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Annex 7 to the harmonised Allocation Rules for Forward Capacity Allocation

Regional specific annex for the border Germany-Denmark and for the interconnector between Denmark West and Denmark East (Great Belt)

Article 1

Subject-matter and scope

1. In accordance with Article 4 and 61 of the Allocation Rules regional or border specificities may be introduced for one (or more) Bidding Zone border(s). Rules described in this border specific annex apply to the German-Danish borders and the Great Belt cable as defined in paragraph 3 of this Article.
2. 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 based on request of the relevant 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.
3. The capitalised terms used in this annex are defined in the harmonised Allocation Rules to which this annex is attached unless otherwise specified below:

- (a) **50Hertz** means 50Hertz Transmission GmbH, a German TSO and a company incorporated under the laws of Germany, having its registered office at Eichenstraße 3A, 12435 Berlin, Germany, registered under the number HRB 84446 B (Amtsgericht Charlottenburg);
- (b) **BNetzA** means the Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway, the German regulatory authority who is a separate higher federal authority within the scope of business of the German Federal Ministry of Economics and Technology;
- (c) **D/DK_E** means the border between Germany and Denmark East operated by 50Hertz and Energinet.dk;
- (d) **D/DK_W** means the border between Germany and Denmark West operated by TenneT TSO GmbH and Energinet.dk;
- (e) **DERA** Danish Energy Regulatory Authority (Energitilsynet);
- (f) **DK_W/DK_E** means the interconnector between Denmark West and Denmark East operated by Energinet.dk (Great Belt cable);
- (g) **Energinet.dk** means the Danish TSO governed by the Danish Act on Energinet.dk, having its registered address at Tonne Kjærvej 65, 7000 Erritsø Denmark, registered under the CVR number 28980671;
- (h) **German-Danish borders** means D/DK_W and D/DE_E together;
- (i) **Interconnectors** means the German-Danish borders and DK_W/DK_E together;
- (j) **TenneT TSO** means TenneT TSO GmbH, a German TSO, having its registered office at Bernecker Straße 70 in 95448 Bayreuth, Germany.

Article 2

Remuneration of Long Term Transmission Rights holders for non-nominated Physical Transmission Rights and Financial Transmission Rights Options

1. This Article 2 replaces Article 48 of the Allocation Rules.
2. The Allocation Platform shall remunerate the Long Term Transmission Rights holder for the Long Term Transmission Rights which are reallocated at the relevant daily allocation. The Allocation Platform shall remunerate the Long Term Transmission Rights holder for each MW which was non-nominated for the relevant hourly period in the case of Physical Transmission Rights and for all allocated MW per relevant hourly period in the case of Financial Transmission Rights Options. The remuneration shall be calculated in the case of Physical Transmission Rights as the difference between the volumes stated in the Rights Document and the final volumes nominated and accepted by the relevant TSO, in the case of Financial Transmission Rights Options as the volumes stated in the Rights Document , multiplied by a price, depending on the type of the day-ahead allocation, as follows:
 - (a) in case of day-ahead Implicit Allocation as follows
 - (1) in case there aren't any adverse flows (i.e. any flows against the financially sensible direction) and/or a non-utilization of the daily Offered Capacity (i.e. a situation in which there is a price difference at the concerned Bidding Zone Border although the daily Offered Capacity is not used completely), the price shall be the Market Spread at the concerned Bidding Zone border for the

concerned hourly period only in case the price difference is positive in the direction of the Long Term Transmission Rights of the day-ahead Implicit Allocation in which that Cross Zonal Capacity was reallocated, and 0 €/MW, otherwise.

- (2) in case of an adverse flow at the concerned Bidding Zone Border in the concerned hourly period, the price shall be zero in both directions.
- (3) in case of a non-utilisation of the daily Offered Capacity at the concerned Bidding Zone Border in the concerned hourly period, the price shall be the Market Spread at the concerned Bidding Zone border for the concerned hourly period only in case the price difference is positive in the direction of the Long Term Transmission Rights of the day-ahead Implicit Allocation in which that Cross Zonal Capacity was reallocated, multiplied by the ratio of the allocated Cross Zonal Capacity to the daily Offered Capacity at that Bidding Zone Border in the direction of the Long Term Transmission Rights of the day-ahead Implicit Allocation in which that Cross Zonal Capacity was reallocated. Otherwise the price is 0 €/MW.

If applicable this price shall be adjusted to reflect transmission losses on interconnections between Bidding Zones, where these losses are included in the day-ahead Cross Zonal Capacity allocation process.

- (b) in case of day-ahead Explicit Allocation, including in case of fallback allocation for Implicit Allocation, the price shall be the Marginal Price of the daily Auction at which that Long Term Transmission Right was reallocated, for the concerned hourly period; and
 - (c) for allocation other than Implicit Allocation or Explicit Allocation in the daily allocation timeframe (such as pro rata allocation) the price for the Long Term Transmission Rights remuneration shall be based on the income from the allocation of that Cross Zonal Capacity.
3. The remuneration described in paragraph 2 of this Article shall not cover the cases where less daily Offered Capacity is available than the non-nominated amount of Long Term Transmission Rights in the case of Physical Transmission Rights or less than the total amount of the Long Term Transmission Rights in the case of Financial Transmission Rights Options. The difference between the non-nominated amount of Long Term Transmission Rights and the daily Offered Capacity in the case of Physical Transmission Rights and the total amount of Long Term Transmission Rights in the case of Financial Transmission Rights Options shall be remunerated in accordance with CHAPTER 9 of the Allocation Rules.
 4. In case daily allocation does not take place or it is cancelled for any other reason than the one of the triggering events specified in CHAPTER 9 of the Allocation Rules, the remuneration of Long Term Transmission Rights' holders for non-nominated Long Term Transmission Rights in the case of Physical Transmission Rights or for the total amount of Long Term Transmission Rights in the case of Financial Transmission Rights Options in accordance with paragraph 2 of this Article shall be based on the Marginal Price of the Auction in which the Long Term Transmission Right was initially allocated.

Article 3

Triggering events and consequences of curtailment on Long Term Transmission Rights

1. This Article 3 replaces Article 56 of the Allocation Rules.

2. Long Term Transmission Rights irrespectively of the Product Period may be curtailed in the event of Force Majeure, an Emergency Situation or to ensure System Security according to applicable legislation. The event of Force Majeure is handled in the same manner as the event of Emergency Situation.
3. Curtailment may be applied in allocated Long Term Transmission Rights including, where the case may be, on nominated Physical Transmission Rights.
4. Long Term Transmission Rights shall not be curtailed after the Long Term Firmness Deadline except in the case of Force Majeure or Emergency Situation.
5. In the case of Physical Transmission Rights, each Registered Participant affected by curtailment shall lose its right to transfer, return or nominate for physical use the concerned Physical Transmission Rights or to receive remuneration based on non-nominated rights. In the case of Financial Transmission Rights, each Registered Participant affected by curtailment shall lose its right to transfer or return the concerned Financial Transmission Rights or to receive remuneration in accordance to Article 48 of the Allocation Rules.
6. In case of curtailment, the affected Registered Participant is entitled to receive reimbursement or compensation according to Articles 4 and 5 of this annex and where applicable Article 61 of the Allocation Rules.

Article 4

Compensation for curtailments to ensure System Security

1. This Article 4 replaces Article 58 of the Allocation Rules.
2. In cases of curtailment to ensure System Security, the Allocation Platform shall publish in its website and take the Long Term Firmness Deadline into account for calculation of compensation for curtailment. The Long Term Firmness Deadline is set at 8:30 a.m. on the day preceding the day of delivery.
3. Curtailment triggered to ensure System Security and published by the Allocation Platform on its website before the Long Term Firmness Deadline shall be performed in line with Article 57 of the Allocation Rules.
4. Holders of curtailed Long Term Transmission Rights shall be entitled to receive from the Allocation Platform a reimbursement equal to the price of the Long Term Transmission Rights set during the Long Term Transmission Rights allocation, which for each affected hour and Registered Participant shall be calculated as:
 - (a) the positive Market Spread in the affected period in the direction of the curtailed Long Term Transmission Rights (if the Market Spread is on the opposite direction from the curtailment, the price taken into account for the compensation will be equal to 0 € / MW); multiplied by
 - (b) the volume in MW corresponding to the difference between the allocated Long Term Transmission Rights held by the Registered Participant before and after the curtailment, for the considered hourly period.
5. The compensation calculated according to paragraph 3 shall be further subject to a cap which applies to the monthly amount of compensations coming from curtailments of

allocated Long Term Transmission Rights to ensure System Security. This cap is defined for each month and each border D/DK_W and D/DK_E separately as the sum of:

- (d) the revenues generated by the monthly Auction (not taking into account the revenues from Returns) on the concerned border D/DK_W or D/DK_E in the applicable direction raised in this particular month; and
 - (e) the part of the yearly Auction revenues corresponding to that month (a twelfth of the revenues raised at yearly Auction on the concerned border D/DK_W or D/DK_E in the applicable direction). Possible Returns from yearly and monthly Auctions are deduced from the above sum.
6. When the cap described in paragraph 4 is reached, the compensation of curtailed Long Term Transmission Rights shall be shared per direction on a pro rata basis between the Registered Participants entitled to receive compensation in that month according to their compensation amount.
 7. No consequential losses shall be taken into account for this purpose.

Article 5

Reimbursement for curtailments due to Force Majeure or Emergency Situation

1. This Article 5 replaces Article 59 and Article 60 of the Allocation Rules.
2. In the case of Force Majeure or Emergency Situation, holders of curtailed Long Term Transmission Rights shall be entitled to receive a reimbursement equal to the price of the Long Term Transmission Rights set during the Long Term Transmission Rights Allocation Process, which for each affected hour and Registered Participant shall be calculated as:
 - (a) the Marginal Price of the Initial Auction; multiplied by
 - (b) the volume 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. No consequential losses shall be taken into account for this purpose.

Article 6

Liability

1. This Article 6 replaces Article 68 of the Allocation Rules.
2. As a legal consequence of the fact that the Allocation Platform is acting on behalf of Energinet.dk, TenneT TSO and 50Hertz but in its own name under the Long Term Auction Rules, the Allocation Platform bears a contractual liability towards the Registered Participants, whereas Energinet.dk, TenneT TSO and 50Hertz can only be held liable in tort towards the Registered Participants.
3. Energinet.dk, TenneT TSO and 50Hertz shall only be liable for damage caused to Registered Participants if it is the result of wilful misconduct or gross negligence. Energinet.dk, TenneT TSO and 50Hertz's liability, in the case of gross negligence, vis-à-vis the Registered Participant is limited to direct damages only.

4. The liability of a TSO is limited to the Interconnector(s) of which the TSO operates on. In this respect Energinet.dk and 50Hertz are responsible for the Interconnector on D/DK_E; Energinet.dk and TenneT TSO are responsible for the Interconnector on D/DK_W; Energinet.dk is solely responsible for the Interconnector on DK_W/DK_E.
5. The Allocation Platform and the Registered Participants are solely responsible for the fulfilment of any obligation they undertake or are subject to and which arises from or is in connection with the Allocation Rules and the Participation Agreement.
6. Subject to any other provisions of these Allocation Rules the Allocation Platform shall only be liable for damages caused by:
 - (a) fraud, gross negligence or wilful misconduct.
 - (b) death or personal injury arising from its negligence or that of its employees, agents or subcontractors.
7. A Registered Participant shall indemnify and keep indemnified the Allocation Platform and its officers, employees and agents from and against any and all loss or liability (including legal costs) related to a damage that it has caused, which any of them may suffer or incur by reason of any claim by any third party on account of any and all loss (whether direct or indirect) suffered by the claimant or any of the claimant's officers, agents, subcontractors or employees in connection with these Allocation Rules.
8. The Allocation Platform and each Registered Participant acknowledges and agrees that it holds the benefit of paragraph 3 of this Article for itself and as trustee and agent for its officers, employees and agents.
9. The Registered Participant shall be solely responsible for its participation in Auctions including but not limited to the following cases:
 - (a) the timely arrival of Bids and transfer and return notifications by the Registered Participant;
 - (b) technical failure of the information system on the side of the Registered Participant preventing the communication via the channels foreseen in accordance with these Allocation Rules.
10. In case of remuneration in accordance with Article 2 or curtailment compensation due to Force Majeure, System Security or Emergency Situation in accordance with Article 4 and Article 5 or in accordance with any regional or border specific annex Registered Participants shall not be entitled to other compensation than the compensation described in these Allocation Rules.
11. The Registered Participants shall only be liable for damage caused to the Allocation Platform if it is the result of wilful misconduct or gross negligence. In the case of gross negligence, the liability both contractual and in tort of the Allocation Platform and the Registered Participants towards each other is limited to direct damages only.
12. In case of gross negligence, the liability of the Allocation Platform and the Participants both contractual and in tort, or of a TSO in tort, is limited to € 50,000 per Party or per TSO per incident. Without prejudice to the maximum of € 50,000 per Party or per TSO per incident, in case several Registered Participants claim to have suffered damages due to the same

incident or related incidents, a TSO or the Allocation Platform's liability either jointly and severally or individually is limited to € 500,000. If the total amount of the direct damages of the damaged Registered Participants exceeds this maximum of € 500,000, the respective Registered Participants' claims are reduced proportionally.

13. No indemnification will be due unless the Party proves, through the arbitration process specified in Article 69 of the Allocation Rules, specifically that the damage suffered, resulted directly from the breach and that the Party took reasonable steps to mitigate the damages suffered.
14. This Article survives the termination of the Registered Participant's Participation Agreement.

Article 7

Suspension of the Participation Agreement

1. This Article 7 is in addition to Article 70 of the Allocation Rules.
2. Any suspension of the Entitlement of a Registered Participant will be communicated to BNetzA and DERA. This communication will enclose a copy of the Notification to the Registered Participant pursuant to paragraph 2 of Article 70 of the Allocation Rules.