appears like a fundamental characteristic of the LTFBA design, and it is likely going to disadvantage smaller participants relative to larger, better-capitalised ones. A de facto reduced, or at least skewed participant base results in less competitive price discovery and volume allocation (activations) in LTTR FTR LTFBA auctions, which risks to reduce the forward hedging opportunities that TSO auctioned LTTR FTRs, just like any alternative market based instrument, should support, and affects the distribution and efficiency of TSO congestion income being recycled to the market - and ultimately the costs borne by end consumers.

Europex urges ACER to:

- Consider whether the interim bid price cap approach from HAR Decision 08/2025 provides sufficient protection during the transition period of seemingly at minimum one year before the indicated improved approach can be put in place
- Monitor systematically whether LTFBA auctioning of e.g. LTTR FTRs results in a narrowing of the participant base, less competitive/efficient prices, the geographic and size distribution of its participants, and to report upon these metrics from the first LTFBA auctions onwards.

3. Changes related to the new auction tool

Europex supports the proposed amendment to Article 42(2) on REMIT II reporting purposes. As the association representing OMPs, we are fully supportive of the transparency and market integrity objectives underpinning REMIT II.

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5. Other Comments: Broader Observations

On the role of TSOs: The primary auctioning by TSOs of LTTR FTRs and alternative market based instruments as given via Article 30.5 in the current FCA GL, is to serve as a support to forward hedging (needs) opportunities, and is thus only a complementary role in forward markets. The instruments auctioned by TSOs are used by market participants primarily to supplement, rather than replace, market-based forward hedging products such as Zonal and Regional futures, spread contracts and EPADs. The volumes issued as LTTR FTRs by TSOs are inherently limited, thus even in the unlikely case of TSOs offering equivalent to 100% of NTC such LTTR FTRs would represent only a limited fraction of overall physical electricity supply and demand, and in addition the LTTR FTRs offered are not fully firm, which limits their effectiveness as hedging tools compared to exchange-traded derivatives. To sum up, TSO involvement in forward markets should remain as a fallback option when deemed necessary based on recurring regulatory assessments, and with focus on instruments and mechanisms that grants support to forward hedging needs and opportunities.

On the introduction of LTFBA: Under LTFBA, the volume of capacity offered, or rather LTTR FTR volumes “per Border and in total” possible to utilize, is understood to be determined by the long-term flow-based algorithm rather than by each of the TSO's independent assessments of what is appropriate to bring to the market given hedging needs and their own (TSOs) risk appetite. We urge ACER to reflect carefully on this aspect and consequences of it also in the context of the on-going FCA GL Regulation review.

On the nature of LTTRs as financial instruments: We note that any evolution of the LTTR framework, including potential changes to product type or structure, should be accompanied by careful assessment of the regulatory implications under MiFID II, EMIR and REMIT. Europex has long argued that Financial Transmission Rights should be subject to equal regulatory treatment under MiFID II, e.g. that secondary trading in LTTRs should thus be subject to the requirements of EU financial services legislation. We reiterate this position.

On the SAP's role: JAO should not have an exclusive monopoly role in the organisation of LTTR auctions or related instruments and services. Any professional entity with experience in organising auctions should be able to provide these services. Any platform organising secondary trading of LTTRs, and/or alternative instruments permissible via e.g. FCA GL 30.5, that have been offered by TSOs in primary auctions, should be subject to the full requirements of EU financial services legislation. In this context, we note that any change of the nature of the LTTR product and how and via what model (e.g. independent ATC based or simultaneous LTFBA based) it is being auctioned could introduce more demanding collateral management with margin requirements that are fundamentally different in nature from the current collateral arrangements (applicable to e.g. LTTR FTR Options). The management of these collateral and settlement risks would benefit from the infrastructure, regulatory authorisation, financial resilience and the operational expertise of a regulated central counterparty (CCP). Thus, any change in nature of LTTRs or alternative instruments primary auctioned by TSOs must be accompanied by an assessment of the institutional arrangements for their issuance and clearing.

About

Europex is a not-for-profit association of European energy exchanges with 36 members. It represents the interests of exchange-based wholesale electricity, gas and environmental markets, focuses on developments of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level.

Contact

Europex - Association of European Energy Exchanges
Address: Rue Archimède 44, 1000 Brussels, Belgium
Phone: +32 2 512 34 10
Website: www.europex.org
Email: secretariat@europex.org
X: @Europex_energy

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