

# **Annex 10 to the harmonised Allocation Rules for Forward Capacity Allocation**

## **Regional specific annex for the Northern Italian borders**

### **Notice**

The present document may evolve depending also on the outcomes of a specific study in progress within the Italian Northern Borders Region focusing on the firmness regime for these Borders. .

### *Article 1*

#### **Subject-matter and scope**

1. In accordance with Article 4 and Article 61 of the Allocation Rules, regional or border specificities may be introduced for one or more Bidding Zone borders. In derogation to Article 56.2, 58, 59 and 60 of the Allocation Rules, on Italian Northern Borders as defined in paragraph 4 of this Article, the compensation rules listed in this Annex shall apply.
2. Wherever the Allocation Rules contain references to the Article 56.2, 58 and/or Article 59 and/or Article 60, there are replaced by compensation rules and compensations listed in this annex with regard to Northern Italian borders.
3. This annex is effective at the date of entry into force of the Allocation Rules subject to an approval of relevant National Regulatory Authorities. This annex may be reviewed yearly based on request of the National Regulatory Authorities. In case this annex needs to be amended based on a decision of the relevant National Regulatory Authorities, Article 67 of the Allocation Rules shall apply.
4. The capitalised terms used in this annex are defined in the harmonised Allocation Rules to which this annex is attached unless otherwise specified below:

**Italian Northern Borders** means the following Bidding Zone (and related TSO) borders:

List of Bidding Zone borders and/or their subsets		
<b>Austria (AT)</b>	<>	<b>Italy (IT)</b>
APG		TERNA
<b>France (FR)</b>	<>	<b>Italy (IT)</b>
RTE		TERNA
<b>Italy (IT)</b>	<>	<b>Slovenia (SI)</b>
TERNA		ELES
<b>Italy (IT)</b>	<>	<b>Switzerland (CH)</b>
TERNA		Swissgrid

## Article 2

### Compensation for curtailment to ensure System Security or Emergency Situation or due to Force Majeure

1. To ensure System Security, or due to Emergency Situations, or in the event of a Force Majeure, the allocated Long Term Transmission Rights can be reduced until the Long Term Firmness Deadline which is set at the deadline for final submission of nominations of Long Term Physical Transmission Rights with the concerned TSOs. After this deadline, except in Emergency Situations and in case of Force Majeure, Long Term Transmission Rights, including nominated Physical Transmission Rights are firm with the concerned TSOs.
2. Holders of curtailed Long Term Transmission Rights before the Long Term Firmness Deadline shall be entitled to receive a reimbursement for each affected hour per Registered Participant calculated as
  - the products of a coefficient of:
    - in case of Curtailment due to Force Majeure or Emergency Situations, 100%

- in case of curtailment to ensure System Security, a coefficient of 100%, except France – Italy Border in both directions where a coefficient of 110 % applies;
  - the Marginal Price of the initial Auction at which this Capacity was Allocated; and
  - the energy in MW per hour corresponding to the difference between the Long Term Transmission Rights held by the Registered Participant before and after the curtailment.
3. Number of curtailments for reasons linked to System Security is limited up to thirty five (35) Equivalent Days. The Equivalent Days are calculated per month separately for each direction of a Country Border as follows:

Equivalent Days (for month M) = energy reduced (during month M) / total energy of Yearly and Monthly Capacities Allocated (for all month M) x numbers of Days of month M in which at least one product has been allocated.

*Example:*

Capacities Allocated during a month of thirty one (31) days:

Yearly Product 100 MW Allocated for all the month thirty one (31) days

Monthly base Product 50 MW Allocated for all the month except for one Day due to Maintenance Period thirty (30) days:

- Monthly peak Product 20 MW Allocated for twenty three (23) days between 08:00 and 20:00 (12 hours).

Energy reduced:

- Reduction of 70 MW during two (2) days.

$$\text{Equivalent Days} = (70 \times 24 \times 2) / (100 \times 31 \times 24 + 50 \times 30 \times 24 + 20 \times 23 \times 12) \times 31 = 0.9 \text{ days}$$

4. Holders of curtailed Long Term Transmission Rights after the Long Term Firmness Deadline (related to Emergency Situations or Force Majeure), shall be entitled to receive a reimbursement for each affected hour per Registered Participant calculated as the products of:
- a coefficient of 100%
  - the Marginal Price of the initial Auction (weighted average Marginal Prices of Yearly and Monthly Auctions for France – Italy Border in the direction France to Italy<sup>1</sup>) at which the curtailed Capacity was allocated; and

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<sup>1</sup> Example of reimbursement. Already Allocated Capacity (AAC) on Yearly Basis: 70 MW. Price € 2/MWh  
 AAC on Monthly Basis: 30 MW. Price € 1/MWh  
 Curtailment: 60 MW. Reimbursement:  $60 \times (70/100) \times 2 + 60 \times (30/100) \times 1 = € 102$

- the energy in MW per hour corresponding to the difference between the Long Term Transmission Rights held by the Registered Participant before and after the curtailment.

### Article 3

#### **Specific case of Daily Offered Capacities lower than non-nominated Yearly and Monthly Rights Document**

For bidding zone borders where market coupling has not been introduced, If the Daily Offered Capacities are lower than the non-nominated amount of Long Term Transmission Rights for Yearly and Monthly Capacities, holders of non-nominated Long Term Transmission Rights for Yearly and Monthly Capacities that have not been reallocated in the daily timeframe, shall be entitled to receive a reimbursement for each affected hour per Registered Participant calculated as the products of:

- the Marginal Price of the initial Auction at which the curtailed Capacity was allocated; and
- the energy in MW per hour corresponding to the difference between the Long Term Transmission Rights held by the Registered Participant before and after the curtailment.