
Core CCR TSOs' Fallback Procedures in accordance with Article 44 of the Commission Regulation (EU) 2015/1222

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Table of contents

Whereas	3
Article 1 Subject matter and scope	6
Article 2 Definitions and interpretation	6
Article 3 Fallback Procedures for bidding zone borders of the Core CCR where capacity is allocated in the framework of the MRC.....	7
Article 4 Fallback Procedures for bidding zone borders of the Core CCR where capacity is allocated in the framework of the 4M MC	8
Article 5 Publication and implementation of the Fallback Procedures	9
Article 6 Language.....	9
Annex 1: MRC Shadow Allocation Rules V1.3.....	
Annex 2: MRC Shadow Allocation Rules V1.4.....	
Annex 3: CZ-SK Shadow Allocation Rules	
Annex 4: RO-HU Shadow Allocation Rules	
Annex 5: SK-HU Shadow Allocation Rules	

The transmission system operators of the capacity calculation region Core (hereafter referred to as “Core TSOs”), taking into account the following:

Whereas

- (1) Based on Article 44 of the Commission Regulation (EU) 2015/1222 establishing a guideline on Capacity Allocation and Congestion Management (hereafter “CACM Regulation”) each TSO, in coordination with all the other TSOs in the capacity calculation region (hereafter “CCR”), shall develop a fallback procedures proposal. Transmission system operators of the capacity calculation region Core as defined by ACER’ decision 06/2016¹ decided to develop procedures that are as much as possible harmonised across the Core CCR bidding zone borders. The Core CCR TSOs’ Fallback Procedures are developed for the implementation of robust and timely fallback procedures to ensure efficient, transparent and non-discriminatory capacity allocation in the event that the single day-ahead coupling process is unable to deliver results.
- (2) As the single day-ahead coupling including its eventual implementation path across the Core CCR, as well as the start of application of a MCO function on a Core CCR bidding zone border, is not fully elaborated yet, this document (hereafter “Core TSOs’ Fallback Procedures”) comprises of two different procedures, i.e. one for the multi-regional coupling (hereafter “MRC”) and one for the four markets market coupling (hereafter “4M MC”).
- (3) According to Article 50 of the CACM Regulation, a fallback procedure defines an operational solution in the event that respective nominated electricity market operators (hereinafter “NEMOs”) performing market coupling operator (hereafter referred to as “MCO”) functions are unable to deliver part or all of the results of the price coupling algorithm by the time specified in Article 37(1)(a) of the CACM Regulation.
- (4) According to Article 9(9) of the CACM Regulation, the expected impact of fallback procedures on the objectives of the CACM Regulation has to be described. It is therefore presented for the Core CCR TSOs’ Fallback Procedures below. The presented Core CCR TSOs’ Fallback Procedures generally contribute to the achievement of the objectives of Article 3 of the CACM Regulation.
- (5) The Core CCR TSOs’ Fallback Procedures serve the objective of promoting effective competition in the generation, trading and supply of electricity (Article 3(a) of the CACM Regulation) also in situations when the respective MCO is not able to deliver the market coupling results by the time specified in Article 37(1)(a) of the CACM Regulation since same fallback procedures will apply to all market participants on all respective bidding zone borders in the particular day-ahead coupling within Core CCR, thereby ensuring a level playing field amongst respective market participants.

¹ ACER’ definition of the capacity calculation regions (CCRs) of 17 November 2016 (Annex I to CCR decision): http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/ANNEXES_CCR_DECISION/Annex%20I.pdf

- (6) The Core CCR TSOs' Fallback Procedures contribute to the optimal use of transmission infrastructure and operational security (Article 3(b) and (c) of the CACM Regulation) since due to the bigger liquidity day-ahead trades will still have delivery possibility before the intraday capacity allocation starts.
- (7) The Core CCR TSOs' Fallback Procedures contribute to ensure operational security (Article 3(c) of the CACM Regulation) since they provide possibility to give access to cross-zonal capacity for market participants already on day-ahead timeframe as a second best solution in case of failure of implicit allocation.
- (8) The Core CCR TSOs' Fallback Procedures serve the objective of optimising the allocation of cross-zonal capacity in accordance with Article 3(d) of the CACM Regulation in the aspect of time since they provide a possibility for market participants to get access to cross-zonal capacities before intraday time frame.
- (9) The Core CCR TSOs' Fallback Procedures are designed to ensure a fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants (Article 3(e) of the CACM Regulation) since the Fallback Procedures are performed through shadow auctions which rely on transparent auction rules that are approved by the relevant national regulatory authorities after the consultation period where applicable.
- (10) Regarding the objective of transparency and reliability of information (Article 3(f) of the CACM Regulation), the Core CCR TSOs' Fallback Procedures determine the main principles and main processes for the event when MCO is not able to produce the market coupling results by the time specified in Article 37(1)(a) of the CACM Regulation. The Core CCR TSOs' Fallback Procedures enable TSOs to provide market participants with the same reliable information on cross-zonal capacities and allocation constraints for fallback day-ahead allocation in a transparent way and at the same time.
- (11) The Core CCR TSOs' Fallback Procedures also contribute 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 when unexpected technical issue is detected in one of the MCO processes. The Core CCR TSOs' Fallback Procedures respect the minimum requirement laid down in Article 50 of the CACM Regulation and ensure providing the pricing of the day-ahead capacities inter alia being input for long-term capacity remuneration method. The Fallback Procedures are 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.
- (12) When preparing the Core CCR TSOs' Fallback Procedures, TSOs took careful consideration of the objective of creating a level playing field for NEMOs (Article 3(i) of the CACM Regulation) since all NEMOs and all their market participants will have the same rules and non-discriminatory treatment (including timings, data exchanges, results formats etc.) in the particular day-ahead coupling within the Core CCR.

- (13) Finally, the Core CCR TSOs' Fallback Procedures contribute to the objective of providing non-discriminatory access to cross-zonal capacity (Article 3(j) of the CACM Regulation) by ensuring a transparent and non-discriminatory approach towards facilitating cross-zonal capacity allocation in the event that the particular day-ahead coupling process within Core CCR is unable to produce results. This ensures the level playing field for market participants throughout the concerned bidding zone borders with a clear and harmonised framework for fallback day-ahead capacity allocation.
- (14) In conclusion, the Core TSOs' Fallback Procedures contributes to the general objectives of the CACM Regulation to the benefit of all market participants and electricity end consumers.

Submit the following Core CCR TSOs' Fallback Procedures to the national regulatory authorities of the Core CCR:

Article 1

Subject matter and scope

1. As required by Article 44 CACM Regulation, each Core TSO, in coordination with all other Core TSOs, shall develop a proposal for robust and timely fallback procedures to ensure efficient, transparent and non-discriminatory capacity allocation in the event that the single day-ahead coupling process is unable to produce results within the Core CCR.
2. This document establishes the fallback procedures for all bidding zone borders assigned to the Core CCR subject to the implementation plan defined in Article 5(2). It covers separated fallback procedures to be applied on bidding zone borders where capacity is allocated in the framework of the MRC and those in the framework of the 4M MC.

Article 2

Definitions and interpretation

1. For the purpose of the Core CCR TSOs' Fallback Procedures, the terms used in this document shall have the meaning of the definitions included in Article 2 CACM Regulation, Regulation (EC) 714/2009, Directive 2009/72/EC and Commission Regulation (EU) 543/2013. In addition, the following definitions shall apply:
 - a) 'Shadow Auction' means the explicit auction run by the Allocation Platform Operator by which daily cross-zonal capacity is offered in form of physical transmission rights (PTR) and allocated to market participants, who submit bids according to the Shadow Allocation Rules;
 - b) 'Allocation Platform' means an IT platform for the allocation of cross-zonal capacity through Shadow Auctions on a Core CCR bidding zone border;
 - c) 'Allocation Platform Operator' means the respective entity through which the respective Core TSOs organize the attribution of cross-zonal capacity through Shadow Auctions on Core CCR bidding zone borders. The respective Allocation Platform Operator will act on behalf of the respective serviced Core TSOs for this purpose;
 - d) 'Shadow Allocation Rules' means the rules for the Shadow Auctions applied and published on the website of the Allocation Platform Operator, always in its last version.
 - e) 'Decoupling' describes the event that the single day-ahead coupling process is unable to produce results on one or multiple bidding zone borders.
2. In the Core CCR TSOs' Fallback Procedures, 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 the Core CCR TSOs' Fallback Procedures; 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 then in force.

Article 3

Fallback Procedures for bidding zone borders of the Core CCR where capacity is allocated in the framework of the MRC

1. All NEMOs performing MCO functions, including any back-up methodology defined according to Article 36 CACM Regulation, for the bidding zone borders of the Core CCR where capacity is allocated in the framework of the MRC shall immediately inform concerned Core TSOs via agreed between respective NEMOs and Core TSOs communication channels in the event of risk that results for at least one bidding zone concerned within the Core CCR cannot be delivered within the deadline in accordance with Article 50(2) of the CACM Regulation.
2. In the event that the MRC day-ahead coupling process is unable to produce results for at least one bidding zone concerned within the Core CCR, fallback procedures in form of Shadow Auctions shall be performed by the respective Allocation Platform Operator to allocate cross-zonal capacities on the concerned bidding zone border via the Allocation Platform. The Shadow Auctions shall use bilateral available transfer capacities to be provided by respective Core TSOs on a daily basis for this purpose, that are later on also in line with the methodology approved pursuant to Article 20 of the CACM Regulation.
3. Shadow Auctions are applied based on the Shadow Allocation Rules as attached to Annex 1 and 2 of the Core CCR TSOs' Fallback Procedures. The Shadow Allocation Rules shall be published on the concerned Core TSOs' websites subject to relevant NRAs' approval and on the website of the respective Allocation Platform Operator.
4. If Shadow Auctions are triggered, the relevant NEMOs shall reopen their order books for the bidding zones concerned.
5. The respective Allocation Platform Operator shall publish on the Allocation Platform's website the Shadow Auction results as soon as the MRC day-ahead decoupling is finally declared by the MCOs, but no later than at 13:50 CET on the preceding delivery day.
6. If the respective Allocation Platform Operator is unable to produce results from Shadow Auctions for a concerned bidding zone border, the cross-border capacities to be allocated in the day-ahead market time-frame shall be set to zero and the available capacities shall be released for the intraday market time-frame. If there is no intraday allocation on a bidding zone border, cross border capacities are lapsed for the respective delivery date.

Article 4

Fallback Procedures for bidding zone borders of the Core CCR where capacity is allocated in the framework of the 4M MC

1. All NEMOs performing MCO functions, including any back-up methodology defined according to Article 36 CACM Regulation, for the bidding zone borders of the Core CCR where capacity is allocated in the framework of the 4M MC shall immediately inform concerned Core TSOs via agreed between respective NEMOs and Core TSOs communication channels in the event of risk that results for at least one bidding zone concerned within the Core CCR cannot be delivered within the deadline in accordance with Article 50(2) of the CACM Regulation.
2. In the event that the 4M MC day-ahead coupling process within Core CCR is unable to produce results for at least one bidding zone concerned within the Core CCR, fallback procedures in form of Shadow Auctions shall be performed by the respective Allocation Platform Operator to allocate cross-zonal capacities on the concerned bidding zone border via the respective Allocation Platform. The Shadow Auctions shall use bilateral available transfer capacities to be provided by respective Core TSOs on a daily basis for this purpose, that are later on also in line with the methodology approved pursuant to Article 20 of the CACM Regulation.
3. Shadow Auctions are applied based on the Shadow Allocation Rules as attached to Annexes 3, 4 and 5 of the Core CCR TSOs' Fallback Procedures. The Shadow Allocation Rules shall be published on the concerned Core TSOs' websites subject to relevant NRAs' approval and on the website of the respective Allocation Platform Operators.
4. If Shadow Auctions are triggered, the relevant NEMOs shall reopen their order books for the bidding zones concerned.
5. The respective Allocation Platform Operators shall publish on the respective Allocation Platforms' website the Shadow Auction results as soon as the decoupling is finally declared by the concerned MCOs.
6. If the respective Allocation Platform Operators are unable to produce results from Shadow Auctions for a concerned bidding zone border, the cross-border capacities to be allocated in the day-ahead market time-frame shall be set to zero and the available capacities shall be released for the intraday market time-frame. If there is no intraday allocation on a bidding zone border, cross border capacities are lapsed for the respective delivery date.

Article 5

Publication and implementation of the Fallback Procedures

1. The Core TSOs shall publish the Core CCR TSOs' Fallback Procedures without undue delay after all Core NRAs have approved the Core CCR TSOs' Fallback Procedures 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. Except for the bidding zone borders of the Core CCR, where there is no day-ahead market coupling operator function in operation before the implementation of the Core flow-based market coupling, the Core CCR TSOs' Fallback Procedures shall be implemented and operational as of their approval by all Core NRAs. For bidding zone borders of the Core CCR where capacity is allocated in the framework of the MRC Shadow Allocation Rules version 1.3 as in Annex 1 shall be applied as of the approval of these Core TSOs' Fallback Procedures. As of 01/01/2019 the MRC Shadow Allocation Rules version 1.4 shall be applied on the bidding zone borders of the Core CCR where capacity is allocated in the framework of the MRC. For the new bidding zone borders DE/LU-AT and HR-SI MRC Shadow Allocation Rules version 1.4 as in Annex 2 shall be directly applied as of the respective implementation and operation of market coupling on these borders. For bidding zone borders of the Core CCR where capacity is allocated in the framework of the 4M MC respective Shadow Allocation Rules of Annexes 3,4 and 5 shall be applied as of the approval of these Core TSOs' Fallback Procedures.
3. The Core TSOs shall amend and submit for approval the Core CCR TSOs' Fallback Procedures in due time ahead of the implementation of the day-ahead market coupling operator function, in accordance with Article 7(3) of the CACM Regulation, on a concerned bidding zone border.
4. The Core TSOs shall amend the Core CCR TSOs' Fallback Procedures and submit for approval one common, fully harmonized regional set of Core CCR TSOs' Fallback Procedures to be applied on every bidding zone border within Core CCR in due time ahead of the implementation of both the capacity calculation methodology developed in accordance with Article 20 of the CACM Regulation and the day-ahead market coupling operator function implemented in accordance with Article 7(3) of the CACM Regulation.

Article 6

Language

The reference language for the Core CCR TSOs' Fallback Procedures shall be English. For the avoidance of doubt, where TSOs need to translate the Core CCR TSOs' Fallback Procedures into their national language, 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 Core CCR TSOs' Fallback Procedures.

Annex 1: MRC Shadow Allocation Rules V1.3

Version:	1.3
Applicability:	<p>The rules are to be applied until effectiveness of Version 1.4 (cf. Annex 2)</p> <p>The rules attached in this Annex solely apply to respective bidding zone borders of the Core CCR.</p>

Annex 2: MRC Shadow Allocation Rules V1.4

Version:	1.4
Applicability:	<p>Effective as of 01/01/2019 except for the following cases:</p> <p>In derogation of article 46(1) of the rules they are to be applied for the bidding zone borders HR-SI² and DE/LU-AT³ as of the start of market coupling on these borders.</p> <p>The rules attached in this Annex solely apply to respective bidding zone borders of the Core CCR.</p>

² The Shadow Allocation Rules for HR-SI bidding zone border enter into force together with the Go-Live of Market-Coupling for day-ahead allocation on that border, planned for July 2018.

³ The Shadow Allocation Rules for AT-DE/LU bidding zone border enter into force together with the Go-Live of Market-Coupling for Day-Ahead allocation on that border, planned 01 October 2018.

Annex 3: CZ-SK Shadow Allocation Rules

Version:	-
Applicability:	Unlimited, unless replaced by updated rules.

Annex 4: RO-HU Shadow Allocation Rules

Version:	M3.C.1.2. - version 2
Applicability:	Unlimited, unless replaced by updated rules.

Annex 5: SK-HU Shadow Allocation Rules

Version:	M3.C.1.1. - version 3
Applicability:	Unlimited, unless replaced by updated rules.