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**Proposal for the establishment of Fallback Procedures for
Capacity Calculation Region Hansa
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**

14 June 2017

The Transmission System Operators of Capacity Calculation Region Hansa, taking into account the following:

WHEREAS

- (1) This document is a common proposal of the Transmission System Operators (hereafter referred to as “TSOs”) of Capacity Calculation Region (hereafter referred to as “CCR”) Hansa as described in the ACER decision¹.
- (2) This proposal takes into account the general principles and goals set in Commission Regulation (EU) 2015/1222, establishing a guideline on capacity allocation and congestion management (hereafter referred to as the “CACM Regulation”) as well as Regulation (EC) No. 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity (hereafter referred to as “Regulation (EC) No. 714/2009”).
- (3) The goal of the CACM Regulation is the coordination and harmonisation of capacity calculation and allocation in the day-ahead and intraday cross-border markets. To facilitate these aims, it is necessary to implement Fallback Procedures for situations where the single day-ahead coupling is unable to produce results.
- (4) CCR Hansa TSOs highlight the importance of high reliability of the single day-ahead market coupling given the potential severe impact on market participants. The Fallback Procedures focus on situations where no results are available from the single day-ahead market coupling.
- (5) This document is required by Article 44 of the CACM Regulation:

By 16 months after the entry into force of this Regulation, each TSO, in coordination with all the other TSOs in the capacity calculation region, 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.

The CCR Hansa TSOs’ proposal for the establishment of Fallback Procedures (hereafter referred to as “Fallback Procedures”) is subject to consultation in accordance with Article 12 of the CACM Regulation.
- (6) In accordance with Article 9(9) of the CACM Regulation, the Fallback Procedures contribute to and do not in any way hinder the achievement of the objectives of Article 3 of the CACM Regulation. The Fallback Procedures ensure 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. This supports the CACM Regulation objective of ensuring and enhancing the transparency and reliability of information.
- (7) The Fallback Procedures serve the objective of promoting effective competition in the generation, trading and supply of electricity (Article 3(a) of the CACM Regulation) when the respective Market Coupling is not able to deliver the market coupling results by the time specified in Article 37(1)(a) since the Fallback Procedures will apply to all market participants on the respective bidding zone border in CCR Hansa, thereby ensuring a level playing field amongst respective market participants.
- (8) The Fallback Procedures contribute to the optimal use of transmission infrastructure and operational security (Article 3(b) and (c) of the CACM Regulation) since the capacity will be allocated for the use by the market participants in the day-ahead or intraday timeframe, which is highly important when considering the following two aspects: TSOs operational planning and market participants’ portfolio optimisation.
- (9) The Fallback Procedures contribute to operational security (Article 3(c) of the CACM Regulation) since they provide market participants with the possibility of access to capacities as a second-best

¹ ACER’s 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

solution in case of failure of implicit allocation. Without an allocation possibility, market participants would face difficulties in adjusting their positions which would cause further energy balancing needs and have a negative impact on operational security.

- (10) The Fallback Procedures serve the objective of optimising the allocation of cross-zonal capacities (in accordance with Article 3(d) of the CACM Regulation) in respect of time since they provide a possibility for market participants to get access to cross-zonal capacities.
- (11) Regarding the objective of transparency and reliability of information (Article 3(f) of the CACM Regulation), the Fallback Procedures determine the main principles and main processes in the event that the respective NEMOs acting as market coupling operator (hereafter referred to as “MCO”) is not able to produce the market coupling results by the time specified in Article 37(1)(a). The Fallback Procedures make it possible to provide market participants with the same reliable information on cross-zonal capacity and allocation constraints for fallback day-ahead allocation in a transparent way.
- (12) When preparing the Fallback Procedures, the CCR Hansa TSOs took into account the objective of creating a level playing field for NEMOs (Article 3(i) of the CACM Regulation) since all NEMOs and their market participants will have the same rules and non-discriminatory treatment (including timings, data exchanges, result formats etc.) within CCR Hansa.
- (13) Finally, the Fallback Procedures contribute to the objective of providing non-discriminatory access to cross-zonal capacities (Article 3(j) of the CACM Regulation) by granting market participants a level-playing field throughout the concerned bidding zone borders with a clear framework for fallback day-ahead capacity allocation.
- (14) In conclusion, the Fallback Procedures contribute to the general objectives of the CACM Regulation to the benefit of all market participants and electricity end consumers.

SUBMIT THE FOLLOWING PROPOSAL FOR THE ESTABLISHMENT OF FALLBACK PROCEDURES TO THE NATIONAL REGULATORY AUTHORITIES OF CCR HANSA:

Article 1

Subject, matter and scope

1. As required under Article 44 of the CACM Regulation, each TSO, in coordination with all the other TSOs in the capacity calculation region, 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.
2. This document establishes the Fallback Procedures for all bidding zone borders allocated to CCR Hansa.

Article 2

Definitions

1. For the purpose of this proposal, the terms used will have the meaning of the definitions included in Article 2 of the CACM Regulation and Regulation (EC) No. 714/2009 and Regulation (EC) No. 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 as fallback procedure for the single day-ahead coupling and allocated to the market participants who submit bid(s) according to the Shadow Allocation Rules.
 - b. "Allocation Platform" means the platform for the attribution of cross-zonal capacity through the Shadow Auctions on respective CCR Hansa bidding zone borders.
 - c. "Allocation Platform Operator" means one vehicle of cooperation among TSOs, through which the relevant CCR Hansa TSOs organise the attribution of cross-zonal capacity through Shadow Auction on CCR Hansa bidding zone borders. The Allocation Platform Operator will act on behalf of the relevant CCR Hansa 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 and, if relevant, approved by the National Regulatory Authorities of CCR Hansa (hereafter referred to as "NRAs"), always in its last version.
2. In this proposal, 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 proposal.
 - c. References to an "Article" are, unless otherwise stated, references to an article of this proposal.
 - d. Any reference to legislation, regulations, directives, orders, instruments, codes or any other enactment includes any modification, extension or re-enactment of it when in force.

Article 3

Fallback procedures

1. All NEMOs performing MCO functions for the bidding zone borders in CCR Hansa shall inform CCR Hansa TSOs in the event of any risk that results for at least one bidding zone border within CCR Hansa cannot be delivered within the deadline in accordance with Article 50(2) of the CACM Regulation.
2. In the event that the single day-ahead coupling process is unable to produce results for at least one bidding zone border within CCR Hansa, Fallback Procedures in the form of Shadow Auctions shall be performed to allocate cross-zonal capacities on the concerned bidding zone border(s). Another procedure shall be used for the bidding zone border between Sweden and Poland on which available

capacity shall be set to zero for the day-ahead market time-frame and be released to the intraday market time-frame.

3. If Shadow Auctions are triggered, the relevant NEMOs are obligated to reopen order books for the bidding zones concerned.
4. All NEMOs performing MCO functions for the bidding zones in CCR Hansa shall, in cooperation with the CCR Hansa TSOs, submit an incident report in case of application of the fallback procedures to the relevant NRAs in CCR Hansa.
5. The auction specification of a Shadow Auction for the delivery day will be published by the Allocation Platform Operator in advance according to the Shadow Allocation Rules.
6. If Shadow Auctions are unable to produce a result, on the concerned bidding zone border(s), 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.

Article 4 Implementation

The arrangements described in Article 3 shall be implemented no later than 3 months after the approval of the proposal for the establishment of Fallback Procedures by the National Regulatory Authorities of CCR Hansa. The fallback procedure for the bidding zone border between Sweden and Poland shall be implemented simultaneously with the implementation of the single intraday coupling for this bidding zone border in accordance with the CACM Regulation.

Article 5 Language

The reference language for this proposal is English. To avoid any doubt, where TSOs need to translate this proposal 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 concerned TSOs shall, in accordance with national legislation, provide the relevant National Regulatory Authorities with an updated translation of the proposal.