
Nomination Rules for Physical Transmission Rights for the bidding zone border France - Spain in accordance with Article 36 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation

Proposal from REE and RTE presented to relevant NRAs for their approval

12 October 2017

RTE and REE, Transmission System Operators (TSOs) of the bidding zone border France – Spain (hereafter referred to as *FR – ES*), taking into account the following,

Whereas

- (1) This document is the common proposal developed by the Transmission System Operators of the bidding zone border France - Spain (hereafter referred to as *TSOs*) for *Nomination Rules* for physical transmission rights (hereafter referred to as the *Proposal*) in accordance with Article 36 of Commission Regulation (EU) 2016/1719 establishing a guideline on Forward Capacity Allocation (hereafter referred to as the *FCA Regulation*).
- (2) Article 31 of the *FCA Regulation* foresees that long-term cross-zonal capacity shall be allocated to market participants in the form of physical transmission rights (PTRs) pursuant to the Use it or Sell it (UIOSI) principle or in the form of Financial Transmission Rights (FTRs) — options or FTRs — obligations. This *Proposal* only applies to the physical transmission rights acquired in forward capacity allocation. It lays down the rules for Nomination of physical transmission rights for the bidding zone border France – Spain.
- (3) In accordance with Article 36(2) of the *FCA Regulation*, this *Proposal* is subject to consultation. Article 6 of the *FCA Regulation* requires that proposals submitted at bilateral or at multilateral level shall be consulted at least by the Member States concerned and that the consultation shall last for a period not less than one month. Accordingly, this *Proposal* was consulted from 27th June 2017 until 18th August 2017.
- (4) This *Proposal* is submitted for the approval of the relevant National Regulatory Authorities (hereafter referred to as the *NRAs*) of the bidding zone border *FR-ES*.
- (5) Where these *Nomination Rules* refer to national rules, the national rules are on the TSO's website
- (6) *TSOs* on the bidding zone border *FR-ES* consider that the *FCA Regulation* allows the submission of this *Proposal* on bidding zone border level, since proposals for *Nomination Rules* for electricity Scheduled Exchanges between bidding zones are not listed in Article 4 of the *FCA Regulation* in force. They acknowledge that Article 36(3) of the *FCA Regulation* requires all TSOs to progressively harmonise the *Nomination Rules* on all bidding zone borders on which physical transmission rights are applied. TSOs therefore undertake to progressively examine the potential and the need for harmonisation of these rules, taking into account their technical nature.
- (7) This *Proposal* contributes to the achievement of the objectives of Article 3 of the *FCA Regulation*. In particular, this *Proposal* serves the aim of promoting effective long-term cross-zonal trade with long-term hedging opportunities for market participants giving a transparent framework for the *Nomination Rules* for Physical Transmission Rights.
- (8) This *Proposal* contributes to the provision of non-discriminatory access to long-term cross-zonal capacity by detailing the process of nominating the physical transmission rights already allocated in the long-term auctions (or the process of transferring those rights in accordance with Article 44 of the *FCA Regulation*).
- (9) Furthermore, this *Proposal* ensures fair and non-discriminatory treatment of all involved parties, as it sets rules to be applied by all parties.
- (10) Regarding the objective of transparency and reliability of information on forward capacity allocation, this *Proposal* includes provisions on the necessary exchange of information between the holder of the transmission rights and the nomination platform used for executing the *Nomination*.
- (11) In conclusion, this *Proposal* contributes to the general objectives of the *FCA Regulation* to the benefit of all market participants and electricity end consumers.

SUBMIT THE FOLLOWING *PROPOSAL* TO THE RELEVANT REGULATORY AUTHORITIES OF THE BIDDING ZONE BORDER *FR-ES*:

TITLE 1

General provisions

Article 1

Subject matter and scope

1. This document describes the provisions governing *Nomination Rules* on France-Spain bidding zone border in terms of:
 - Entitlement of a physical transmission rights holder to nominate electricity *Scheduled Exchanges*;
 - Minimum technical requirement to nominate;
 - Description of the *Nomination* process;
 - *Nomination* timings;
 - Format and communication.
2. This document only contains rules and provisions related to the *Nomination* of long term physical transmission rights.
3. Forward capacity allocation on the bidding zone border *FR-ES* takes place through joint explicit allocation of physical transmission rights through auctions in accordance with harmonised allocation rules for long-term transmission rights developed as per Article 51 of the *FCA Regulation* (hereafter *Allocation Rules*), and the proposal for design of Long Term Transmission Rights in accordance with Article 31 of the *FCA Regulation* (hereafter *Long Term Rights Design*).
4. This document contains the terms and conditions for the *Nomination* of long-term physical transmission rights on the bidding zone border *FR-ES*.
5. In accordance with the *FCA Regulation* and the *Allocation Rules* and *Long Term Rights Design*, this document shall bind the holders of physical transmission rights, their counterparties, where applicable, and eligible parties acting on their behalf.

Article 2

Definitions and interpretation

1. Capitalised terms used in this *Nomination Rules* shall have the meaning given to them in Article 2 of Regulation (EC) 714/2009, Article 2 of Regulation (EC) 2013/543, Article 2 of Regulation (EC) 2015/1222, Article 2 of Directive 2009/72/EC, Regulation (EU) 2016/1719 and in the applicable harmonised allocation rules for long-term transmission rights.
2. In addition, the following definitions shall apply:

- (a) ‘ECAN’ means the ENTSO-E standard protocol for Capacity Allocation and Nomination system;
- (b) ‘HTTPS’ means HyperText Transfer Protocol over Secure Socket Layer;
- (c) ‘PTRs’ means physical transmission rights as defined in the Allocation Rules and Long Term Rights Design;
- (d) ‘RTE’ means Réseau de Transport d’Electricité, the French system operator;
- (e) ‘REE’ means Red Eléctrica de España, the Spanish system operator;
- (f) ‘XML’ means the Extensible Markup Language.
- (g) ‘IS Rules’ means applicable Information System Rules for the Nomination in RTE

Article 3 **Effective date and application**

These *Nomination Rules* shall enter into force in accordance with the applicable national regulatory regimes. Once approved by the relevant NRAs, they shall be applicable to the *PTRs* with a delivery date starting from the date agreed by both *TSOs* but no later than one month after the approval of all the relevant national regulations. This date will be published by *TSOs* of the bidding zone border *FR-ES* on their websites and informed in advance to market participants.

TITLE 2 **Nomination rules**

Article 4 **Entitlement to nominate electricity Scheduled Exchanges**

1. In order to *Nominate* physical transmission rights to *REE*, the holders of *PTRs* and/or their counterparties and eligible parties acting on their behalf must be market participants in the Spanish Market and must be also owners of dedicated Programming Units associated to the *FR-ES* border.
2. In order to *Nominate* physical transmission rights to *RTE*, the holders of *PTRs* must be holder of a Balance Responsibility Contract agreed with *RTE* and a signer of the French Import/Export Rules in their last applicable version.

Article 5 **Minimum technical requirements to nominate**

3. The nomination tool of *REE* is a web-based application, therefore the minimum technical requirement to nominate to *REE* is to have an internet access, a specific certificate provided by *REE* and a supported browser. The nomination tool gives the possibility to communicate also through a web services connection.
4. In order to *Nominate* its physical transmission rights to *RTE*, the holders of *PTRs* access the *RTE* Information System and use the applications made available to them under the conditions defined by *RTE* in the IS Rules.

5. The nomination tool of *RTE* is a web-based application, therefore the minimum technical requirements to nominate to *RTE* is to have an internet access, a specific certificate provided by *RTE* and a compatible version of Internet Explorer or Firefox.

Article 6

Description of the nomination process

1. The *PTRs* must be *Nominated* to both *TSOs*.
2. For the *PTRs* allocated in direction from France to Spain, the *Nomination* to *RTE* has to be submitted by the holders of *PTRs*, according to modalities described in the *IS Rules*.
3. For the *PTRs* allocated in direction from France to Spain, the *Nomination* to *REE* has to be submitted by the holders of *PTRs* or by the eligible persons acting on their behalf, according to the Spanish Operational Procedure 3.1.
4. For the *PTRs* allocated in direction from Spain to France, the *Nomination* to *RTE* has to be submitted by the holders of *PTRs*, according to the *IS Rules*.
5. For the *PTRs* allocated in direction from Spain to France, the *Nomination* to *REE* has to be submitted by the holders of *PTRs* or by the eligible persons acting on their behalf, according to the Spanish Operational Procedure 3.1.
6. As defined in the *Allocation Rules*, the *Single Allocation Platform* notifies the *Rights Document* related to the long term *PTRs*, to the person eligible to nominate.
7. Where the *Nomination* submitted exceeds the volume of its allocated rights, as indicated in the *Rights Documents*, the submission will be rejected.
8. Where the *Nomination* gate is cancelled, *Nomination* submitted will not be considered and all *PTRs* will be treated as non nominated *PTRs*. The holders of *PTRs* will be compensated in accordance with applicable *Allocation Rules* as defined in Article 51 of *FCA regulation*.

Article 7

Nomination timings

1. *Nominations* shall be sent to both *TSOs* for both directions by 8:30 CE(S)T of the day preceding the delivery day.
2. The *Single Allocation Platform* shall publish information on its website on the *Nomination* deadline related to the *Nomination* of long term *PTR*. In case of any discrepancy between the deadline published by the *Single Allocation Platform* and those of this valid and legally binding *Nomination Rules*, the latter shall prevail and the *Single Allocation Platform* shall not be held liable for any damaged due to such a discrepancy.

Article 8

Format of nomination and communication

1. The *Nomination* tool of *REE* supports two ways of communication:
 - (a) web form interface;
 - (b) web services communication of *XML* files through secure standard protocol *HTTPS*.

The format *XML* file is defined by XSD schemas available on the web site of *REE*, which make possible to validate semantics of a *XML* message. The structure is based on relevant standards promoted by the ENTSO-e.

2. The nomination tool of *RTE* supports two ways of communication. Nominations can be:
 - (a) Uploaded manually or by email;
 - (b) Or entered on the web form interface.

The format *XML* file is defined by XSD schemas available on the web site of *RTE*, which make possible to validate semantics of a *XML* message. The structure is based on the *ECAN* standard provided by ENTSO-e.

TITLE 3

Miscellaneous

1. For any matter related to *PTRs Nomination* not included in the present document, the following documents shall be valid:
 - a) For *Nomination* to *REE*: Spanish Operational Procedure 3.1;
 - b) For *Nomination* to *RTE*: French Import/Export Rules in their last applicable version.

Article 9

Amendment of the Nomination Rules

Any change of the Spanish Operational Procedure 3.1 or of the French Import/Export Rules related to nomination of *PTRs* shall lead to an amendment of the present *Nomination Rules*.

Article 10

Language

The reference language for this *Nomination Rules* shall be English. For the avoidance of doubt, where *TSOs* need to translate this *Nomination Rules* into their national language(s), in the event of inconsistencies between the English version published by *TSOs* in accordance with Article 4(13) of the *FCA Regulation* and any version in another language, the relevant *TSO* shall, in accordance with national legislation, provide the relevant *NRA* with an updated translation of the *Nomination Rules*.