European Network of
Transmission System Operators
for Electricity

entsoe

Day Ahead Fallback proposal Explanatory note

31 March 2017

Disclaimer
This explanatory document is submitted by all TSOs to all NRAs for information and clarification purposes only accompanying the “Channel TSOs proposal for fallback procedures 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”.

I. Contents

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II. Introduction

Article 44 of the Commission Regulation 2015/1222 establishing a Guideline on Capacity Allocation and Congestion Management (hereinafter referred to as "CACM Regulation") requires that by 16 months after the entry into force of the CACM Regulation each Transmission System Operator ("TSO"), in coordination with all other TSOs in the capacity calculation region, to 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.

III. Multi-Regional Coupling

The single day ahead coupling process is currently facilitated through Multi-Regional Coupling (MRC). MRC is a process used to join multiple regions and integrate different energy markets into one coupled market. In a coupled market, demand and supply orders in one market are no longer confined to the local territorial scope. A cooperation of Nominated Electricity Market Operators ("NEMOs") and TSOs operates price coupling of the Day-Ahead wholesale electricity markets, increasing the efficiency of the allocation of interconnection capacities of the involved countries and optimising the overall social welfare. The MRC relies on one single algorithm, Euphemia, calculating simultaneously the electricity market prices, net positions and flows on interconnectors between bidding zones and is based on implicit auctions. Market Participants submit their orders to their respective NEMO and these orders are then collected and submitted into the Euphemia algorithm. The respective NEMOs for BritNed and IFA are:

- BritNed - EPEX SPOT.
- IFA - the Cross-Zonal Capacity is submitted via IFA's Capacity Management System through Nord Pool and the GB Virtual Hub arrangements. The shipping arrangement is a combination of Nord Pool and EPEX SPOT.

1. Normal Operation

Process	Time (CE(S)T)	Activity	Additional Information
Pre-Coupling	10:30	Cross-Zonal Capacities are published by the TSOs	
	11:45	Partial Decoupling deadline during the Pre-Coupling process	If BritNed or IFA are unable to submit their Cross-Zonal Capacities by 11:45 (11:40 for IFA to submit to the GB Virtual Hub) they will be decoupled from the MRC. See Section III, Paragraph 2A for more details.
Coupling	12:00	Gate Closure Time for NEMO order books	After gate closure: - order books will be sent into the Euphemia algorithm; - calculation of the Market Coupling results will take place; and - the first validation by NEMOs
	12:40	Partial Decoupling deadline during the Coupling process	If a NEMO has a technical/market issue which results in order books not being sent into Euphemia, they will be decoupled from the MRC. See Section III, Paragraph 2B for more details.

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Process	Time (CE(S)T)	Activity	Additional Information
Coupling	12:42	Publication of Preliminary Market Coupling Results	After preliminary results are published final validation of results by NEMOs and TSOs take place If the preliminary results are not available at 12:42, a delay message will be sent out
	12:55-12:56	Publication of Final Market Coupling Results	Publication of results is not a fully coordinated process and can vary slightly between the NEMOs
	13:50	Deadline for publishing Final Market Coupling Results	If the Final Market Coupling Results are not available at 13:50, a Full Decoupling of MRC will be declared. See Section III, Paragraph 3 for more details.
Post-Coupling	14:00	End of notification process	

2. Partial Decoupling

Partial Decoupling is a situation where one or more bidding areas and/or interconnectors are not participating in the MRC while the remaining bidding areas/interconnectors still participate in the MRC. There are two types of Partial Decoupling situation:

- Partial Decoupling during the Pre-Coupling process is when an interconnector has a technical issue that results in Cross Zonal Capacity not being sent to their relevant NEMO by 11:45. For BritNed and IFA, an inability to submit Cross-Zonal Capacities into their relevant NEMO Systems would result in the initiation of the Day Ahead Fallback procedure.
- Partial Decoupling during the Coupling process - a NEMO has a technical/market issue which results in order books not being sent into Euphemia by 12:40. The NEMO will be decoupled from the MRC and all interconnectors and bidding areas related to that NEMO will be removed from the MRC session. For BritNed and IFA, an inability of NEMOs to submit orders books into Euphemia would result in the initiation of the Day Ahead Fallback procedure.

a) Partial Decoupling during the Pre-Coupling process

The Pre-Coupling process takes place between 10:45 and 12:00. Below is a summary of the timings and activities related to Partial Decoupling during the Pre-Coupling process:

Time (CE(S)T)	Activity	Additional Information
10:30	Cross-Zonal Capacities are published by the TSOs	
11:15	Notification published	If Cross Zonal Capacities aren't available for one or more interconnectors by this time, a risk of Partial Decoupling notification will be published identifying which interconnectors are at risk of being decoupled
11:45	Partial Decoupling deadline during the Pre-Coupling process	If Cross Zonal Capacities aren't available for one or more interconnectors by this time, a Partial Decoupling notification will be published identifying which interconnectors have been decoupled

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If BritNed or IFA are decoupled in this process, a Cross-Zonal capacity of 0MW will be considered for BritNed and IFA for all relevant hours and Day Ahead Fallback Procedures will be initiated.

b) Partial Decoupling during the Coupling process

The Coupling process takes place between 12:00 and 13:50. Below is a summary of the timings and activities related to Partial Decoupling during the coupling process:

Time (CE(S)T)	Activity	Additional Information
12:00	Gate Closure Time for NEMO order books	
12:20	Notification published	If NEMO order books are not submitted to the Euphemia algorithm by this time, a 'Risk of Partial Decoupling' notification will be published identifying which NEMO(s) are at risk of being decoupled
12:40	Notification published	If NEMO order books are not submitted to the Euphemia algorithm by this time, a 'Partial Decoupling' notification will be published identifying which NEMO(s) have been decoupled

Depending on which NEMO has been decoupled in this process there is a range of interconnectors that can continue to be coupled. Below is a table showing the various scenarios depending on which NEMO has been decoupled:

Decoupled MRC NEMO	Decoupled MRC interconnector(s)	Coupled MRC interconnector(s)
EPEX CWE	CWE internal borders (FR-DE, BE-FR, NL-BE, NL-DE), DK1-DE, DK2-DE, SE4-DE, FR-ES, FR-GB1, NL-GB2, NO2-NL, AT-IT, FR-IT and AT-SI	None
EPEX GB	NL-GB2, GB1-GB2	CWE internal borders, FR-ES, FR-GB1, SE4-DE, DK1-DE, DK2-DE, NO2-NL, AT-IT, FR-IT and AT-SI
GME	AT-IT, FR-IT and AT-SI	CWE internal borders, FR-GB1, GB1-GB2, FR-ES, SE4-DE, DK1-DE, DK2-DE, NO2-NL andNL-GB2
NORD POOL	DK1-DE, DK2-DE, NO2-NL, SE4-DE, FR-GB1, GB1-GB2	CWE internal borders, FR-ES , NL-GB2, AT-IT, FR-IT and AT-SI
OMIE	FR-ES	CWE internal borders, FR-GB1, NL-GB2, GB1-GB2, NO2-NL, DK1-DE, DK2-DE, SE4-DE, AT-IT,FR-IT and AT-SI

If EPEX Great Britain (GB) or EPEX Central Western Europe (CWE) is decoupled, BritNed will run its Day Ahead Fallback procedure.

If Nord Pool experiences a decoupling, IFA will run its Day Ahead Fallback procedure.

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3. Full Decoupling

A Full Decoupling occurs when Final Market Results are not available at 13:50. At this point, the various NEMOs will use their fallback arrangements which include Regional Coupling and Local Auctions. Below is a summary of the timings and activities related to Full Decoupling:

Time (CE(S)T)	Activity	Additional Information
12:55	Publication of Final Market Coupling Results	Publication of results is not a fully coordinated process and can vary slightly between the NEMOs
13:20	Notification published	If Final Market Coupling Results are not available at this time, a risk of Full Decoupling notification will be published
13:50	Notification published	If Final Market Coupling Results are not available at this time, a Full Decoupling notification will be published.

For BritNed, if Full Decoupling is not caused by, EPEX, BritNed, a CWE party, the coupling system or the Euphemia algorithm then EPEX will start CWE-BritNed Regional Coupling. If the regional coupling doesn't produce results by 14:35, a Regional Decoupling will be declared and Local Auctions will be initiated. The deadline for publishing Local Auction Results is 14:55.

Local Auctions are within the bidding zone and do not take into account external interconnectors so in the event a Local Auction is initiated, BritNed would run its Day Ahead Fallback procedure.

If a result is not produced by 13:50, for BritNed, the MRC process will be stopped and fallback arrangements will be initiated. There is no risk that the MRC process will continue to run and produce a result that could interfere with the fallback arrangements.

For IFA, if Full Decoupling occurs the Cross-Zonal Capacity will be set to 0MW for all relevant hours. The Day Ahead Fallback Procedure will have been initiated by the IFA Operators and Daily Explicit shadow auctions will have already taken place in parallel to attempts to resolve the issue. At 14:00 the results of the Daily Explicit auction will be published and capacity will be allocated to market parties.

In the event that an Implicit Daily Auction is successfully completed after a Fallback daily explicit auction has been invoked in parallel, then such Explicit Daily Auction shall cease to have effect.

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IV. Day Ahead Fallback

1. BritNed and IFA Variation

In the event that the MRC is not about to produce a result due to Partial Decoupling or Full Decoupling, BritNed and IFA will need to initiate their Day Ahead Fallback procedures. BritNed and IFA have developed fallback procedures that whilst not harmonised in timings achieve the purpose of facilitating capacity allocation in the event that the single-day ahead coupling process is unable to produce results.

In the MRC area, most interconnectors use Shadow Auctions via the Joint Allocation Office (JAO) to facilitate their fallback process in the event that the single day ahead coupling process is unable to produce results. Below is a summary of the various interconnectors and their fallback arrangements:

Interconnector	Fallback Mechanism
CWE internal borders (FR-DE, FR-BE, BE-NL and DE-NL)	Shadow Auctions via JAO
DK1-DE	Shadow Auctions via JAO
DK2-DE	Shadow Auctions via JAO
SE4-DE	Capacity returns to interconnector owner
FR-ES	Shadow Auctions via JAO
IFA (FR-GB1)	Shadow Auctions via IFA CMS
BritNed (NL-GB2)	Intraday Market
NO2-NL	Shadow Auctions via JAO
AT-IT	Shadow Auctions via JAO
FR-IT	Shadow Auctions via JAO
AT-SI	Shadow Auctions via JAO

BritNed and IFA are, as of today, not service users of JAO and so cannot utilise their fallback mechanism. Instead, BritNed and IFA developed their own Day Ahead Fallback procedures. These procedures currently differ from each other due to independent development which reflects the capability of the respective auction systems that each interconnector uses.

IFA, as part of their daily operation, run shadow auctions that facilitate a daily explicit auction in the event of any event which triggers the Day Ahead Fallback procedure.

BritNed does not run shadow auctions and as a result will use the intraday auctions as a fallback. BritNed does have the ability to run a daily explicit auction but the MRC process would need to be unavailable for two or more sequential days before this would be initiated. This is due to the auction system BritNed uses and the process timings within that system. Under the current system, if the fallback procedure is not initiated before 09:00 CET, the offered capacity will be allocated to the subsequent relevant intraday auction. For more detail on the timings, please see the Article 5 in the Day Ahead Fallback proposal.

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Although there is some variation between the fallback procedures of BritNed and IFA, both approaches deliver a process for capacity allocation in the event that the MRC doesn't produce a result. These procedures are:

- Efficient:
    - For IFA as they provide a clearly defined and timely process to allocate capacity in the event that the single day ahead coupling process is unable to produce results.
    - For BritNed, using the intraday auctions as a fallback provides a familiar process for market and removes the need to comprehend and interact with a new process at time of uncertainty due to the MRC process not producing results.
- Transparent
    - The process and timings are clearly documented in the IFA and BritNed Access Rules and within the Fallback Procedure as required under Article 44 of the CACM Regulation.
- Non-discriminatory
    - Allows BritNed and IFA participants access to cross border capacity and does not provide preference to one participant over another.

2. Robustness

In the event that the Day Ahead Fallback procedures need to be initiated, there needs to be confidence that the procedures are robust. BritNed and IFA utilise auction platforms to facilitate the Day Ahead Fallback procedures. Each auction platform is supported by agreements with suppliers to maintain continuous uptime through regular maintenance and redundancy (e.g. disaster recovery sites). In the event of multiple sequential failures which result in the MRC not producing a result and the relevant auction platform being unavailable, then BritNed and IFA would attempt to facilitate a daily explicit auction via email/fax before cancelling an auction if it is operationally practical to do so.

In addition, BritNed and IFA both have internal business procedures to enact the Day Ahead Fallback procedures to make sure operational teams can facilitate the process.

3. Communication

In the event that the Day Ahead Fallback procedures need to be initiated, BritNed and IFA will inform market participants as soon as reasonably practical following the announcement of a Partial Decoupling or Full Decoupling. The timings in the Day Ahead Fallback procedures cover the timings of the auctions rather than the communication with market participants.

For BritNed, unless it has been announced that the MRC process is unavailable for at least 2 sequential days, the message to market parties would be that the intraday auctions will be used as the fallback arrangement.

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For IFA, market parties will be notified of the auction specification (including critical timings) for the daily explicit shadow auctions using pre-defined templates.

V. Interactions

1. Capacity Calculation

As required under the CACM Regulation, TSOs in the Channel Capacity Calculation Region are developing a Capacity Calculation for Day Ahead and Intraday time-frames.

- For the Day Ahead time-frame, the CACM Regulation states that the Capacity Calculation shall not start before 15:00 two days before the day of delivery. The exact start time for the Day Ahead Capacity Calculation will be determined as part of the Day Ahead Capacity Calculation.
- For the Intraday time-frame, the CACM Regulation does not state a start time and this will be determined as part of the Intraday Capacity Calculation.

The Day Ahead and Intraday Capacity Calculation will need to take into account the publication time of market results when initiated through the fallback procedure. It is likely that when the Capacity Calculation for Day Ahead and Intraday is implemented, BritNed and IFA will be operating on the Single Allocation Platform and this solution will need to take possible delays in market information as a result of the MRC not producing results into account.

2. Single Allocation Platform

In accordance with Regulation (EU) 2016/1719 establishing a guideline on forward capacity allocation ("FCA Regulation"), there is a requirement to establish and operate a single allocation platform at European level. As part of the FCA Regulation, BritNed and IFA will be moving to a Single Allocation Platform (SAP) which will replace their existing auction systems. Following the migration to the Single Allocation Platform, IFA and BritNed will seek to facilitate a fallback mechanism similar to the Shadow Auction that JAO runs for a range of existing interconnectors today. It is assumed that this will also be the case for future interconnectors joining the Channel Capacity Calculation Region.

The Channel region discussed whether it would appropriate to harmonise the fallback procedures of BritNed and IFA at this point ahead of Capacity Calculation and SAP development. It was determined to be inefficient and impractical to redevelop current systems to align the fallback procedures between BritNed and IFA ahead of Capacity Calculation and SAP implementation.

3. Access Rules

The current fallback procedures as described in Articles 3 and 10 are aligned with the IFA and BritNed Access Rules. The Access Rules will be amended as part of the developments described in Article 11 of the Day Ahead Fallback proposal.

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