

**All Baltic CCR TSOs' amended proposal
for the fallback procedures in accordance
with Article 44 of the Commission
Regulation (EU) 2015/1222 of 24 July 2015
establishing a guideline on capacity
allocation and congestion management**

26th January 2018

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All Baltic CCR TSOs, taking into account the following,

Whereas

1. This document is a proposal developed by all Transmission System Operators (hereafter referred to as “TSOs”) of the Baltic Capacity Calculation Region (hereafter referred to as “Baltic CCR”) regarding the fallback procedures in the event that the single day-ahead coupling (hereafter referred to as “SDAC”) process is unable to produce results for at least on one or on all bidding zone borders of Baltic CCR (hereafter referred to as “fallback procedures”) in accordance with Article 44 of Commission Regulation (EU) 2015/1222 establishing a guideline on Capacity Allocation and Congestion Management (hereafter referred to as the “CACM Regulation”).
2. The fallback procedures take into account the general principles and goals set in the CACM Regulation as well as Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity (hereafter referred to as “Regulation (EC) No 714/2009”). The goal of the CACM Regulation is the coordination and harmonisation of capacity calculation and allocation in the day-ahead and intraday cross-border markets. To facilitate these aims, it is necessary to develop arrangements for providing non-discriminatory access to cross-zonal capacity in cases of more than one nominated electricity market operator (hereafter referred to as "NEMO") in one bidding zone. For efficiency reasons the fallback procedures make use of existing market operator(s) and already implemented solutions where appropriate, without precluding competition from new operators. SDAC decoupling takes into account, that bidding zones of the coupled region shall be coupled during the fallback procedures.
3. According to Article 9 (9) of the CACM Regulation, the expected impact of the proposed fallback procedures on the objectives of the CACM Regulation has to be described. The impact is presented below (points (4) to (9) on this Whereas Section).
4. The fallback procedures contribute to and do not in any way hamper the achievement of the objectives of Article 3 of the CACM Regulation. In particular, the Proposal serves the objectives ensuring operational security (Article 3 (c) of the CACM Regulation), creating a level playing field for NEMOs (Article 3 (i) of the CACM Regulation) and respecting the need for a fair and orderly market and fair and orderly price formation (Article 3 (h) of the CACM Regulation).
5. Reliability of prices in the Baltic bidding zones is important as most of the total consumption of power in the Nordic and Baltic market is currently traded at the power exchange. With the goal of the fallback procedures to keep all Baltic and Nordic bidding zones coupled, in case of decoupling from adjacent region, the proposed solution respects the need for a fair and orderly market as well as fair and orderly price formation also in a situation where the CCR Baltic and CCR Nordic is decoupled from the rest of the single day-ahead coupled region. (Article 3 (h) of the CACM Regulation).
6. Regarding the objective of ensuring optimal use of the transmission infrastructure (3 (b) of the CACM Regulation) and ensuring operational security (3(c) of the CACM Regulation) and optimising the calculation and allocation of cross-zonal capacity (3 (d) of the CACM Regulation) the proposed fallback procedures enables a transparent and efficient use of transmission capacity in critical situations by providing the market with day-ahead auction results. The operational security is also ensured by establishing simple procedures and a distinct allocation of responsibility in a fallback situation.

7. Regarding the objective of ensuring fair and non-discriminatory treatment of TSOs and NEMOs (Article 3 (e) of the CACM Regulation), fallback procedures have taken into account the importance of creating a level playing field for market parties active on cross-zonal markets, e.g. by keeping the Nordic and Baltic market coupled in a fallback situation and avoiding a situation where all the volume planned for day-ahead is left to the intraday market. The creation of a level playing field for NEMOs specifically is supported by the rotational set-up (if more than one NEMO is active in on CCR), ensuring equal obligations and requirements for acting as Fallback Coordinator.
8. Regarding the objective of transparency and reliability of information (Article 3 (f) of the CACM Regulation), these fallback procedures, in particular regarding the choice of a reference day to set the prices for each bidding zone in a no price situation, ensures transparency towards TSOs, NEMOs and market participants.
9. In conclusion, the fallback procedures are developed according to the general objectives of the CACM Regulation in order to benefit all market participants.

SUBMIT THE FOLLOWING FALLBACK PROCEDURES PROPOSAL TO ALL REGULATORY AUTHORITIES OF THE BALTIC CCR:

Article 1
Subject matter and scope

1. The fallback procedures shall be considered as the common proposal of all TSOs in the Baltic CCR in accordance with Article 44 of CACM Regulation.
2. The Proposal applies to the fallback procedures in the Baltic CCR. These procedures are coordinated with the fallback procedures in the Nordic CCR.

Article 2
Definitions

1. For the purposes of the fallback procedures, terms used in this document shall have the meaning of the definitions included in Article 2 of the CACM Regulation, Article 2 of Regulation (EC) 714/2009, Directive 2009/72/EC and Commission Regulation (EU) 543/2013. Fallback procedure identifies two overall fallback situations: Regional decoupling and full decoupling. In case of regional decoupling, one region might experience problems and therefore has to be decoupled from the rest of regions, which continue to be coupled. In case of full decoupling, all regions and bidding zones are decoupled from each other.
2. In addition, in these fallback procedures, unless the context requires otherwise, the following terms shall have the meaning below:
 - a) “Fallback Coordinator” means the day-ahead NEMO, which in addition to performing the tasks of an operator during Market Coupling Session (hereafter referred to as “MCS”) is responsible for coordinating the operation of the MCS within the coupled region in case of SDAC decoupling. The role of Fallback Coordinator will follow a rotational setup as outlined in this Proposal and procedures vested in this Proposal.
 - b) “Coupled region” means the capacity calculation region(s) bidding zones which are held coupled in case of SDAC decoupling. The coupled region shall at a minimum cover Baltic bidding zones and at a maximum cover both Baltic bidding zones and Nordic bidding zones once fallback procedures of Baltic CCR and Nordic CCR have been implemented and the requirements in Article 4(3) have been met. PL Bidding Zone is excluded from coupled region.
 - c) “Baltic bidding zones” – means bidding zones which are located in control areas of Baltic TSOs (Elering AS, AS “Augstsprieguma tikls”, Litgrid AB).
 - d) “Nordic bidding zones” – means bidding zones which are located in control areas of Nordic CCR TSOs and TSO of Norway (Energinet, Svenska Kraftnät, Fingrid and Statnett).
 - e) “Reference day” means the previous working day if the auction failure has effect on a working day, the previous Saturday if it has effect on a Saturday, the previous Sunday if it

has effect on a Sunday and the previous Sunday or public holiday, as appropriate, if the auction failure has effect on a public holiday. Working day means days from Monday to Friday not including public holidays. In case if No-price situation occurs only in Baltic bidding zones (regional decoupling), a public holiday must be a legal public holiday with combined of at least 67% of the total Baltic Bidding zones' consumption for the last 10 years with available Eurostat statistics. In case if No-price situation occurs in the coupled region i.e. the Baltic CCR + Nordic CCR, a public holiday must be a legal public holiday in countries in the coupled region with a combined consumption of at least 67% of the total consumption for the last 10 years with available Eurostat statistics. Christmas Eve (24/12) and New Year's Eve (31/12) are considered as public holidays.

- f) "No-price situation" means that the Fallback Coordinator is not able to determine the prices per bidding zone in the Baltic CCR until 20:00 on the day prior to the day of delivery.
- g) "Regional decoupling" means a situation where one or more order books and/or capacities of the capacity calculation region are not submitted to SDAC by deadline and therefore the region experiencing problems has to be decoupled from the rest of SDAC region, which continues to be coupled.
- h) "Full decoupling" means a situation where SDAC price coupling results are not confirmed by deadline and all SDAC regions and bidding zones are decoupled from each other.

3. In this Proposal, unless the context requires otherwise:

- a) the singular indicates the plural and vice versa;
- b) headings are inserted for convenience only and do not affect the interpretation of this Proposal; and
- c) any reference to legislation, regulations, directives, orders, instruments, codes or any other enactment shall include any modification, extension or re-enactment of it when in force.
- d) References to an "Article" are, unless otherwise stated, references to an article of this proposal.

Article 3

Fallback procedures in the event that the single day-ahead coupling process is unable to produce results

1. The Fallback Coordinator shall initiate the fallback procedures in coupled region when SDAC declares decoupling affecting the coupled region in accordance with terms and conditions and methodologies as defined in accordance with Article 36 and Article 37 of the CACM Regulation.
If one or several NEMO(s) operating in PL Bidding Zone cannot deliver Order book with orders from PL Bidding Zone for coupling process and transit between SE and LT is possible due to the fact that NEMO(s) in SE and LT Bidding Zone are still operating, such situation for Baltic CCR shall not be considered as trigger for fallback procedures.
2. In the event of full decoupling or a regional decoupling until the 20:00 (CET), the Fallback Coordinator shall use the SDAC system in a regional setup to calculate net positions and prices for each bidding zone in the coupled region and deliver the results to all TSOs and all NEMOs in the coupled region. During calculation, the cross-zonal capacities on interconnectors from/to

the coupled region and on LT-PL border interconnector are set to 0 (zero) MW for the day-ahead timeframe.

3. The calculation mentioned in Article 3(2) shall be made using the same network data (with exception to LT-PL border, on which interconnector capacity shall be set to 0 (zero)) and order data of coupled region (e.g. Baltic and Nordic CCRs) that was part of the SDAC for the given day (which have been already provided by TSOs and market participants in the morning - prior to day-ahead market gate closure time). The calculation shall be completed until 20:00 CET and the results of the calculation shall be delivered to the all NEMOs, TSOs and CCCs in the coupled region until 20:05 CET.
4. In the event that the Fallback Coordinator is not able to calculate net positions and prices per bidding zone in the coupled region until 20:00 CET on the day prior to the day of delivery ("No-price situation"), the clearing prices and net positions in accordance with Article 39 of the CACM Regulation from a Reference day will be deemed valid for each Market Time Unit (MTU) for the day ahead time frame in the bidding zones of coupled region. Schedules on borders of CCRs included in coupled region, shall be set to schedule from a Reference day. It also applies to LT-PL border.
5. In case of No-price situation the respective local imbalance settlement regulation shall apply to the market participants within the coupled region following the use of results from Reference day.
6. In the case of No-price situation the planned flow on interconnections from/to the coupled region according to the Reference day results shall be treated as an imbalance in the respective TSOs' areas.

In case of No-price situation, any costs or incomes coming from imbalances on Baltic CCR interconnectors outside of the coupled region as a result of applying scheduled exchanges from Reference day are treated as regional costs or income by the Baltic CCR.

7. Cost or income as a result of imbalance energy purchase or sell from this Baltic CCR fallback procedure shall be considered as regional cost based on CACM Article 80(2b) and shall be settled based on decision by Baltic CCR NRAs according to the Article 80(4).

Article 4

Fallback Coordinator in the Baltic CCR

1. In case there is only one NEMO designated or offering SDAC trading services in all bidding zones of the Baltic CCR, this NEMO shall act as Fallback Coordinator.
2. In case there are more than one NEMO designated or offering SDAC trading services in all bidding zones of the Baltic CCR, a rotational setup shall be implemented assigning one NEMO at a time as Fallback Coordinator in accordance with the coordinator calendar in the SDAC. A prerequisite for the rotational setup is that detailed procedures for a fallback situation have been developed by these NEMOs in coordination with the TSOs meeting the requirements in Article 4(5) of these the Baltic CCR fallback procedures.
3. Only when the same NEMOs are qualified to be Fallback Coordinator in the Baltic CCR and Nordic CCR, it would be possible to couple both Baltic CCR and Nordic CCR. In such situation

the same Fallback Coordinator shall at one point in time be responsible for carrying out the fallback procedures in both CCRs.

4. In the rotational setup, the role of the Fallback Coordinator shall be assigned to one NEMO at a time based on the agreed procedures set in Article 4(5) of these the Baltic CCR fallback procedures.
5. By 3 months after the approval by the NRAs of this Proposal, the NEMOs meeting the requirements to act as Fallback Coordinator in the Baltic CCR set in Article 5 shall develop common detailed procedures in coordination with the TSOs including, but not limited to:
 - a) Detailed steps to be followed after fallback has been declared including the management of an incident committee for the concerned NEMOs and TSOs.
 - b) Single point of contact for TSOs to the Fallback Coordinator role.
 - c) Annual table of next year's legal public holidays for the following calendar year in the coupled region in line with the definition in Article 2.
 - d) Responsibility for updating and publishing the list of public holidays.
 - e) Definition of standard messages to market participants.
 - f) Publication of prices and net positions to market participants.
6. All NEMOs that are offering trading services in the Baltic CCR shall publish the Annual table (provided by Fallback coordinator) of next year's legal public holidays for the following calendar year in the coupled region on their websites.

Article 5

Requirements to act as Fallback Coordinator in the Baltic CCR

1. To qualify as a Fallback Coordinator, a NEMO shall meet the following requirements:
 - a) is designated or offer SDAC trading services in each bidding zone of the Baltic bidding zones; and
 - b) be coordinator and backup coordinator in the SDAC.
2. In the rotational setup, each NEMO meeting the requirements set in Article 5 (1) shall act as the Fallback Coordinator in accordance with the coordinator calendar in the SDAC.

Article 6

Tasks of Fallback Coordinator in the Baltic CCR

1. The Fallback Coordinator shall calculate market coupling results for the bidding zones in case of SDAC decoupling until at the latest 20:00 CET. The Fallback Coordinator shall deliver the validated results to the NEMOs by 20:05 CET and NEMOs shall deliver the results to the market participants at the latest 20:10 CET or in case of no-price situation give the instructions to the NEMOs to use the results of the Reference day by 20:05 CET and NEMOs shall deliver the results to the market participants at the latest 20:10 CET.
2. In the case of a fallback situation, the Fallback Coordinator shall follow the detailed procedures developed in accordance with Article 4(5).

3. The Fallback Coordinator shall in accordance with the procedures update and publish an annual table of next year's legal public holidays no later than 30th November for the following calendar year on its website and provide the table to the all NEMOs that are offering trading services in the Baltic CCR.

Article 7
Incident report to NRAs

1. The Fallback Coordinator shall in cooperation with NEMOs and TSOs send to the relevant NRAs an incident report following an incident of regional or full decoupling affecting the Baltic CCR for incidents where such report has not been provided by all NEMOs and all TSOs as part of the SDAC reporting. The incident report shall include an explanation on what caused the decoupling and an evaluation of the functioning of the fallback procedures and the impacts on NEMO, TSOs and market participants.

Article 8
Publication and implementation of the fallback procedures

1. The TSOs shall publish the procedures without undue delay after all national regulatory authorities in the Baltic CCR have approved the proposed fallback procedures or a decision has been taken by the Agency for the Cooperation of Energy Regulators in accordance with Article 9 (10), Article 9(11) and 9(12) of the CACM Regulation regarding the procedures.
2. TSOs shall implement the fallback procedures for single day-ahead coupling when the following milestones have been achieved:
 - a) The procedures have been approved by all national regulatory authorities in the Baltic CCR or a decision has been taken by the Agency for the Cooperation of Energy Regulators in accordance with Article 9 (10), Article 9(11) and 9(12) of the CACM Regulation regarding the procedures.
 - b) The implementation of the MCO Function for single day-ahead market coupling by the relevant NEMOs in accordance with Article 7(3) of the CACM Regulation.
 - c) The implementation of common detailed fallback procedures by the relevant NEMOs in accordance of Art. 4(5) of these procedures no later than 6 months after the development of common detailed fallback procedures.

Article 9
Language

The reference language for these fallback procedures shall be English. For the avoidance of doubt, where TSOs need to translate these procedures into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with Article 9(14) of the CACM Regulation and any version in another language, the relevant TSOs shall, in accordance with national legislation, provide the relevant national regulatory authorities with an updated translation of the fallback procedures.