

**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**

17th January 2018

Table of Contents

WHEREAS	3
GENERAL PROVISIONS	4
Article 1 Subject matter and scope	4
Article 2 Definitions	4
CHANNEL REGION FALLBACK PROCEDURE	4
Article 3 Initiation of Channel Fallback Procedure	4
Article 4 Channel Fallback Procedure unable to be initiated	5
FINAL PROVISIONS	5
Article 5 Implementation	5
Article 6 Language	6

WHEREAS

- (1) This document (hereafter referred to as “Channel Fallback Procedure”) is a common proposal developed by all Transmission System Operators (hereafter referred to as “TSOs”) within the Channel Capacity Calculation Region as defined in accordance with Article 15 of the CACM Regulation regarding the proposal for fallback procedures in the event that the single day-ahead coupling process is unable to produce results. This proposal is required by Article 44 of Regulation (EU) 2015/1222 on Capacity Allocation and Congestion Management (the “CACM Regulation”).
- (2) Article 9 (9) of the CACM Regulation requires that the expected impact of the proposed fallback procedures on the objectives of the CACM Regulation is described. The proposed fallback procedures across the Channel region contributes to and does not in any way hinder the achievement of the objectives of Article 3 of CACM Regulation. The impact is presented below, points (3) to (5) of this Whereas section.
- (3) The proposed fallback procedures provide additional measures that can be initiated to ensure the cross border capacity can be provided to the market in the event that the day-ahead coupling process is unable to produce results. This promotes effective competition in the generation, trading and supply of electricity (objective 3a) by ensuring access to cross border capacity and optimal use of transmission infrastructure (objective 3b) as transmission infrastructure will continue to be used in the event of market coupling results not being produced.
- (4) Transparent fallback arrangements that are harmonised with most of EU borders also ensure fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants (objective 3e). These transparent arrangements facilitate fair and orderly market and fair and orderly price formation (objective 3h) by facilitating continued access to cross zonal capacity through additional auctions and provide non-discriminatory access to cross-zonal capacity (objective 3j).
- (5) The fallback arrangements do not hinder multiple NEMOs within a bidding zone. Therefore the fallback proposal is compatible with objective 3i of the CACM Regulation, ensuring a level playing field amongst NEMOs.

GENERAL PROVISIONS

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. According to Article 50 of CACM Regulation, the fallback procedure shall be applied whenever all NEMOs performing MCO functions are unable to deliver part or all of the results of the price coupling algorithm in a timely manner.
3. A set of rules for the nomination of the capacity allocated under this Channel Fallback Procedure will be developed per interconnector by the concerned TSOs. These nomination rules will be subject to consultation and prior approval of the relevant NRAs, and published on the respective websites of the relevant TSOs.

Article 2

Definitions

1. For the purpose of this proposal, the terms used shall have the same meaning given to them in Article 2 of Regulation (EC) 714/2009, Directive 2009/72/EC, Article 2 of Regulation (EU) 543/2013, Article 2 of the Commission Regulation 1222/2015 (CACM), and the Shadow Allocation Rules. In addition, the following definitions shall apply:
 - a. 'DA Fallback Allocation Platform' means the system used by the DA Fallback Allocation Platform Operator to run Shadow Auctions;
 - b. 'DA Fallback Allocation Platform Operator' means JAO S.A. hereafter referred to as JAO, the vehicle amongst TSOs to act on their behalf for the attribution of Cross Zonal Capacity through the Shadow Auctions;
 - c. 'Shadow Allocation Rules' means the rules for the Shadow Auctions applied by the DA Fallback Allocation Platform Operator, and published on the DA Fallback Allocation Platform Operator website;
 - d. 'Shadow Auction' means the explicit auction run by the DA Fallback 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;

CHANNEL REGION FALLBACK PROCEDURE

Article 3

Initiation of Channel Fallback Procedure

1. Except if the situation specified in Article 4.3 is to apply, where the situation described in Article 50 of the CACM Regulation occurs, the Channel Fallback Procedure will be initiated.
2. The Channel Fallback Procedure consists in executing Shadow Auctions on the DA Fallback Allocation Platform for the relevant borders of Channel Region where there is a risk that single day-ahead coupling process may be unable to produce results pursuant to information given in Article 3(1).
3. To ensure Shadow Auctions results are provided to the market participants on time, the execution of Shadow Auctions on the DA Fallback Allocation Platform can be launched as a parallel process in

background of the single day-ahead coupling process as soon as the information given in Article 3(1) is known by the TSOs.

4. The results of the Shadow Auctions are sent to the market participants as soon as possible and only if the unavailability of single day-ahead coupling results is effectively confirmed by the NEMOs, and no later than the deadline in accordance with Article 37(1)(a) of the CACM Regulation.
5. When the conditions described in Article 3(1) are met, Shadow Auctions can be held seven days a week, including weekend and public holidays, provided that the offered capacity for Shadow Auctions is at least one MW unit in the direction of the auction.
6. The execution of Shadow Auctions is based on Shadow Allocation Rules, which, in the framework of this proposal, is only relevant on borders of Channel Region. The applicable Shadow Allocation Rules may change from time to time subject to public consultation and prior approval of all relevant NRAs and will be published on the DA Fallback Allocation Platform Operator website.

Article 4

Channel 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 DA Fallback Allocation Platform Operator during the execution of Shadow Auctions, relevant fallback procedures for these data exchange shall be used in accordance with Shadow Allocation Rules. The latter consist in exchanging data by e-mail with the DA Fallback Allocation Platform Operator.
2. If the Channel Fallback Procedure cannot be implemented as necessary to enable a Shadow Auction to be conducted in time, based on decision of DA Fallback Allocation Platform Operator, the Shadow Auction will be postponed. Latest time for sending the results to market participants is 13:50 market time day-ahead.
3. If none of the of the above measures is considered by the DA Fallback Allocation Platform Operator as being possible, the Shadow Auction will be cancelled and all bids already submitted will automatically be deemed null and void, based on objective grounds and in compliance with Shadow Allocation Rules.
4. When an implicit daily auction is cancelled and the associated Channel Fallback Procedure is also cancelled, the daily offered capacity is allocated to the subsequent relevant intraday allocation processes on the borders of Channel Region, if applicable.

FINAL PROVISIONS

Article 5

Implementation

1. This methodology applies to the relevant TSOs following the earliest of either :
 - a. where the rights documents associated with long-term transmission rights have been submitted by JAO on that interconnector;
 - b. any date specified by the relevant TSOs on that interconnector with 30 days prior notice; or
 - c. for interconnectors not in service at the date of approval of this methodology, the date of go-live of that interconnector.

Article 6
Amendment of the methodology

1. In the event that a TSO requests to amend this Channel Fallback Procedure, other TSOs on the respective bidding zone border cannot unreasonably withhold their support of initiating such a review, which will be conducted in accordance with Article 12 of the CACM Regulation.

Article 7
Language

1. The reference language for this fallback procedure shall be English. For the avoidance of doubt, where TSOs need to translate this fallback procedure 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 fallback procedure.