



All TSOs' of the Nordic Capacity Calculation Region
amended Proposal for fallback procedures in accordance with
Article 44 of 'Commission Regulation (EU) 2015/1222 of 24
July 2015 establishing a guideline on capacity allocation and
congestion management'

DATE 17/01/2018

All TSOs of the Nordic Capacity Calculation Region, taking into account the following:

Whereas

- (1) This is a procedure developed by all TSOs of the Nordic Capacity Calculation Region (hereafter referred to as “TSOs”) regarding the fallback procedures in the event that the single day-ahead coupling (hereafter referred to as “SDAC”) process is unable to produce results (hereafter referred to as “fallback procedures”) in the Nordic Capacity Calculation Region (hereafter referred to as “CCR Nordic”).
- (2) The proposal for fallback procedures (hereafter referred to as "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"). The goal of the CACM Regulation is the coordination and harmonisation of capacity calculation and allocation in the day-ahead and intraday cross-zonal markets. To facilitate these aims, it is necessary to develop arrangements for providing non-discriminatory access to cross-zonal capacity in cases of more than one nominated electricity market operator (hereafter referred to as "NEMO") in one bidding zone. For efficiency reasons the Proposal makes use of existing market operator(s) and already implemented solutions where appropriate, without precluding competition from new operators. SDAC decoupling takes into account that bidding zones of the coupled region shall be coupled during the fallback procedures.
- (3) Article 44 of the CACM Regulation constitutes the legal basis for the Proposal on the fallback procedures:
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 proposal for the establishment of fallback procedures shall be subject to consultation in accordance with Article 12.

The Nordic TSOs have been in dialogue with relevant NEMOs during the development of the Proposal.

- (4) Article 2 (26) and 2 (27) of the CACM Regulation define the single day-ahead and intraday coupling:
"single day-ahead coupling' means the auctioning process where collected orders are matched and cross-zonal capacity is allocated simultaneously for different bidding zones in the day-ahead market;"
"single intraday coupling' means the continuous process where collected orders are matched and cross-zonal capacity is allocated simultaneously for different bidding zones in the intraday market."

- (5) Article 4 (5) of the CACM Regulation states that:

"A NEMO designated in one Member State shall have the right to offer day-ahead and intraday trading services with delivery in another Member State. The trading rules in the

latter Member State shall apply without the need for designation as a NEMO in that Member State."

- (6) In regards to regulatory approval, Article 9 (7) of the CACM Regulation states:
- "The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities of the concerned region:[...] (e) the fallback procedures in accordance with Article 44".*
- (7) Article 9 (9) of the CACM Regulation requires that the expected impact of the Proposal on the objectives of the CACM Regulation is described. The impact is presented below (points (8) to (13) of this Whereas Section).
- (8) The Proposal contributes to and does not in any way hamper the achievement of the objectives of Article 3 of the CACM Regulation. In particular, the Proposal serves the objectives ensuring operational security (Article 3 (c) of the CACM Regulation), creating a level playing field for NEMOs (Article 3 (i) of the CACM Regulation) and respecting the need for a fair and orderly market and fair and orderly price formation (Article 3 (h) of the CACM Regulation).
- (9) Reliability of prices in the Nordic bidding zones is extremely important as most of the total consumption of power in the Nordic and Baltic market is currently traded at the power exchange. The Nordic system price is the basis for most financial trades in the CCR Nordic and is used as reference price in bilateral trades and as a reference to contracts in the end user market to a larger extent than in other parts of Europe. By keeping all bidding zones coupled in case of decoupling, the proposed solution respects the need for a fair and orderly market as well as fair and orderly price formation also in a situation where the CCR Nordic is decoupled from the rest of the single day-ahead coupled region.
- (10) Regarding the objective of ensuring optimal use of the transmission infrastructure (3 (b) of the CACM Regulation) and ensuring operational security (3(c) of the CACM Regulation) and optimising the calculation and allocation of cross-zonal capacity (3 (d) of the CACM Regulation) the proposed fallback procedure enables a transparent and efficient use of transmission capacity in critical situations by providing the market with day-ahead auction results. The operational security is also ensured by establishing simple procedures and a distinct allocation of responsibility in a fallback situation.
- (11) Regarding the objective of ensuring fair and non-discriminatory treatment of TSOs and NEMOs (Article 3 (e) of the CACM Regulation), this Proposal has taken into account the importance of creating a level playing field for market parties active on cross-zonal markets, e.g. by keeping the Nordic/Baltic market coupled in a fallback situation and avoiding a situation where all the volume planned for day-ahead is left to the intraday market. The creation of a level playing field for NEMOs specifically is supported by the rotational set-up, ensuring equal obligations and requirements for acting as Fallback Coordinator.
- (12) Regarding the objective of transparency and reliability of information (Article 3 (f) of the CACM Regulation), these fallback procedures, in particular regarding the choice of a reference day to set the clearing prices for each bidding zone in a no price situation, ensures transparency towards TSOs, NEMOs and market participants.

- (13) In conclusion, the fallback procedure contributes to the general objectives of the CACM Regulation to the benefit of all market participants and electricity end consumers.

SUBMIT THE FOLLOWING FALLBACK PROPOSAL TO ALL REGULATORY AUTHORITIES OF THE CCR NORDIC:

Article 1
Subject matter and scope

1. The fallback procedures as determined in this Proposal are the common procedures of the TSOs in accordance with Article 44 of the CACM Regulation.
2. The Proposal applies to the fallback procedures in CCR Nordic. These procedures are coordinated with the fallback procedures in CCR Baltic.

Article 2
Definitions and interpretation

1. For the purposes of this Proposal, the terms used shall have the meaning given to them in Article 2 of Regulation (EC) 714/2009, Article 2 of the CACM Regulation, and Commission Regulation (EU) No 543/2013 of 14 June 2013 on submission and publication of data in electricity markets and amending Annex I to Regulation (EC) No 714/2009 of the European Parliament and of the Council (hereafter referred to as "Regulation 543/2013") and definitions as applied in the terms and conditions or methodologies pursuant to Articles 7(3) and 36(3) of the CACM Regulation.
2. In addition, in this Proposal, unless the context requires otherwise, the following terms shall have the meaning below:
 - a) "Coupled region" means the capacity calculation region(s) which are held coupled in case of SDAC decoupling. The coupled region shall at a minimum cover CCR Nordic and at a maximum cover both CCR Nordic and CCR Baltic once harmonised fallback procedures have been implemented in both CCRs and the requirements in Art. 5(3) have been met.
 - b) "Fallback Coordinator" means the day-ahead NEMO, which in addition to performing the tasks of an operator during Market Coupling Session (MCS) is responsible for coordinating the operation of the MCS within the coupled region in case of SDAC decoupling. The role of Fallback Coordinator will follow a rotational setup as outlined in this Proposal and procedures vested in this Proposal.
 - c) "Reference day" means the previous working day if the auction failure has effect on a working day, the previous Saturday if it has effect on a Saturday, the previous Sunday if it has effect on a Sunday and the previous Sunday or public holiday, as appropriate, if the auction failure has effect on a public holiday. Working day means days from Monday to Friday not including public holidays. A public holiday must be a legal public holiday in countries in the coupled region with a combined consumption of at least 67% of the total consumption for the last 10 years with available Eurostat statistics. Christmas Eve (24/12) and New Year's Eve (31/12) are considered as public holidays.
 - d) "No-price situation" means that the Fallback Coordinator is not able to determine the clearing prices per bidding zone until 20:00 CET on the day prior to the day of delivery.
3. 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 this Proposal; and
- c) 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.

Article 3 General principles for fallback procedures

The fallback procedures shall ensure that the bidding zones are always coupled during a fallback situation in order to facilitate liquidity in the coupled market. This is independent of the reason for SDAC to declare a decoupling situation.

Article 4 Activation of fallback procedures

1. The Fallback Coordinator shall initiate the fallback procedures in the coupled region when SDAC declares a decoupling affecting the coupled region in accordance with terms and conditions and methodologies as defined in accordance with Article 36 and Article 37 of the CACM Regulation.
2. Activation of the fallback procedures results in a two-step approach, applying the following principles:
 - a) Step 1 – calculation until 20:00 CET
 - i. The Fallback Coordinator will calculate net positions and clearing prices for each bidding zone using the SDAC system and deliver the results to all TSOs, all CCCs and all NEMOs in the coupled region. The calculation will contain network data and order data. During calculation, the cross-zonal capacities on interconnectors from/to the coupled region are set to 0 MW.
 - ii. The Fallback Coordinator’s deadline for completing the calculation is 20:00 CET and delivering the results of the calculation to the relevant NEMOs, TSOs and CCCs is 20:05 CET.
 - b) Step 2 – no-price situation
 - i. In the event that the Fallback Coordinator is not able to determine the clearing prices per bidding zone until 20:00 on the day prior to the day of delivery, the clearing prices and net positions in accordance with Article 39 of the CACM Regulation from a Reference day will be deemed valid for each Market Time Unit (MTU) for the day ahead time frame.
 - ii. The planned flow on interconnections from/to the coupled region according to the Reference day’s results shall be treated as an imbalance in the respective TSOs’ areas.
 - iii. In the event of a no-price situation:
 - a) the respective local imbalance settlement regulation shall apply to the market participants based on their positions for the market time units of the reference day, and;
 - b) the owners of and consequently the responsible part for a particular interconnector from/to CCR Nordic shall cover all costs or receive all income related to imbalances that may be created in the Nordic bidding zone connected to that interconnector following the use of the results of a reference day.

**Article 5
Fallback Coordinator**

1. In case there is only one NEMO designated or offering SDAC trading services in all bidding zones of the CCR Nordic, this NEMO shall act as Fallback Coordinator.
2. In case there are more than one NEMO designated or offering SDAC trading services in all bidding zones of the CCR Nordic, a rotational setup shall be implemented assigning one NEMO at a time as Fallback Coordinator in accordance with the coordinator calendar in the SDAC. A prerequisite for the rotational setup is that detailed procedures for a fallback situation have been developed by these NEMOs in coordination with the TSOs meeting the requirements in Article 5(5).
3. Only when the same NEMOs are qualified to be Fallback Coordinator in the CCR Nordic and CCR Baltic, it would be possible to couple both CCR Nordic and CCR Baltic. The same Fallback Coordinator shall at one point in time be responsible for carrying out the fallback procedures in both CCRs.
4. In the rotational setup, the role of the Fallback Coordinator shall be assigned to one NEMO at a time based on the agreed procedures set in Article 5(5).
5. By 3 months after the approval by the NRAs of this Proposal, the NEMOs meeting the requirements to act as Fallback Coordinator in the coupled region set in Article 6 shall develop common detailed procedures in coordination with the TSOs including, but not limited to:
 - a. Detailed steps to be followed after fallback has been declared including the management of an incident committee for the concerned NEMOs and TSOs.
 - b. Single point of contact for TSOs to the Fallback Coordinator role.
 - c. Annual table of next year's legal public holidays for the following calendar year in the coupled region in line with the definition in Article 2.
 - d. Responsibility for updating and publishing the annual table of legal public holidays
 - e. Definition of standard messages to market participants.
 - f. Publication of clearing prices and net positions to market participants.

**Article 6
Requirements to act as Fallback Coordinator**

1. To qualify as a Fallback Coordinator in the CCR Nordic, a NEMO shall meet the following requirements:
 - a) offer SDAC trading services in each bidding zone of the CCR Nordic; and
 - b) be coordinator and backup coordinator in the SDAC.
2. In the rotational setup, each NEMO meeting the requirements set in Article 6 (1) shall act as the Fallback Coordinator in accordance with the coordinator calendar in the SDAC.

**Article 7
Tasks of Fallback Coordinator**

1. The Fallback Coordinator shall calculate market coupling results for the bidding zones in case of SDAC decoupling until at the latest 20:00 CET. The Fallback Coordinator shall deliver the results to the NEMOs, the TSOs and the CCC(s) by 20:05 CET and NEMOs shall deliver the results to the market participants at the latest 20:10 CET or in case of no-price situation give the instructions to the NEMOs to use the results of the Reference day by 20:05 CET and NEMOs shall deliver the results to the market participants at the latest 20:10 CET.

2. In the case of a fallback situation, the Fallback Coordinator shall follow the detailed procedures developed in accordance with Article 5(5).
3. The fallback coordinator(s) shall in accordance with the procedures update and publish an annual table of next years' legal public holidays no later than 30th November for the following calendar year on the website of the relevant fallback coordinator(s) (concerned NEMO(s)).

Article 8 **Incident report to NRAs**

The Fallback Coordinator shall in cooperation with NEMOs and TSOs send to the relevant NRAs an incident report following an incident of decoupling affecting the CCR Nordic for incidents where such report has not been provided by all NEMOs and all TSOs as part of the SDAC reporting. The incident report shall include an explanation on what caused the decoupling and an evaluation of the functioning of the fallback procedures and the impacts on NEMOs, TSOs and market participants.

Article 9 **Publication and Implementation of the Proposal**

1. The TSOs shall publish the Proposal without undue delay after all national regulatory authorities in the CCR Nordic have approved the proposed fallback procedures or a decision has been taken by the Agency for the Cooperation of Energy Regulators in accordance with Article 9 (10), Article 9(11) and 9(12) of the CACM Regulation regarding the Proposal.
2. TSOs shall implement the fallback proposal for single day-ahead coupling when the following milestones have been achieved:
 - a. The implementation of the MCO Function for single day-ahead market coupling by the relevant NEMOs in accordance with Article 7(3) of the CACM Regulation.
 - b. The implementation of the common detailed fallback procedures by the relevant NEMOs in accordance with Art. 5(5) of this Proposal no later than 4 months after the development of common detailed fallback procedures. This allows a total period for the development and implementation of 7 months after the approval by NRAs of this Proposal.

Article 10 **Language**

The reference language for this Proposal shall be English. For the avoidance of 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 relevant TSOs shall be obliged to dispel any inconsistencies by providing a revised translation of this Proposal to their relevant national regulatory authorities.