

**Fallback procedures for Greece-Italy 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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Table of Contents

WHEREAS	3
GENERAL PROVISIONS.....	5
Article 1 Subject matter and scope.....	5
Article 2 Definitions	5
GRIT CCR FALLBACK PROCEDURE	6
Article 3 Initiation of Italy Sud-Greece Fallback Procedure	6
Article 4	7
Italy Sud-Greece Fallback Procedure unable to be initiated.....	7
Article 5	7
Fallback Procedure between Italian Internal Bidding Zones.....	7
Article 6	8
Italian Internal Bidding Zones Fallback Procedure unable to be initiated.....	8
Article 7	8
Modifications	8
FINAL PROVISIONS	8
Article 8 Implementation	8
Article 9 Language.....	8

WHEREAS

- (1) This document (hereinafter referred to as “GRIT Fallback Procedures”) describes the fallback procedures for the Greece-Italy Capacity Calculation Region (hereinafter referred to as “GRIT CCR”) in the event that the Single Day-Ahead Coupling process (hereinafter referred to as “SDAC”) 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 “CACM Regulation”).
- (2) Since 15 December 2020 the border between Italy Sud and Greece has been included in the SDAC, while an implicit auction on internal bidding zone borders has been in place since 1 April 2004 as Italian national market and since 24 February 2015 as coupled with the MRC project, eventually evolved in the SDAC.
- (3) The peculiarity described in point 2 allows the coexistence of two different fallback procedures, one, based on explicit auctions (as applied for the borders within Italy North CCR) in case the SDAC is unable to produce results on the Italy Sud-Greece bidding zone border (hereinafter referred to as “Italy Sud-Greece Fallback Procedure”), and another one, based on the run of a local day-ahead market session in case the SDAC is unable to produce results related to the Italian Internal Bidding Zones (hereinafter referred to as “Italian Internal Bidding Zones Fallback Procedure”).
- (4) According to Article 9(9) of the CACM Regulation, a timeline for implementation of the GRIT Fallback Procedures has to be included. The timeline for implementation is presented in Article 8 of this document.
- (5) According to Article 9(9) of the CACM Regulation, the expected impact of the GRIT Fallback Procedures on the objectives of the CACM Regulation has to be described. The impact is presented below (point 8 of Whereas section).
- (6) The Italian Day-Ahead Market (hereinafter referred to as “MGP”) hosts most of the electricity sale and purchase transactions. In the MGP, hourly energy blocks are traded for the next day.
- (7) Several sessions of Intra-Day Market (hereinafter referred to as “MI”) are in place in Italy. Such sessions allow Market Participants to modify the schedules defined in the MGP by submitting additional supply offers or demand bids.
- (8) The GRIT Fallback Procedures contribute to and do not in any way hinder the achievement of the objectives of Article 3 of the CACM Regulation:

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

The Italy Sud-Greece Fallback Procedure is performed through Shadow Auctions executed by the Allocation Platform, which is a unique platform for all market participants acting on Italian 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.

Italian Internal Bidding Zones Fallback Procedure is performed through the Italian Local Day-Ahead Market executed separately from the SDAC (hereinafter referred to as “Local MGP”), which is an acknowledgeable market platform for all market participants acting on Italian Borders. The participation

to Local MGP is automatically allowed for all the market participants enabled to submit orders on SDAC, so it is open to all the parties affected from the activation of the fallback procedure.

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

Both the Italy Sud-Greece Fallback Procedure and the Italian Internal Bidding Zones Fallback Procedure make sure that even in case of failure of the SDAC, the cross-border capacity can still be allocated to the market participants for the day-ahead 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 the CACM Regulation aims at ensuring fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants.

Both the Italy Sud-Greece Fallback Procedure and the Italian Internal Bidding Zones Fallback Procedure rely on transparent rules that are approved by the relevant national regulatory authorities after a consultation period.

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

Both the Italy Sud-Greece Fallback Procedure and the Italian Internal Bidding Zones Fallback Procedure are performed through auctions, which rely on a mechanism described in public rules or public documents. 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 other fallback procedure options, pricing of capacity allocated by Shadow Auctions reflects better its actual value, ensuring an efficient allocation.

The Local MGP, as well as SDAC, allocates cross-zonal capacities between Italian Internal Bidding Zones in an implicit manner, thus allowing a simultaneous allocation of capacity and energy, without loss of efficiency in switching from an implicit allocation to an explicit allocation.

- Article 3(j) of the CACM Regulation aims at providing non-discriminatory access to cross-zonal capacity.

Both the Italy Sud-Greece Fallback Procedure and the Italian Internal Bidding Zones Fallback Procedure ensure a transparent and non-discriminatory approach towards facilitating cross-zonal capacity allocation in the event that the SDAC is unable to produce results.

GENERAL PROVISIONS

Article 1

Subject matter and scope

1. The robust and timely fallback procedures, as determined in this GRIT Fallback Procedures, developed for GRIT CCR in accordance with Article 44 of the CACM Regulation, are the procedures required to ensure efficient, transparent and non-discriminatory capacity allocation in the event that the SDAC is unable to produce results.
2. According to Article 50 of the CACM Regulation, the fallback procedure shall be initiated in the event that all 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 the GRIT 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. ‘Italian Grid Code’ is the grid code prepared by the Italian TSO (Terna) which includes the rules of operation of the Italian electrical system;
 - b. ‘Italian Intraday Market Sessions’ are the implicit auctions of the intraday market for Italian bidding zone borders; they will coincide with Complementary Regional Intraday Auctions, once implemented according to Article 63 of the CACM Regulation, and with Pan-European Intraday Auctions once implemented for the capacity pricing pursuant to Article 55 of the CACM Regulation;
 - c. ‘Italian Market Rules’ are the rules developed by the designated NEMO in Italy which include the rules of interaction with the market participants at national level; they include both the general Discipline and the relative Technical Provisions (“Disposizioni Tecniche di Funzionamento”);
 - d. ‘Local MGP’ is the Italian Local Day-Ahead Market executed by the designated NEMO in Italy as local day-ahead spot market;
 - e. ‘MSD’ is the dispatching market in Italy executed for the procurement of the ancillary services;
 - f. ‘SDAC’ is the Single Day-Ahead Coupling process in accordance with the CACM Regulation;
 - g. ‘Shadow Allocation Rules’ are the rules applied by the Allocation Platform for the Shadow Auctions;
 - h. ‘Shadow Auction’ means the explicit auction executed by the Allocation Platform during which daily cross-zonal capacity is offered as a fallback

procedure for the SDAC and allocated to the market participants who submit bid(s).

3. The GRIT CCR includes the Italy SUD-Greece (SUD-GR) bidding zone border and the Internal Italian bidding zone borders, as per the definition adopted in accordance with Article 15 of the CACM Regulation.
4. In this GRIT 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 this proposal;
 - c) references to an “Article” are, unless otherwise stated, references to an Article of this GRIT Fallback Procedures;
 - d) references to a “paragraph” are, unless otherwise stated, references to a paragraph included in the same Article of this GRIT Fallback Procedures 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.

GRIT FALLBACK PROCEDURES

Article 3

Initiation of Italy Sud-Greece Fallback Procedure

1. As soon as the NEMOs inform the TSOs of Italy Sud-Greece (SUD-GR) bidding zone border of the risk that SDAC 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 shall initiate the Italy Sud-Greece Fallback Procedure.
2. The Italy Sud-Greece Fallback Procedure consists of executing Shadow Auctions on the Allocation Platform for the Italy Sud-Greece bidding zone border except if one of the situations specified in Article 4 applies.
3. In order to ensure that the 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 the background of the SDAC as soon as the information given in paragraph 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 14:28 market time day-ahead.
5. When the conditions described in paragraph 1 are met, Shadow Auctions can be held seven days a week, including weekends 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 included in Annex 1. These rules in the framework of the GRIT Fallback Procedures are only relevant for the Italy Sud-Greece (SUD-GR) bidding zone border.

Article 4

Italy Sud-Greece 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 for 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 Sud-Greece Fallback Procedure cannot be implemented as necessary to enable a Shadow Auction to be conducted on time, the Shadow Auction is postponed based on a decision of the Allocation Platform.
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 Sud-Greece Fallback Procedure is, also, cancelled, the daily offered capacity is allocated to the subsequent intraday allocation processes relevant for that border, where applicable.

Article 5

Fallback Procedure between Italian Internal Bidding Zones

1. In case the SDAC is not able to produce results for the Italian Internal Bidding Zones by 14:20 market time day-ahead, the SDAC failure is declared and the Italian Internal Bidding Zones Fallback Procedure is activated.
2. When the conditions described in paragraph 1 are met, the SDAC is replaced by the Local MGP. The Local MGP performs the simultaneous allocation of energy and cross-zonal capacities between Italian Internal Bidding Zones, using PCR Market Coupling Algorithm or, in case this algorithm is not able to produce results, using the spot market algorithm developed at national level and entered into force before Italy joined the PCR project.
3. The Local MGP is executed with the following steps:
 - a) No later than 14:20 market time day-ahead: SDAC failure is declared and market participants are informed that the Local MGP as local market will be executed and that bids/asks already submitted are still valid;
 - b) 10 minutes after the SDAC failure is declared: The designated NEMO in Italy re-opens the order books for 20 minutes to enable the market participants to adapt their orders;
 - c) by no later than 17:00 market time day-ahead: publication of the Local MGP results.

When the Italian Internal Bidding Zones Fallback Procedure is activated, the Italian Intraday Market Sessions scheduled before MSD can be cancelled or postponed.

Article 6

Italian Internal Bidding Zones Fallback Procedure unable to be initiated

1. In case of unavailability of Local MGP results until 17:00 market time day-ahead, the provisions contained within the Italian Grid Code, with reference to the cases in which the day-ahead results for the energy market are not available, shall apply.

Article 7

Modifications

2. Any amendment or modification occurred on the Italian Grid Code and/or to the Italian Market Rules having an impact on the GRIT Fallback Procedures shall imply a request for amendment of the GRIT Fallback Procedures, according to Article 9(13) of the CACM Regulation.

FINAL PROVISIONS

Article 8

Implementation

1. The implementation of the GRIT fallback procedures shall coincide with the implementation of the amended SDAC operational timings regarding the postponement of the formal decoupling declaration by 20 minutes from 14:00 CET to 14:20 CET on the day preceding the delivery. The exact date of the implementation of the GRIT Fallback Procedures and the new SDAC operational timings shall be published on the website of the Allocation Platform operator at least 30 calendar days before the implementation.
2. For the transitional period as from the approval of these GRIT Fallback procedures by the NRAs of GRIT CCR to their implementation pursuant to paragraph 1, the provisions of the GRIT Fallback procedures dated 03 December 2020 will apply.

Article 9

Language

1. The reference language for this GRIT Fallback Procedures is English. For the avoidance of doubt, where TSOs need to translate this GRIT Fallback Procedures 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 GRIT Fallback Procedures.