
Draft proposal for DA fallback procedures in SWE region for day-ahead market coupling

DATE

DISCLAIMER

This document is released on behalf of RTE, REE and REN only for the purposes of the public consultation on the proposal of fallback procedures for the SWE Region *“to ensure efficient, transparent and non-discriminatory capacity allocation in the event that the single day-ahead market coupling process is unable to produce results”* in accordance with Article 44 of the Commission Regulation (EU) No 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (*“Regulation 2015/1222”*) and does not in any case represent a firm, binding or definitive TSOs’ position on the content.

Contents

Whereas.....3

Article 1 - Subject matter and scope.....3

Article 2 - Definitions and interpretation4

Article 3 - List of Information Required from Relevant NEMOs5

Article 5 – Fallback Procedure for PT-ES interconnection5

Article 6 – Decoupling scenarios5

Article 6.1 Full decoupling.....5

Article 6.2 Partial decoupling affecting FR-ES interconnection.....5

Article 6.3 Partial decoupling affecting PT-ES interconnection6

Article 6.4 Fallback procedures in FR-ES interconnection unable to be initiated.....6

Article 7 - Implementation date.....6

Article 8 - Language6

RTE, REE and REN and taking into account the following:

Whereas

1. This document is a common proposal developed by RTE, REE and REN as the Transmission System Operators of SWE Region (hereafter referred to as SWE TSOs), which intend to ensure efficient, transparent and non-discriminatory capacity allocation in the event that the single day-ahead market coupling process is unable to produce results. This proposal is required by Article 44 of Regulation (EU) 2015/1222 on Capacity Allocation and Congestion Management (the “CACM Regulation”).
2. The Fallback Procedures Proposal takes into account the general principles, goals and other methodologies reflected in Regulation 2015/1222. The goal of Regulation 2015/1222 is the coordination and harmonisation of capacity calculation and allocation in the day-ahead and intraday markets.
3. The Fallback Procedures shall be applied in case the single day-ahead market coupling process is unable to produce results in accordance with Articles 44 and 50 of Regulation 2015/1222.
4. According to Article 9(9) of Regulation 2015/1222, the proposed timescale for the implementation of the proposed Fallback Procedures shall be included and can be found in Article 7 of the Fallback Procedures Proposal.
5. The proposed fallback procedures across the SWE region contributes to and does not in any way hinder the achievement of the objectives of Article 3 of CACM Regulation. The fallback procedures ensure a transparent and non-discriminatory approach towards facilitating cross zonal capacity allocation in the event that the single day-ahead coupling process is unable to produce results. This supports the CACM objective of ensuring and enhancing the transparency and reliability of information.
6. This proposal takes into account existing solutions in order to ensure the cost efficiency of the implementation of the fallback procedures, given those solutions are harmonised on French borders

Article 1 - Subject matter and scope

1. The Fallback Procedures, as determined in this Fallback Procedures Proposal shall be considered as the common proposal of SWE TSOs to ensure efficient, transparent and non-discriminatory capacity allocation in the event that the single day-ahead market coupling process is unable to completely or partially produce results, in accordance with Article 44 of Regulation 2015/1222. The Fallback Procedures Proposal shall cover the following:
 - a) Fallback Procedure in FR-ES interconnection; and
 - b) Fallback Procedure in PT-ES interconnection.

The scope of the Fallback Procedures does not extend to the assignment of roles and responsibilities to specific parties. Neither does the scope attempt to provide a governance framework for specific roles or

responsibilities. These aspects will be defined by the SWE TSOs in accordance with Article 8(2i) of Regulation 2015/1222.

Article 2 - Definitions and interpretation

1. For the purposes of this Fallback Procedures Proposal, terms used shall have the meaning of the definitions included in Article 2 of Regulation 2015/1222, Commission Regulations (EU) 543/2013 and (EU) 1227/2011. In addition, the following definitions shall apply:
 - a) 'Shadow Auction' means the explicit auction run by the Allocation Platform by which daily Cross Zonal Capacity is offered as fallback procedure for the single day-ahead coupling process and allocated to market participants who submit Bid(s) according to the Shadow Allocation Rules;
 - b) 'Allocation Platform' means the entity appointed and commissioned by the TSOs to act on their behalf and on its own name for the attribution of Cross Zonal Capacity through the Shadow Auctions
 - c) 'Shadow Allocation Rules' means the rules for the Shadow Auctions applied by the Allocation Platform, and published on the Allocation Platform website¹, always in its last version
 - d) 'SWE NEMOs' means the NEMOs officially designated in France, Spain and Portugal in accordance with Article 4 of Regulation 2015/1222.
 - e) 'MIBEL' (Iberian Electricity Market) means as the Portugal-Spain electricity market coupling in place since July 2007 resulting from the cooperation between the Portuguese and Spanish Governments with the aim of promoting the integration of both countries' electrical systems as provided in (i) the signature of Protocol for the Cooperation between the Spanish and Portuguese Government for establishing the Iberian Electricity Market in November 2001, (ii) the signature of the Agreement in Santiago de Compostela between the Portuguese Republic and the Kingdom of Spain in October 2004, (iii) 22nd Luso-Spanish Summit of Badajoz which took place in November 2006; and (iv) the signature of the Agreement in Braga in January 2008 which revises the Santiago Agreement.
 - f) 'SIOM algorithm' means the algorithm put in place at the implementation of MIBEL in July 2007. This algorithm was replaced by the EUPHEMIA algorithm at the entry in operation of Multi Regional Coupling (MRC) in May 2014.
 - g) 'Full decoupling' means the situation where the unavailability of single day-ahead market coupling to produce results affects the whole Bidding Zones within it leading to the application of fallback procedures at every Bidding Zone border within the single day-ahead market coupling.
 - h) 'Partial decoupling' means as the situation where the unavailability of single day-ahead market coupling to produce results affects a subset of Bidding Zones within it leading to the application of fallback procedures only in the relevant Bidding Zone borders.
2. In this Fallback Procedures Proposal, unless the context requires otherwise:
 - a) the singular indicates the plural and vice versa;
 - b) the table of contents and headings are inserted for convenience only and do not affect the interpretation of these fallback procedures; and

¹ <http://www.jao.eu/support/resourcecenter/overview>

- c) any reference to legislation, regulations, directive, order, instrument, code or any other enactment shall include any modification, extension or re-enactment of it then in force.

Article 3 - List of Information Required from Relevant NEMOs

SWE NEMOs performing Market Coupling Operator (MCO) function shall inform SWE TSOs in the event of risk of Full decoupling or Partial decoupling affecting France-Spain (FR-ES) interconnection in accordance with Article 50(2) of Regulation 2015/1222.

Article 4 – Fallback Procedure for FR-ES interconnection

1. In the event that single day-ahead coupling process is unable to produce results, TSOs will initiate a day ahead Fallback Procedure and launch the execution of Shadow Auctions on the Allocation Platform.
2. Shadow Auctions are held seven days a week, including weekend and public holidays, provided that the offered capacity for Shadow Auctions is at least one unit.
3. The auction specification of a Shadow Auction for the contract day will be published by the Allocation Platform in advance according to the Shadow Allocation Rules

Article 5 – Fallback Procedure for PT-ES interconnection

1. In the event that the single day-ahead market coupling is unable to produce results for the whole coupled area, the MIBEL will remain coupled. In that case, the price coupling algorithm proposed by All NEMOs in accordance with Article 37 of the Regulation 2015/1222 will be run for MIBEL area. In the event that the unavailability of the algorithm to produce results persists, the Fallback Procedure will follow as described in Article 5(2).
2. In the event that the price coupling algorithm referred to in Article 5(1) is unable to produce results for MIBEL in the day-ahead timeframe, MIBEL will be run independently from the rest of the single day-ahead market coupling using the SIOM algorithm.

Article 6 – Decoupling scenarios

The Fallback Procedures in SWE Region shall apply for the following scenarios:

- a) Full decoupling
- b) Partial decoupling affecting FR-ES interconnection
- c) Partial decoupling affecting PT-ES interconnection

Article 6.1 Full decoupling

In the event of Full Decoupling Fallback Procedures described in Article 4 and 5 shall apply.

Article 6.2 Partial decoupling affecting FR-ES interconnection

In the event of Partial decoupling affecting FR-ES interconnection Fallback Procedure described in Article 4 shall apply.

Article 6.3 Partial decoupling affecting PT-ES interconnection

There is actually no possibility of decoupling in the PT-ES border for the day-ahead market. If any anomaly is detected in the process of single day-ahead coupling, Fallback Procedure described in Article 5 shall apply.

Article 6.4 Fallback procedures in FR-ES interconnection unable to be initiated

1. If the Fallback procedure cannot, in the reasonable opinion of the Allocation Platform, and based on objective grounds (for example due to a lack of time or to technical difficulties), be implemented as necessary to enable an auction to be conducted, the Shadow Auction will be deferred.
2. If deferral of an auction is not considered by the Allocation Platform as being possible, based on objective grounds (for example due to a lack of time or to technical difficulties), the Shadow Auction will be cancelled and all bids already submitted will automatically be cancelled.
3. When an implicit daily auction is cancelled and the associated Fallback procedure is also cancelled, the daily offered capacity is allocated to the subsequent relevant intraday allocation processes.

Article 7 - Implementation date

The arrangements described in Articles 3 to 6 shall be implemented with immediate effect after SWE NRAs approval.

Article 8 - Language

The reference language for this Fallback Procedures Proposal shall be English. For the avoidance of doubt, where TSOs need to translate this Fallback Procedures Proposal into their national language(s), in the event of inconsistencies between the English version published by SWE TSOs in accordance with Article 9(14) of the Regulation 2015/1222 and any version in another language, the relevant TSOs shall be obliged to dispel any inconsistencies by providing a revised translation of this Fallback Procedures Proposal to their relevant national regulatory authorities.