

Remuneration of LTTRs

Latest decoupling events have had a very strong impact on TSOs and tariff payers

Decoupling	LTTR CI*	SA CI	LTTR to MPs
07/06/2019	1,7 M€	716 k€	19,6 M€
04/02/2020	62 k€	26 k€	208 k€
13/01/2021	454 k€	268 k€	4,0 M€
Total	2,2 M€	1,0 M€	23,9 M€

CI: Congestion Income
SA: Shadow Auction
MPs: Market Participants

TSOs held a workshop with the regulators to discuss short-/medium-term measures to mitigate the impact

The workshop from 23 April focused on:

- **The remuneration issue:** where TSOs proposed different alternatives to mitigate the impact of the current LTTR remuneration in case of decoupling. One of them being the extension of the current cap in the Harmonized Allocation Rules for its application in case of decoupling. This extension of the cap to decoupling incidents is **part of the proposed amendment that TSOs will submit to ACER** and was part of the public consultation held during May.
- **The fallback issue:** where TSOs presented and discussed different pan-EU alternatives and proposals for improvement to the current fallback mechanism.

Additionally, the results of the Shadow Auction survey performed by TSOs was also presented (*see attached PPT*)

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Agreed conclusions and next steps

- TSOs propose a **burden sharing mechanism** (between tariff payers and market participants) and to have a **fairer mechanism in case of decoupling**
- EC / some NRAs consider that the 3 options proposed **deteriorate the quality of the hedging** as compared to today

TSOs and NRAs came up with the following initiatives that will be implemented by the TSOs



1. **Trial process parallel requesting Market Participants to update the Shadow Auction bids daily**, with the purpose of transforming the irregular event of updating shadow auctions bids into a daily process of the market participants



2. **External independent econometric assessment of the Shadow Auction mechanism**, with the purpose of proving a structural remuneration flaw of the shadow auction mechanism.

Both initiatives will be performed between June and September and will be presented to the regulators on the Pentilateral meeting of October 2021.