

Annex Ia
(for information only)

~~All NEMO's proposal for h~~Harmonised
maximum and minimum clearing prices for
~~Single Day Ahead Coupling~~single day-ahead
coupling in accordance with ~~Articles~~Article
41(1) of Commission Regulation (EU)
2015/1222 of 24 July 2015 establishing a
guideline on capacity allocation and
congestion management (CACM
Regulation)

~~14 February 2017~~

~~XX~~ October 2017

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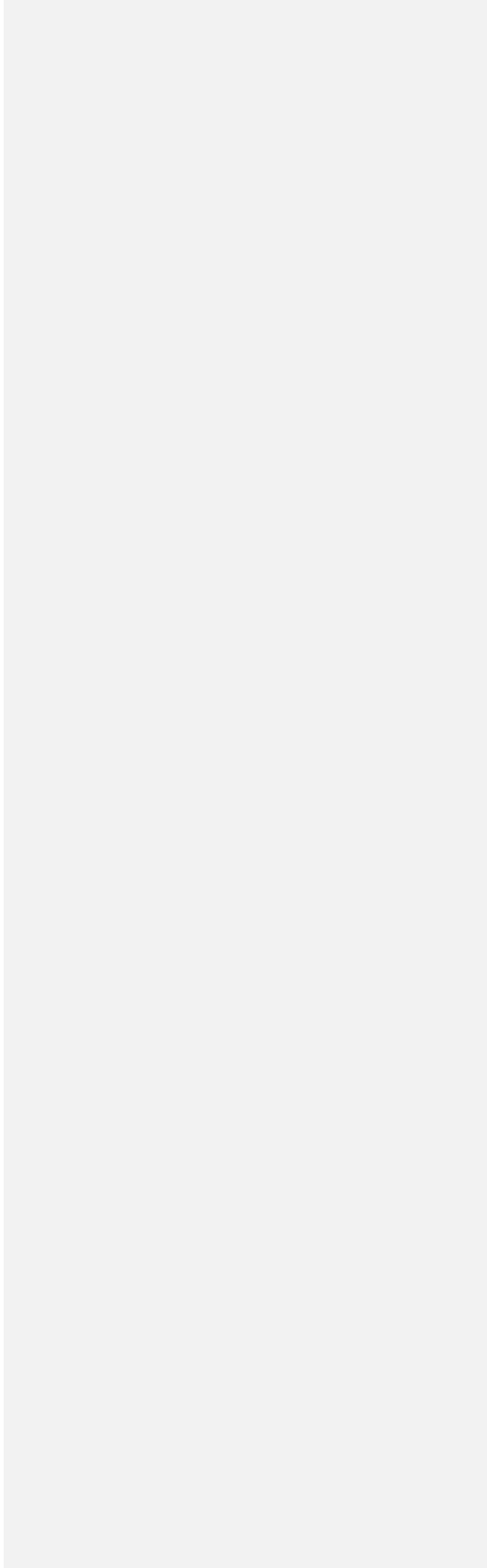
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All NEMOs, taking into account the following

Whereas

Background

- (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 "HMMCP for SDAC").
- (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 sets the harmonised maximum and minimum clearing prices to be applied in all bidding zones which participate ('HMMCP') in single day-ahead coupling. The proposal ('SDAC') in accordance with Article 41 of the CACM Regulation.
- (3) In accordance with Article 41(1) of the CACM Regulation, the HMMCP for SDAC shall take into account an estimation of the value of lost load ("VoLL"). The objective of this requirement is to ensure that the HMMCP for SDAC does not impose barriers on free price formation. This document provides for the amendment rule of HMMCP for SDAC, which is expected to achieve the same goal, i.e. to minimise the likelihood that HMMCP for SDAC impose barriers on free price formation. The HMMCP for SDAC therefore implicitly take into account the VoLL as the amendment rule is expected to gradually increase the HMMCP for SDAC to a level, which represents the VoLL as determined by the market participants' willingness to pay.

1.1 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.

1.2 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.

1.3 According to paragraph 2 of Articles 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

- (4) The amendment rule for the harmonised maximum clearing price for SDAC includes a transition period over which the clearing price is still capped at the value of the harmonised maximum clearing price for SDAC before the amendment, while the amended value serves as a reference for triggering any further amendments of the

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harmonised maximum clearing price for SDAC. This transition period aims to give time to market participants to adjust to the amended value of the harmonised maximum clearing price for SDAC, while minimising the impact on free price formation.

~~(3)~~(5) The ~~proposed HMMP~~HMMCP for SDAC ~~takes~~take into account the general objectives of capacity allocation and congestion management cooperation described in Article 3 of the CACM Regulation.

~~1.4 Assessment against objectives of the CACM Regulation and other key considerations made when setting the HMMP for SDAC provides for the following conclusions:~~

~~(4)~~(6) ~~The proposal~~This document fulfils the objective of “‘promoting effective competition in the generation, trading and supply of ~~electricity~~’electricity’ as the ~~limits~~HMMCP for ~~day-ahead~~SDAC have been set at ~~a level~~levels that ~~does~~do 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,-based day-ahead couplings, e.g. MRC and 4MMC covering multiple Bidding Zones, and have proven to be adequate.

~~1.4.1 The proposal~~This document fulfils, or rather is deemed to have no impact on, the objective of “ensuring optimal use of the transmission infrastructure”;

~~(5)~~(7) ~~The proposal~~ fulfils the objective of “ensuring operational ~~security~~’security’ by having ~~harmonised Maximum~~harmonising 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~~minimum clearing prices as described in Article 5 below, and alternatively in accordance with the request for amendment process provided for in the CACM Regulation Article 9.13well as referred to in Article 1.8 below;~~removing barriers for free price formation. This promotes flexibility and thereby contributes to the operational security, as well as security of supply.~~

~~(6)~~(8) ~~The proposal~~This document fulfils the objective of “‘optimising the calculation and allocation of cross-zonal ~~capacity~~’capacity’, and ~~in parts~~ also the objective of “‘optimal ~~use of the transmission infrastructure~~’optimal use of the transmission infrastructure’, by removing the barriers for free price formation which effectively optimises the allocation of cross-zonal capacities and the use of ~~the transmission infrastructure~~”, by proposing harmonisation of the HMMP for SDAC;

~~(7)~~(9) ~~The proposal~~This document fulfils, or rather is deemed to have no negative impact on, the objective of “‘ensuring fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market ~~participants~~’participants’ by proposing harmonisation of the HMMP for SDAC;

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~~(8)~~(10) ~~The proposal~~This document achieves the objective of “ensuring and enhancing the transparency and reliability of ~~information~~‘information’ as the ~~HMMCP~~HMMCP for SDAC ~~have been publicly consulted both by all NEMOs as well as by the Agency. The final document will also be published.~~

~~The proposal~~

~~(9)~~(11) This document fulfils the objective of “contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the ~~Union~~‘Union’ as the ~~HMMCP~~HMMCP for SDAC have been set at ~~a level~~levels that ~~allows~~allow full provision of supply and demand orders in ~~to the Single Day Ahead Coupling~~SDAC and therefore SDAC results can contribute to ~~the~~ provision of efficient price signals for forward (long term) price formation that can enable efficient signals for investment in generation and demand side response.

~~(40)~~(12) ~~The proposal~~This document fulfils the ~~objective~~objectives of “respecting the need for a fair and orderly market and fair and orderly price ~~formation~~‘formation’ and ~~countries included~~‘providing non-discriminatory access to cross-zonal capacity’ by ~~harmonizing the HMMCP across the bidding zones which participate in Single DA Coupling~~SDAC and ~~made harmonised~~ among all NEMOs active within the given ~~Bidding Zones~~‘bidding zones’.

1.4.2 ~~The proposal~~This document fulfils the objective of “creating a level playing field for ~~NEMOs~~‘NEMOs’ as the limits applied will always be identical for multiple ~~NEMOs~~ active within ~~identical~~one individual ~~or groups of Bidding Zones~~’.

~~(14)~~(13) ~~The proposal~~ fulfils the objective “~~providing non-discriminatory access to cross-zonal capacity~~‘bidding zone’ as ~~the limits will be harmonised across the Bidding Zones and countries included in Single DA Coupling, and made harmonised among all well as single NEMOs active within the given Bidding Zones~~ in more bidding zones.

1.5 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).

~~1. Definitions~~

1.1. ~~Harmonised Day Ahead Minimum Clearing Price Limit means the~~

~~minimum clearing price value proposed by all NEMOs to~~ TITLE 1

General provisions

Article 1

Subject matter and scope

The HMMCP shall be applied in all bidding zones which participate in ~~single day ahead coupling~~SDAC pursuant to Article 41 of the CACM Regulation.

Article 12

Definitions and interpretation

1. Terms used in this document shall have the meaning of the definitions included in Article 2 of the CACM Regulation and the Commission Regulation (EU) No 543/2013 of 14 June 2013 on submission and publication of data in electricity markets and amending Annex I to Regulation (EC) No 714/2009 of the European Parliament and of the Council.

2. In addition, in this document the following terms shall apply:

~~1.2. 'Harmonised Day Ahead Maximum Clearing Price Limit~~maximum clearing price for SDAC' means the

a) maximum clearing price value proposed by all NEMOs to be which is applied in all bidding zones which participate in single day ahead coupling, SDAC; and

b) 'Harmonised ~~Minimum~~ minimum clearing price for SDAC' means the minimum clearing price value which is applied in all bidding zones which participate in SDAC.

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

c) the singular indicates the plural and vice versa;

d) the table of contents, headings and examples are inserted for convenience only and do not affect the interpretation of this document; and

e) any reference to legislation, regulations, directives, decisions, orders, instruments, codes or any other enactment shall include any modification, extension or re-enactment of it then in force.

TITLE 2

Maximum ~~Clearing Price Limits for SDAC~~and minimum prices

the Article 3

Harmonised maximum and minimum clearing prices for SDAC

1. The ~~Maximum Clearing Price Limit~~harmonised maximum clearing price for SDAC shall be +3000.00 Euro EUR/MWh.

2. The ~~Harmonised Minimum Clearing Price Limit~~harmonised minimum clearing price for SDAC shall be -500.00 Euro EUR/MWh.

2. Timeline for implementation

2.1. The NEMOs shall implement the HMMP for SDAC in a Bidding Zone with respect to the operation of the SDAC immediately after:

2.1.1. 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

2.1.2. 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.

Article 4

Criteria and Process for establishing and amending Harmonised Clearing Price Limits maximum price for SDAC

1. The Harmonised Maximum Clearing Price ~~The harmonised maximum clearing price for SDAC in accordance with Article 3(0+), 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.~~ rules:

a) ~~The Harmonised Maximum Clearing Price Limit~~ the harmonised maximum clearing price for SDAC shall be increased by an increment of 1000 €/1.000 EUR/MWh in the event the hourly Clearing Price in an individual or multiple Bidding Zones has exceeded ~~that the clearing price exceeds~~ a value of 60 percent of the Maximum Clearing Price Limit on at least 3 separate delivery dates in the preceding 30 days ~~harmonised maximum clearing price for SDAC in at least one market time unit in a day in an individual bidding zone or in multiple bidding zones;~~

2.2. ~~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).~~

b) ~~The NEMOs~~ the increased harmonised maximum clearing price, set according to subparagraph (a), shall apply in all bidding zones which participate in SDAC from five weeks after the day in which the event referred to therein has taken place;

c) notwithstanding subparagraph (b), for the further application of the amendment criterion defined in subparagraph (a), the increased harmonised maximum clearing price, set according to subparagraph (a), is used from the day following the one in which the event referred to therein has taken place; and

d) ~~the bidding zones referred to in subparagraph (b)~~ are only those bidding zones with cleared buy and sell volumes and those part of the SDAC (excluding market time units where the given bidding zone(s) has been decoupled).

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2. The NEMOs shall transparently announce and publish the amended harmonised maximum clearing price for SDAC at least four weeks before its implementation and application in SDAC.

2.3. The NEMOs shall, at least every two years, reassess the ~~Harmonised Minimum and Maximum Clearing Price Limits, and HMMCP~~, share ~~that~~this assessment with all market participants and ~~review~~consult it in relevant stakeholder forums organised in accordance with Article 11 of ~~the~~ CACM Regulation.– A reassessment ~~shall~~may also follow any ~~application of the amendment rule~~amendment in accordance with paragraph (1), if the NEMOs deem it appropriate.

TITLE 3

Final provisions

Article 5

Timeline for implementation

The NEMOs shall implement the HMMCP for SDAC in all bidding zones participating in the SDAC immediately after the MCO function has been implemented in accordance with Article 7(3) of the CACM Regulation.

Article 6

Language disclaimer

2.3.–The reference language for the ~~HMMCP~~HMMCP for SDAC ~~Proposal~~ shall be English. For the avoidance of doubt, where NEMOs need to translate this ~~HMMCP~~HMMCP for SDAC ~~Proposal~~ into the national language(s) of the relevant ~~NRA~~regulatory authority, in the event of inconsistencies between the English version submitted in accordance with ~~article~~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 ~~HMMCP~~HMMCP for SDAC ~~Proposal~~ to ~~their~~the relevant national regulatory authorities.