All TSOs’ proposal for the day-ahead firmness deadline (DAFD) in accordance with Article 69 of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management

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All TSOs, taking into account the following,

Whereas

(1) This document is a common proposal developed by all Transmission System Operators (hereafter referred to as “TSOs”) regarding the development of a day-ahead firmness deadline (hereafter referred to as “DAFD”) in accordance with Article 69 of Commission Regulation (EU) 2015/1222 establishing a guideline on Capacity Allocation and Congestion Management (hereafter referred to as the “CACM Regulation”). This proposal is hereafter referred to as “DAFD Proposal”.

(2) The DAFD Proposal takes 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. It sets for this purpose requirements to determine by when day-ahead cross-zonal capacity should become firm, known as the DAFD.

(3) Article 2(35) of the CACM Regulation defines the DAFD as “the point in time after which cross-zonal capacity becomes firm”.

(4) A single DAFD allows having a common firmness principle for the whole European Union. For this purpose, Article 69 of the CACM Regulation requires all TSOs to develop a single pan-European DAFD.

(5) The DAFD Proposal defines the point in time after which cross-zonal capacity for the day-ahead allocation become firm in accordance with Article 69 of the CACM Regulation. It does not determine the point in time where cross-zonal capacity and allocation constraints should be submitted by the coordinated capacity calculators (hereafter referred to as “CCCs”) to the nominated electricity market operators (hereafter referred to as “NEMOs”) or published.

(6) According to Article 9(9) of the CACM Regulation, the expected impact of the DAFD Proposal on the objectives of the CACM Regulation has to be described and is presented below. The proposed DAFD generally contributes to the achievement of the objectives of Article 3 of the CACM Regulation.

(7) The proposed DAFD serves the objective of promoting effective competition in the generation, trading and supply of electricity (Article 3(a) of the CACM Regulation) since the same DAFD will apply to all market participants across all capacity calculation regions, thereby ensuring a level playing field amongst market participants. Market participants will have access to the same reliable information on cross-zonal capacities and allocation constraints for day-ahead allocation, at the same time and in a transparent way. Furthermore they will have the same time to adjust their bids and net positions in case of curtailment.

(8) The proposed DAFD contributes to the optimal use of transmission infrastructure and operational security (Article 3(b) and (c) of the CACM Regulation) since it allows: (i) the CCCs to incorporate the most recent information (e.g. information on renewables, network status, etc.) in
capacity calculation, thereby reducing uncertainty on the calculated capacities, by corresponding to the latest point in time where the CCCs need to submit cross-zonal capacities and allocation constraints for day-ahead allocation to the NEMOs; and (ii) TSOs to adjust cross-zonal capacities and allocation constraints for day-ahead allocation until the latest point in time where CCCs should submit this information to the relevant NEMOs. This ensures that TSOs have the necessary means available to adjust cross-zonal capacities before day-ahead allocation.

(9) The proposed DAFD serves the objectives of optimising the calculation and allocation of cross-zonal capacity and of contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union in accordance with Article 3(d) and (g) of the CACM Regulation as it lays the ground for the development of a pan-European firmness regime for day-ahead market. It also contributes to the achievement of the target model set by the CACM Regulation by applying a pan-European DAFD to coupled day-ahead markets. The proposed DAFD allows the TSOs and CCCs to incorporate the most recent information for capacity calculation and provides them sufficient time to adjust and finally confirm the offered cross-zonal capacities. It provides market participants sufficient time to adjust their bids and positions in an efficient way in case of curtailment of cross-zonal capacity.

(10) Regarding the objective of transparency and reliability of information (Article 3(f) of the CACM Regulation), the DAFD Proposal determines a deadline after which cross-zonal capacity becomes firm. The proposed DAFD enables to provide market participants with the same reliable information on cross-zonal capacities and allocation constraints for day-ahead allocation in a transparent way and at the same time. This point in time corresponds to the deadline for the CCCs to provide this information to the relevant NEMOs, even further increasing transparency.

(11) The DAFD Proposal also contributes to the objective of respecting the need for a fair and orderly market and price formation (Article 3(h) of the CACM Regulation) by reducing the uncertainty on the cross-zonal capacity to be released in the market. The proposed DAFD respects the minimum requirement laid down in Article 69 of the CACM Regulation and does not interfere with the foreseen processes for provision of cross-zonal capacities and allocation constraints to relevant NEMOs in accordance with Article 46 of the CACM Regulation. Hence the proposed DAFD does not interfere with the operation of the market coupling operator function.

(12) When preparing the DAFD Proposal, TSOs took careful consideration of the objective of creating a level playing field for NEMOs (Article 3(i) of the CACM Regulation). At the time of drafting the proposal, several interim situations apply in the day-ahead market. The CACM Regulation fixes the day-ahead market gate closure time (defined by Article 2(36) of the CACM Regulation as “the point in time until which orders are accepted in the day-ahead market”) at noon CET. It also temporarily allows TSOs and NEMOs based in the Central Eastern Europe region or its neighbouring countries to set a different day-ahead gate closure time until the implementation of the market coupling operator function (Articles 47(2) and 7(3) of the CACM Regulation). The DAFD Proposal takes into account all interim situations by defining the DAFD with regard to the day-ahead market gate closure time, providing therefore a general and harmonised principle for DAFD, sufficiently flexible to support the progressive convergence of these interim situations towards a single pan-European value for all NEMOs.

(13) Finally, the DAFD Proposal contributes to the objective of providing non-discriminatory access to cross-zonal capacity (Article 3(j) of the CACM Regulation) by granting market participants a
level playing field throughout the European Union with a clear and harmonised framework for firmness.

(14) In conclusion, the DAFD Proposal contributes to the general objectives of the CACM Regulation to the benefit of all market participants and electricity end consumers.

SUBMIT THE FOLLOWING DAFD PROPOSAL TO ALL REGULATORY AUTHORITIES:

Article 1
Subject matter and scope

The DAFD as determined in this DAFD Proposal shall be considered as the common proposal of all TSOs in accordance with Article 69 of CACM Regulation and shall cover the DAFD for:

a. all existing and future bidding zone borders and interconnectors within and between Member States, to which the CACM Regulation applies; and
b. interconnectors which are owned by TSOs or by other legal entities.

Article 2
Definitions and interpretation


2. In this DAFD Proposal, unless the context requires otherwise:
   a. the singular indicates the plural and vice versa;
   b. the table of contents and headings are inserted for convenience only and do not affect the interpretation of this DAFD Proposal; and
   c. any reference to legislation, regulations, directive, order, instrument, code or any other enactment shall include any modification, extension or re-enactment of it when in force.

Article 3
Day-ahead firmness deadline

The DAFD shall be sixty (60) minutes before the day-ahead market gate closure time, without prejudice to the application of Article 70(2) of the CACM Regulation.

Article 4
Publication and implementation of the DAFD Proposal

1. The TSOs shall publish the DAFD Proposal without undue delay after all NRAs have approved the proposed DAFD or a decision has been taken by the Agency for the Cooperation of Energy Regulators in accordance with Article 9(11) and 9(12) of the CACM Regulation.

2. The TSOs shall implement the DAFD on a bidding zone border immediately when both the capacity calculation methodology developed in accordance with Article 20 of the CACM Regulation and the day-ahead market coupling operator function developed in accordance with Article 7(3) of the CACM Regulation are implemented on this bidding zone border.
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**Article 5**

**Language**

The reference language for this DAFD Proposal shall be English. For the avoidance of doubt, where TSOs need to translate this DAFD Proposal 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 DAFD Proposal.