

All NEMO's proposal for harmonised maximum and minimum clearing prices for Single Day Ahead Coupling in accordance with Articles 41(1) of Commission Regulation (EU) 2015/1222 of July 2015 establishing a guideline on capacity allocation and congestion management

14 February 2017

All NEMOs, taking into account the following

1. Whereas

Background

- 1.1 This document is a common proposal developed by all Nominated Electricity Market Operators (hereafter referred to as “NEMOs”) in cooperation with TSOs and in accordance with articles 41 of Commission Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management (hereafter referred to as the “CACM Regulation”) on harmonised maximum and minimum Clearing Prices for single day-ahead coupling (hereafter referred to as the “HMMP for SDAC”).
- 1.2 According to Article 41 “By 18 months after the entry into force of this Regulation, all NEMOs shall, in cooperation with the relevant TSOs, develop a proposal on harmonised maximum and minimum clearing prices to be applied in all bidding zones which participate in single day-ahead coupling. The proposal shall take into account an estimation of the value of lost load”
- 1.3 For the purpose of this proposal, terms used in this document, i.e. ‘clearing price’ means the price determined by matching the highest accepted selling order and the lowest accepted buying order in the electricity market, as defined in Article 2 Paragraph 31 of the CACM Regulation.
- 1.4 By 18 months after the entry into force of the CACM Regulation, all NEMOs shall, in cooperation with the relevant TSOs, submit the proposal to all regulatory authorities for approval. Where a Member State has an authority other than the national regulatory authority with the power to approve maximum and minimum clearing prices at the national level, the regulatory authority shall consult the proposal with the relevant authority as regards to its impact on national markets.
- 1.5 According to paragraph 2 of Article 41 of the CACM Regulation “The proposal shall be subject to consultation in accordance with Article 12”. The consultation on all proposals will be prepared in cooperation between all TSOs and all NEMOs and be consulted upon together to ensure efficient assessment of their content by market participants.

Impact on the objectives of the CACM Regulation

- 1.6 The proposed HMMP for SDAC takes into account the general objectives of capacity allocation and congestion management cooperation described in Article 3 of the CACM Regulation.
- 1.7 Assessment against objectives of the CACM Regulation and other key considerations made when setting the HMMP for SDAC provides for the following conclusions:
 - 1.7.1 The proposal fulfils the objective of “promoting effective competition in the generation, trading and supply of electricity” as the limits, for day ahead have been set at a level that does not restrict effective competition in the generation, consumption, trading or supply in the organized wholesale market. These limits have been applied since some time in auction based Day Ahead Couplings, e.g. MRC and 4MMC covering multiple Bidding Zones, and have proven to be adequate. Moreover, the Harmonised Maximum Clearing Price limit shall take into account the value of lost load – assumed to be the price at which TSOs take curtailment action - and as a principle be maintained at a level that shall not limit the market at times of scarcity or oversupply. In addition, in setting the HMMP for SDAC, NEMOs will also take into consideration administrative reasons, such as assisting setting of collateral requirements and mitigation of operational risk, and shall take in to account any regional or local arrangements related to handling of HMMP for SDAC.;

- 1.7.2 The proposal fulfils, or rather is deemed to have no impact on, the objective of “ensuring optimal use of the transmission infrastructure”.;
 - 1.7.3 The proposal fulfils the objective of “ensuring operational security” by having harmonised Maximum and Minimum Clearing Price Limits that are public and stable over time. Furthermore, it does it by providing a process coordinated by the All NEMO Committee, and involving all NEMOs and TSOs, to quickly implement amended HMMP for SDAC based on a transparent criterion based statistical method to determine changes to limits as described in Article 5 below, and alternatively in accordance with the request for amendment process provided for in the CACM Regulation Article 9.13 as referred to in Article 1.8 below.;
 - 1.7.4 The proposal fulfils the objective of “optimising the calculation and allocation of cross-zonal capacity”, and in parts also the objective of “optimal use of the transmission infrastructure”, by proposing harmonisation of the HMMP for SDAC.;
 - 1.7.5 The proposal fulfils the objective of “ensuring fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants” by proposing harmonisation of the HMMP for SDAC;
 - 1.7.6 The proposal achieves the objective of “ensuring and enhancing the transparency and reliability of information” as the HMMP for SDAC will be published.;
 - 1.7.7 The proposal fulfils the objective of “contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union” as the HMMP for SDAC have been set at a level that allows full provision of supply and demand orders in to the Single Day Ahead Coupling and therefore SDAC results can contribute to provision of efficient price signals for forward (long term) price formation that can enable efficient signals for investment in generation and demand side response.;
 - 1.7.8 The proposal fulfils the objective of “respecting the need for a fair and orderly market and fair and orderly price formation” based on that the limits are to be harmonised across the Bidding Zones and countries included in Single DA Coupling, and made harmonised among all NEMOs active within the given Bidding Zones.;
 - 1.7.9 The proposal fulfils the objective of “creating a level playing field for NEMOs” as the limits applied will always be identical for multiple-NEMOs active within identical individual or groups of Bidding Zones.;
 - 1.7.10 The proposal fulfils the objective “providing non-discriminatory access to cross-zonal capacity” as the limits will be harmonised across the Bidding Zones and countries included in Single DA Coupling, and made harmonised among all NEMOs active within the given Bidding Zones.
- 1.8 Finally, to ensure that the proposal continues to fulfil the objectives of the CACM Regulation, all NEMOs shall undertake, in coordination with TSOs, an assessment at least every two years of the HMMP for SDAC against the objectives of the CACM Regulation with respect to SDAC. If that assessment, including any at that time established or amended estimates of Value of Lost Load (VoLL) which HMMP for SDAC can be set in relation to, points to a need to adjust the limits then the process to propose such amendments would be carried out in accordance

with the request for amendment process provided for in CACM Article 9.13 which would also include a Consultation (CACM Article 12).

2. Definitions

- 2.1. Harmonised Day Ahead Minimum Clearing Price Limit means the minimum clearing price value proposed by all NEMOs to be applied in all bidding zones which participate in single day-ahead coupling.
- 2.2. Harmonised Day Ahead Maximum Clearing Price Limit means the maximum clearing price value proposed by all NEMOs to be applied in all bidding zones which participate in single day-ahead coupling.

3. Harmonised Minimum and Maximum Clearing Price Limits for SDAC

- 3.1. The Harmonised Maximum Clearing Price Limit for SDAC shall be +3000.00 Euro/MWh
- 3.2. The Harmonised Minimum Clearing Price Limit for SDAC shall be -500.00 Euro/MWh

4. Timeline for implementation

- 4.1. The NEMOs shall implement the HMMP for SDAC in a Bidding Zone with respect to the operation of the SDAC immediately after:
 - 4.1.1. the common grid model methodology developed in accordance with Article 17 of the CACM Regulation, the capacity calculation methodology developed in accordance with Article 20 of the CACM Regulation, and the relevant coordinated capacity calculator has been set up in accordance with Article 27 of the CACM Regulation on the borders of the relevant Capacity Calculation Region, and
 - 4.1.2. the MCO function has been implemented in accordance with Article 7(3) of the CACM Regulation, and the arrangements to accommodate multiple NEMOs developed in accordance with Article 57 are implemented in all the Bidding Zones where there are multiple NEMOs.

5. Criteria and Process for establishing and amending Harmonised Clearing Price Limits

- 5.1. The Harmonised Maximum Clearing Price shall be amended according to the following amendment rule, and such change shall be implemented in production in the Single Day Ahead Coupling 5 weeks after the rule has been triggered.
- 5.2. The Harmonised Maximum Clearing Price Limit shall be increased by an increment of 1000 €/MWh in the event the hourly Clearing Price in an individual or multiple Bidding Zones has exceeded a value of 60 percent of the Maximum Clearing Price Limit on at least 3 separate delivery dates in the preceding 30 days.
- 5.3. The amendment rule under point 5.2 shall only take into account Bidding Zones with cleared buy and sell volumes, and where those Bidding Zones are part of the SDAC (excluding hours where the given Bidding Zone(s) has been decoupled).

5.4. The NEMOs shall at least every two years reassess the Harmonised Minimum and Maximum Clearing Price Limits, and share that assessment with all market participants and review it in relevant stakeholder forums organised in accordance with Article 11 of CACM Regulation. A reassessment shall also follow any application of the amendment rule.

6. Language disclaimer

6.1. The reference language for the HMMP for SDAC Proposal shall be English. For the avoidance of doubt, where NEMOs need to translate this HMMP for SDAC Proposal into the national language(s) of the relevant NRA, in the event of inconsistencies between the English version submitted in accordance with article 9 (14) of the CACM Regulation and any version in another language, the relevant NEMO(s) shall be obliged to dispel any inconsistencies by providing a revised version of this HMMP for SDAC Proposal to their relevant national regulatory authorities.