Fallback procedures for Italy North CCR 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

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Contents

WHEREAS

(1) This document (hereafter referred to as “Italy North Fallback Procedure”) describes the fallback procedures for the Italy North Capacity Calculation Region (hereafter referred to as “Italy North CCR”) in the event that the single day-ahead coupling process is unable to produce results. These procedures are required by Article 44 of Regulation (EU) 2015/1222 on Capacity Allocation and Congestion Management (hereinafter referred to as the “CACM Regulation”).

(2) According to Article 9(9) of the CACM Regulation, a timeline for implementation of the proposed Italy North Fallback Procedure has to be included. The timeline for implementation is presented in Article 5 of this document.

(3) According to Article 9 (9) of the CACM Regulation, the expected impact of the Italy North Fallback Procedure on the objectives of the CACM Regulation has to be described. The impact is presented below (point 5 of the Whereas).

(4) The Italy North Fallback Procedure contributes to and does not in any way hinder the achievement of the objectives of Article 3 of CACM Regulation:

- Article 3(a) of Regulation 2015/1222 aims at promoting effective competition in the generation, trading and supply of electricity.

  The Italy North Fallback Procedure is performed through Shadow Auctions executed by the Allocation Platform, which is a unique platform for all market participants acting on Italy North Borders, already used for other timeframes. Moreover, the registration for the Shadow Auctions is free of charge.

  This contributes to creating the same level playing field for all market participants willing to access day ahead markets.

- Article 3(b) of Regulation 2015/1222 aims at ensuring optimal use of the transmission infrastructure.

  The Italy North Fallback Procedure makes sure that even in case of failure of the day ahead coupling processes, the cross-border capacity can still be allocated to the market participants for this timeframe. This ensures the optimal use of the transmission infrastructure, maximizing the sum of Registered Participants’ Surplus and the congestion income while respecting the constraints of relevant offered Capacity.

- Article 3(e) of Regulation 2015/1222 aims at ensuring fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants.

  The Italy North Fallback Procedure is performed through Shadow Auctions which rely on transparent auction rules that are approved by the relevant national regulatory authorities after a consultation period.

- Article 3(h) of Regulation 2015/1222 aims at respecting the need for a fair and orderly market and fair and orderly price formation.

  The Italy North Fallback Procedure is performed through Shadow Auctions which rely on a mechanism described in public auction rules. The algorithm used by Shadow Auctions calculates moreover a marginal price for the offered capacity according to the bid prices of the market participants and is thus market based. Compared with others fallback procedure options, pricing of capacity allocated by Shadow Auctions reflects better its actual value, ensuring an efficient allocation.

- Article 3(j) of Regulation 2015/1222 aims at providing non-discriminatory access to cross-zonal capacity.

  The Italy North Fallback Procedure ensures a transparent and non-discriminatory approach towards facilitating cross zonal capacity allocation in the event that the single day-ahead coupling process is unable to produce results.

GENERAL PROVISIONS

Article 1 Subject matter and scope

1. The robust and timely fallback procedures, as determined in this Italy North Fallback Procedure, developed for Italy North CCR in accordance with Article 44 of the CACM Regulation, are the procedures to ensure efficient, transparent and non-discriminatory capacity allocation in the event that the SDAC is unable to produce results within the Italy North Region. This procedure shall apply to all relevant borders of Italy North Region.
2. According to Article 50 of CACM Regulation, the fallback procedure shall be initiated whenever NEMOs performing MCOs functions are unable to deliver part or all of the results of the price coupling algorithm in a timely manner.

Article 2 Definitions

1. For the purpose of this Italy North Fallback Procedures, the terms used shall have the meaning given to them in Article 2 of the CACM Regulation and in Article 2 of the Regulation (EU) 2016/1719 on forward capacity allocation (hereinafter referred to as "FCA Regulation").
2. In addition, the following definitions and abbreviations shall apply:
    a. 'APG' means Austrian Power Grid AG, the Austrian system operator;
    b. 'Allocation Platform' means the entity appointed and commissioned by the TSOs to act on their behalf and on its own name for the attribution of Cross Zonal Capacity through the Shadow Auctions;
    c. 'ELES' means ELES d.o.o. , the Slovenian system operator;
    d. 'RTE' means Réseau de Transport d'Electricité, the French system operator;
    e. 'SDAC' is the Single Day-Ahead Coupling process in accordance with the CACM Regulation;
    f. 'Shadow Allocation Rules' means the rules for the Shadow Auctions applied by the Allocation Platform, and published on the Allocation Platform website[1];
    g. 'Shadow Auction' means the explicit auction run by the Allocation Platform by which daily Cross Zonal Capacity is offered as fallback procedure for the single day-ahead coupling process and allocated to market participants who submit bid(s);
    h. 'TERNA' means TERNA S.p.A. Rete Elettrica Nazionale, the Italian system operator.
3. In this Italy North Fallback Procedures, 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 the Italy North Fallback Procedure;
    c) references to an "Article" are, unless otherwise stated, references to an Article of the Italy North Fallback Procedure;
    d) references to a "paragraph" are, unless otherwise stated, references to a paragraph included in the same Article of the Italy North Fallback Procedure where it is mentioned; and
    e) 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.

[1] http://www.jao.eu/support/resourcecenter/overview

Article 3 Initiation of Italy North Fallback Procedure

1. As soon as the NEMOs inform the TSOs of Italy North Region of the risk that single day-ahead coupling process may be unable to produce results, or, if such information is not available from NEMOs, as soon as this risk is known by those TSOs, the latter will initiate the Italy North Borders Fallback Procedure.
2. The Italy North Borders Fallback Procedure consists in executing Shadow Auctions on the Allocation Platform for the relevant borders of Italy North CCR where there is a risk that single day-ahead coupling process may be unable to produce results pursuant to information given in Article 3(1), except if one of the situations specified in Article 4 applies.
3. In order to ensure that results of the Shadow Auctions are provided to the market participants on time, the execution of Shadow Auctions on the Allocation Platform can be launched as a parallel process in background of the SDAC as soon as the information given in Article 3(1) is known by the TSOs.
4. The results of the Shadow Auctions are sent to the market participants as soon as the unavailability of single day-ahead coupling results is effectively confirmed by the NEMOs, and no later than 14:20 market time day-ahead.
5. When the conditions described in paragraph 1are met, Shadow Auctions can be held seven days a week, including weekend and public holidays, provided that the offered capacity for Shadow Auctions is at least one MW unit.
6. The execution of Shadow Auctions is based on the version of the Shadow Allocation Rules annexed in Annex 1. These rules in the framework of the Italy North Fallback Procedure proposal, are only relevant for borders of Italy North CCR.

Article 4 Italy North Borders Fallback Procedure unable to be initiated

1. If the data exchanges cannot be performed through the standard processes by the applicable deadlines defined by the Allocation Platform during the execution of Shadow Auctions, relevant fallback procedures for these data exchange shall be used in accordance with the Shadow Allocation Rules. The latter consist in exchanging data by e-mail with the Allocation Platform.
2. If the Italy North Borders Fallback Procedure cannot be implemented as necessary to enable a Shadow Auction to be conducted in time, based on decision of Allocation Platform, the Shadow Auction is postponed.
3. If none of the above measures is considered by the Allocation Platform as being possible, the Shadow Auction is cancelled and all bids already submitted are automatically deemed null and void, based on objective grounds and in compliance with the Shadow Allocation Rules.
4. When the SDAC is declared failed and the associated Italy North Borders Fallback Procedure is also cancelled, the daily offered capacity is allocated to the subsequent relevant intraday allocation processes on the borders of Italy North Region.

FINAL PROVISIONS

Article 5 Implementation

1. The implementation of Italy North Fallback procedure shall coincide with the date of approval by the relevant national regulatory authorities.
2. The applicability of Italy North Fallback procedure shall terminate upon the approval and effective entry into force of Fallback procedures in the Central Europe CCR.

Article 6 Language

1. The reference language for the Italy North Fallback Procedure shall be English. For the avoidance of doubt, where TSOs need to translate the Italy North Fallback Procedure 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 Italy North Fallback Procedure.