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**Proposal for nomination rules for Physical Transmission Rights for the bidding zone border(s) France - Spain in accordance with Article 36 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation**

[date of approval]

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**DISCLAIMER**

This document is released on behalf of the transmission system operators (“TSOs”) of the bidding zone border(s) France - Spain solely for the purpose of public consultation on their proposal for nomination rules for Physical Transmission Right for the bidding zone border(s) FR-ES in accordance with Article 36 of Commission Regulation (EU) No 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (“FCA Regulation”). This version of the Proposal is a draft proposal and does not constitute a firm, binding or definitive TSOs’ position on the content.

All TSOs of the bidding zone border(s) France – Spain (hereafter referred to as *FR – ES*), taking into account the following,

#### Whereas

- (1) This document is the common proposal developed by the Transmission System Operators of the bidding zone border France - Spain (hereafter referred to as *TSOs*) for *Nomination Rules* for physical transmission rights (hereafter referred to as the *Proposal*) in accordance with Article 36 of Commission Regulation (EU) 2016/1719 establishing a guideline on Forward Capacity Allocation (hereafter referred to as the *FCA Regulation*).
- (2) Article 31 of the *FCA Regulation* foresees that long-term cross-zonal capacity shall be allocated to market participants in the form of physical transmission rights pursuant to the UIOSI principle or in the form of FTRs – options or FTRs – obligations. This Proposal only applies to the physical transmission rights acquired in forward capacity allocation. It lays down the rules for *Nomination* of physical transmission rights for the bidding zone border *France – Spain*.
- (3) In accordance with Article 36(2) of the *FCA Regulation*, this *Proposal* is subject to consultation. Article 6 of the *FCA Regulation* requires that proposals submitted at bilateral or at multilateral level shall be consulted at least by the Member States concerned and that the consultation shall last for a period not less than one month. Accordingly, this *Proposal* was consulted from [•] June 2017 until [•] July 2017.
- (4) This *Proposal* is submitted for the approval of all National Regulatory Authorities (hereafter referred to as the *NRAs*) of the bidding zone border *FR-ES*.
- (5) TSOs on the bidding zone border *FR-ES* consider that the *FCA Regulation* allows the submission of this *Proposal* on bidding zone border level, since proposals for *Nomination Rules* for electricity exchange schedules between bidding zones are not listed in Article 4 of the *FCA Regulation*. They acknowledge that Article 36(3) of the *FCA Regulation* requires all TSOs to progressively harmonise the *Nomination Rules* on all bidding zone borders on which physical transmission rights are applied. *TSOs* therefore undertake to progressively examine the potential and the need for harmonisation of these rules, taking into account their technical nature.
- (6) This *Proposal* contributes to the achievement of the objectives of Article 3 of the *FCA Regulation*. In particular, this *Proposal* serves the aim of promoting effective long-term cross-zonal trade with long-term hedging opportunities for market participants giving a transparent framework for the *Nomination Rules* for Physical Transmission Rights.
- (7) This *Proposal* contributes to the provision of non-discriminatory access to long-term cross-zonal capacity by detailing the process of nominating the physical transmission rights already allocated in the long-term auctions (or the process of transferring that right in accordance with Article 44 of the *FCA Regulation*).
- (8) Furthermore, this *Proposal* ensures fair and non-discriminatory treatment of all affected parties, as it sets rules to be applied by all parties. Before being approved, the rules detailed in this *Proposal* are subject to public consultation in accordance with Article 6 of the *FCA Regulation*.
- (9) Regarding the objective of transparency and reliability of information on forward capacity allocation, this *Proposal* includes provisions on the necessary exchange of information between the holder of the transmission rights and the nomination platform for executing the *Nomination*.
- (10) In conclusion, this *Proposal* contributes to the general objectives of the *FCA Regulation* to the benefit of all market participants and electricity end consumers.

SUBMIT THE FOLLOWING PROPOSAL TO ALL REGULATORY AUTHORITIES OF THE BIDDING ZONE BORDER *FR-ES*:

## TITLE 1

### General provisions

#### Article 1

##### Subject matter and scope

1. This document describes the provisions governing *Nomination Rules* on France-Spain bidding zone border in terms of:
  - Entitlement of a physical transmission rights holder to nominate electricity *Exchange Schedules*;
  - Minimum technical requirement to nominate;
  - Description of the nomination process;
  - Nomination timings;
  - Format and communication.
2. This document only contains rules and provisions related to the *Nomination* of long term physical transmission rights.
3. Forward capacity allocation on the bidding zone border *FR-ES* takes place through joint explicit allocation of physical transmission rights through auctions in accordance with harmonised allocation rules for long-term transmission rights developed as per Article 51 of the *FCA Regulation* (hereafter *Allocation Rules*), and the proposal for design of Long Term Transmission Rights in accordance with Article 31 of the *FCA Regulation* (hereafter *Long Term Rights Design*).
4. This *Proposal* contains the terms and conditions for the *Nomination* of long-term physical transmission rights on the bidding zone border *FR-ES*.
5. In accordance with the *FCA Regulation* and the *Allocation Rules* and *Long Term Rights Design*, this *Proposal* shall bind the holders of physical transmission rights, their counterparties where applicable, and eligible parties acting on their behalf.

#### Article 2

##### Definitions and interpretation

1. Capitalised terms used in this nomination rules Proposal shall have the meaning given to them in Article 2 of Regulation (EC) 714/2009, Article 2 of Regulation (EC) 2013/543, Article 2 of Regulation (EC) 2015/1222, Article 2 of Directive 2009/72/EC, Regulation (EU) 2016/1719 and in the applicable harmonised allocation rules for long-term transmission rights.
2. In addition, the following definitions shall apply:
  - (a) 'ECAN' means the ENTSO-E standard protocol for Capacity Allocation and Nomination system;
  - (b) 'HTTPS' means HyperText Transfer Protocol over Secure Socket Layer;
  - (c) 'PTRs' means physical transmission rights as defined in the Allocation Rules and Long Term Rights Design;
  - (d) 'RTE' means Réseau de Transport d'Electricité, the French system operator;
  - (e) 'REE' means Red Eléctrica de España, the Spanish system operator;

- (f) 'XML' means the Extensible Markup Language.

### **Article 3**

#### **Effective date and application**

This *Proposal* shall enter into force in accordance with the applicable national regulatory regimes. The rules described in this *Proposal* shall apply to the PTR with a delivery date starting from the 1<sup>st</sup> of January of the year following the approval of the respective *NRAs* in accordance with Article 4 of the *FCA Regulation*. This date will be published by *TSOs* of the bidding zone border *FR-ES* on their websites.

## **TITLE 2**

### **Nomination rules**

#### **Article 4**

##### **Entitlement to nominate electricity Exchange Schedules**

1. In order to *Nominate* physical transmission rights to *REE*, the holders of *PTRs* and/or their counterparties and eligible parties acting on their behalf must be market participants in the Spanish Market and be owner of dedicated Programming Units assigned to the *FR-ES* border.
2. In order to *Nominate* physical transmission rights to *RTE*, the holders of *PTRs* must be holder of a Balance Responsibility Contract agreed with *RTE* and a signer of the French Import/Export Rules in their last applicable version.

#### **Article 5**

##### **Minimum technical requirements to nominate**

3. The nomination tool of *REE* is a web-based application, therefore the minimum technical requirement to nominate to *REE* is to have an internet access, a specific certificate provided by *REE* and a supported browser . The nomination tool gives the possibility to communicate also through a web services connection.
4. In order to *Nominate* its physical transmission rights to *RTE*, the holders of *PTRs* accesses the *RTE* Information System and uses the applications made available to him under the conditions defined by *RTE* in the *IS Rules*.
5. The nomination tool of *RTE* is a web-based application, therefore the minimum technical requirements to nominate to *RTE* is to have an internet access, a specific certificate provided by *RTE* and a compatible version of Internet Explorer or Firefox.

#### **Article 6**

##### **Description of the nomination process**

1. The *PTRs* must be *Nominated* to both *TSOs*.
2. For the *PTRs* allocated in direction from France to Spain, the *Nomination* to *RTE* has to be submitted by the holders of *PTRs*, according to modalities described in *IS Rules*.

3. For the *PTRs* allocated in direction from France to Spain, the *Nomination* to *REE* has to be submitted by the holders of *PTRs* or by the eligible persons acting on their behalf, according to Spanish Operational Procedure 3.1.
4. For the *PTRs* allocated in direction from Spain to France, the *Nomination* to *RTE* has to be submitted by the holders of *PTRs*, according to IS Rules.
5. For the *PTRs* allocated in direction from Spain to France, the *Nomination* to *REE* has to be submitted by the holders of *PTRs* or by the eligible persons acting on their behalf, according to Spanish Operational Procedure 3.1.
6. As defined in the *Allocation Rules*, the *Allocation Platform* notifies the *Rights Document* related to the long term *PTRs*, to the person eligible to nominate.
7. The *Nominations* submitted to *TSOs* shall not exceed the amount indicated in the *Rights Documents*.

## Article 7

### Nomination timings (this provision will be updated according to stakeholders' opinion)<sup>1</sup>

Option 1 (current applicable deadline on FR-ES border): Nominations shall be sent to both *TSOs* for both directions by 7:45 CET of the day preceding the delivery day (*GCT*). Or;

Option 2 (new proposal, harmonized timing with other French borders): Nominations shall be sent to both *TSOs* for both directions by 8:30 CET of the day preceding the delivery day (*GCT*).

## Article 8

### Format of nomination and communication

1. The nomination tool of *REE* supports two ways of communication:
  - (a) web form interface;
  - (b) web services communication of *XML* files through secure standard protocol *HTTPS*.

The format *XML* file is defined by *XSD* schemas available on the web site of *REE*, which make it possible to validate semantics of a *XML* message. The structure is based on relevant standards promoted by the *ENTSO-e*.

2. The nomination tool of *RTE* supports two ways of communication. Nominations can be:
  - (a) Uploaded manually or by email;
  - (b) Or entered on the web form interface.

The format *XML* file is defined by *XSD* schemas available on the web site of *RTE*, which make it possible to validate semantics of a *XML* message. The structure is based on the *ECAN* standard provided by the *ENTSO-e*.

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<sup>1</sup> Stakeholders are asked during this consultation to indicate their preferred option between the two described here below

### **TITLE 3**

#### **Miscellaneous**

1. For any matter related to PTR's nomination that is not contained in the present document, the following documents shall be valid:
  - a) For nomination to *REE*: Spanish Operational Procedure 3.1;
  - b) For nomination to *RTE*: French Import/Export Rules in their last applicable version.

#### **Article 9**

##### **Amendment of the nomination rules**

Any change of Spanish Operational Procedure 3.1 or of the French Import/Export Rules related to nomination of PTRs of RTE shall lead to an amendment of the present nomination rules proposal.

#### **Article 10**

##### **Language**

The reference language for this nomination rules Proposal shall be English. For the avoidance of doubt, where TSOs need to translate this nomination rules Proposal into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with Article 4(13) of the FCA Regulation and any version in another language, the relevant TSOs shall, in accordance with national legislation, provide the relevant NRA with an updated translation of the nomination rules Proposal.