Annex Ia
(for information only)

All NEMO’s proposal for harmonised maximum and minimum clearing prices for Single Day-Ahead Couplings in accordance with Article 41(1) of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (CACM Regulation)

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## Table of contents

Whereas ..................................................................................................................................... 3
TITILE 1  General Provisions .................................................................................................. 64
  Article 1  Subject Matter and Scope .................................................................................... 64
  Article 2  Definitions and Interpretation .............................................................................. 64
TITILE 2  Maximum and Minimum Prices .............................................................................. 64
  Article 3  Harmonised Maximum and Minimum Clearing Prices for SDAC ..................... 64
  Article 4  Criteria and Process for Establishing and Amending Maximum Price for SDAC .............................................................................................................................................. 74
TITILE 3  Final Provisions....................................................................................................... 85
  Article 5  Timeline for Implementation ............................................................................... 85
  Article 6  Language Disclaimer ........................................................................................... 85
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 “HMMP 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.

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
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.

1.4.1 The proposal HMMCP for SDAC takes into account the general objectives of
capacity allocation and congestion management cooperation described in Article 3
of the CACM Regulation.

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

- The proposal This document fulfils the objective of “promoting effective competition
in the generation, trading and supply of electricity” as the limits HMMCP for
day-ahead SDAC 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 HMMCP 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 into account any regional or local arrangements related to
handling of HMMCP for SDAC-based day-ahead couplings, e.g. MRC and 4MMC covering
multiple Bidding Zones, and have proven to be adequate.

- The proposal This document 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
HMMCP 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 9.12 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.

- The proposal This document fulfils the objective of “optimising the calculation and
allocation of cross-zonal capacity” and in part also the objective of “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 HMMCP for
SDAC.

- 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” by proposing harmonisation of the
HMMCP for SDAC participants.
The proposal This document achieves the objective of ensuring and enhancing the transparency and reliability of information as the 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 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, allowing full provision of supply and demand orders in 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.

The proposal This document 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 providing non-discriminatory access to cross-zonal capacity by harmonising the HMMCP across the bidding zones which participate in the Single DA Coupling SDAC and made harmonised among all NEMOs active within the given Bidding Zones.

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

The proposal fulfils the objective of 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 NEMOs active within the given Bidding Zones in more bidding zones.

1. 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 HMMCP 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 HMMCP 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).

3. Definitions

1.1. Harmonised Day Ahead Minimum Clearing Price Limit means the minimum clearing price value proposed by all NEMOs to
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


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

a) Harmonised Day Ahead Maximum Clearing Price Limit maximum clearing price for SDAC’ means the maximum clearing price value proposed by all NEMOs to be applied in all bidding zones which participate in single day-ahead coupling SDAC; and

b) ‘Harmonised 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. Harmonised maximum clearing price for SDAC shall be +3000.00 Euro EUR/MWh.

2. Harmonised minimum clearing price for SDAC shall be -500.00 Euro EUR/MWh.
Timeline for implementation

2. 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 23(1) 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

1. The Harmonised Maximum Clearing Price shall be amended according to the following amendment rules, and such change shall be implemented in production in the Single Day Ahead Coupling 5 weeks after the rule has been triggered:

a) 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, the 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;

b) 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).
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 consult it in relevant stakeholder forums organised in accordance with Article 11 of the CACM Regulation. A reassessment may also follow any 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. The reference language for the Harmonised Minimum and Maximum Clearing Price Limits, and HMMCP, Proposal shall be English. For the avoidance of doubt, where NEMOs need to translate the Harmonised Minimum and Maximum Clearing Price Limits, and HMMCP, Proposal into the national language(s) of the relevant regulatory authority, 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 Harmonised Minimum and Maximum Clearing Price Limits, and HMMCP, Proposal to the relevant national regulatory authorities.