All TSOs’ proposal for the single methodology for pricing intraday cross-zonal capacity in accordance with Article 55 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management

10 August 2017
All TSOs, taking into account the following:

**Whereas**

(1) This document is a common proposal developed by all Transmission System Operators (hereafter referred to as “TSOs”) regarding a proposal for the cross-zonal intraday capacity pricing (hereafter referred to as “CZIDCP Methodology”).

(2) This proposal (hereafter referred to as the “Proposal”) takes into account the general principles and goals set in Commission Regulation (EU) No 543/2013 establishing a guideline on submission and publication of data in electricity markets and in Commission Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management (hereafter referred to as the “CACM Regulation”).

(3) 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 define a way to price cross-zonal intraday capacity.

(4) Article 55 of the CACM Regulation constitutes the legal basis for this proposal and defines several specific requirements that the Proposal should take into account:

1. Once applied, the single methodology for pricing intraday cross-zonal capacity developed in accordance with Article 55(3) shall reflect market congestion and shall be based on actual orders.

2. Prior to the approval of the single methodology for pricing intraday cross-zonal capacity set out in paragraph 3, TSOs may propose an intraday cross-zonal capacity allocation mechanism with reliable pricing consistent with the requirements of paragraph 1 for approval by the regulatory authorities of the relevant Member States. This mechanism shall ensure that the price of intraday cross-zonal capacity is available to the market participants at the time of matching of the orders.

3. By 24 months after the entry into force of this Regulation, all TSOs shall develop a proposal for a single methodology for pricing intraday cross-zonal capacity. The proposal shall be subject to consultation in accordance with Article 12.

4. No charges, such as imbalance fees or additional fees, shall be applied to intraday cross-zonal capacity except for the pricing in accordance with paragraphs 1, 2 and 3.

(5) Additional relevant references to take into consideration for the Proposal within the CACM Regulation are listed below:

- Article 58 (1) “Each coordinated capacity calculator shall ensure that cross-zonal capacity and allocation constraints are provided to the relevant NEMOs no later than 15 minutes before the intraday cross-zonal gate opening time.”

- Article 2 (15) ‘market time’ means central European summer time or central European time, whichever is in effect.

(6) 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 in points (7) to (11) of this Whereas Section.

(7) 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 objective of promoting effective competition in the generation, trading and supply of electricity (Article 3 (a)
of the CACM Regulation) by taking into account the importance of creating a level playing field for market participants’ activity on cross-zonal intraday markets. Effective competition is to be reached via a common cross-zonal intraday market (single intraday coupling). Establishing common processes for the intraday market and a common pricing methodology contributes to achieving this aim.

(8) The Proposal takes into account the optimal use of transmission infrastructure in accordance with Article 3 (b) of the CACM Regulation and contribution to the efficient long-term operation and development of the electricity transmission system in accordance with Article 3 (g) of the CACM Regulation as intraday cross-zonal capacity pricing reveals scarcity at a particular moment in time. This will provide a price signal reflecting the value of the cross-zonal capacity to the market.

(9) The Proposal guarantees equal access to cross-zonal capacity and a level-playing field throughout the European Union with a clear and consistent framework in the intraday timeframe in accordance with Article 3 (e) and (j) of the CACM Regulation.

(10) By introducing CZIDCP Methodology via an auction mechanism the Proposal will support the pooling of liquidity at fixed points in time and therefore allow a transparent and orderly price formation on the basis of consistent and proven market principles in accordance with Article 3 (h) of the CACM Regulation.

(11) In conclusion, the Proposal contributes to the general objectives of the CACM Regulation.

SUBMIT THE FOLLOWING CZIDCP METHODOLOGY PROPOSAL TO ALL REGULATORY AUTHORITIES:
All TSOs’ proposal for the single methodology for pricing intraday cross-zonal capacity in accordance with Article 55 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management

Article 1
Subject matter and scope

The CZIDCP Methodology as defined in this Proposal is the common proposal of all TSOs in accordance with Article 55 of the CACM Regulation. The Proposal applies solely to cross-zonal intraday capacity pricing. Intraday trading within a bidding zone is outside the scope of the Proposal as are complementary regional auctions referred to in Article 63 of the CACM Regulation. Possible implications that the CZIDCP Methodology may have on the Congestion Income Distribution Methodology or the Capacity Calculation Methodology fall outside the scope of this CZIDCP Methodology.

Article 2
Definitions and interpretation

1. For the purposes of the CZIDCP Methodology, the terms used shall have the meaning given to them in Article 2 of the CACM Regulation, Article 2 of Regulation (EC) 714/2009, Article 2 of Commission Regulation (EU) 543/2013 and Article 2 of Directive 2009/72/EC.

2. In addition, the following definitions shall apply:
   ‘First Auction Hour’ (FAH) means the first delivery hour for which Market Time Units get allocated within the respective intraday auction; and
   ‘Intraday Auction’ (IDA) means the implicit intraday auction trading sessions held at pan-European level to allocate energy and the available intraday cross-zonal capacity at all bidding zone borders by applying a market coupling mechanism between the bidding zones.

3. In this Proposal for the CZIDCP Methodology, 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
Fundamentals of cross-zonal intraday capacity pricing methodology

1. The CZIDCP Methodology shall be introduced by complementing the continuous single intraday coupling with a cross-zonal intraday implicit auction mechanism.

2. The pricing of intraday cross-zonal capacity shall be established by allocating the available cross-zonal capacity for the respective market time units (hereinafter referred to as “MTUs”) by the IDA using the marginal pricing principle.

3. IDAs shall be facilitated by NEMOs as part of the MCO function in line with Article 7 of the CACM Regulation.

4. The established price of cross-zonal capacity shall reflect the market situation at the time of the allocation. The IDA shall respect cross-zonal capacity and allocation constraints.

5. Intraday cross-zonal gate opening and closure time for each MTU is defined according to the intraday cross-zonal gate opening and intraday cross-zonal gate closure times in accordance with Article 59(1) of the CACM Regulation.
6. Capacity cannot be allocated to an IDA and continuous trading at the same time.

7. In case of failure to offer the cross-zonal intraday capacity to IDAs, it will be allocated through continuous trading.

8. In case offered cross-zonal intraday capacity does not get allocated within the respective IDAs, it will be offered through the subsequent continuous trading.

9. The harmonized maximum and minimum clearing prices for single intraday coupling pursuant to Article 54 of the CACM Regulation shall apply to IDAs.

10. Cross-zonal capacity and allocation constraints shall be provided in line with Article 58 of the CACM Regulation as an input for the relevant IDA, or on capacity calculation region level for the opening auctions, to the respective NEMOs in their MCO function no later than 15 minutes before the intraday cross-zonal gate opening time.

**Article 4**

**Specifics of cross-zonal intraday capacity pricing methodology**

1. IDAs shall contain all MTUs from a given FAH until the end of day D. For IDAs held in D-1, the FAH starts at 00:00, thus containing all MTUs of day D.

2. The continuous trading shall be run from a given FAH until the end of day D. For continuous trading starting in D-1, the FAH starts at 00:00, thus containing all MTUs of day D.

3. The IDA mechanism shall take into account all valid bids submitted for this auction and determine a clearing price for relevant bidding zones based on the matched bids and offers.

4. IDAs shall be able to price cross-zonal capacity for all relevant MTUs on the relevant bidding zone borders.

5. There is no automatic transfer of bids of market participants between IDAs and intraday continuous trading. Market participants need to enter their bids in the system used for IDA as well as the one used for intraday continuous trading.

**Article 5**

**Timing specifications for IDAs and continuous trading**

1. An IDA shall be held in day D-1 for all MTUs of day D with a deadline for bid submission at 22:00.

2. The IDA should allow at least 30 minutes of cross-zonal continuous trading for a given MTU.

**Article 6**

**Regional cross-zonal intraday capacity pricing**

1. In capacity calculation regions where the intraday cross-zonal gate opening time is set up to be before the IDA at 22:00, regional cross-zonal opening auctions may be held before the IDA (hereinafter referred to as “Opening Auction prior to pan-European IDA”). NEMOs active in capacity calculation regions where this is the case shall implement such an auction in line with the obligations assigned to
the MCO function stated in Article 7 of the CACM Regulation and in coordination with relevant TSOs after consultation of stakeholders and notification to relevant NRAs. Such capacity calculation regions are as defined in Article 6(2) and 6(3).

2. In line with Article 6(1), all TSOs in capacity calculation region Nordic may implement an Opening Auction prior to pan-European IDA with reliable pricing consistent with the requirements of Articles 3, 4 and 5 of this Methodology.

3. In line with Article 6(1), all TSOs in capacity calculation region Hansa may implement Opening Auctions prior to pan-European IDA, on the bidding zones borders no later than from the time common intraday market offers 15 minutes products on these borders. An assessment of the feasibility and a subsequently agreed implementation plan will be made once it is known when 15 minute products will be available on these borders.

4. In order to avoid double allocation of capacities, continuous trading shall be suspended in those regions where intraday cross-zonal gate opening time is set to be prior to the IDA timing. The duration of the suspension should not be more than:
   a) 15 minutes prior to the deadline for bid submission to the IDA in line with Article 58(1) of CACM Regulation. This timing shall be set without prejudice to a longer timing due to the provisions of the capacity calculation methodology in line with Article 20 of the CACM Regulation.
   b) 30 minutes after the deadline for bid submission to the IDA.

**Article 7**

**Publication and implementation of cross-zonal intraday capacity pricing methodology**

1. The TSOs shall publish the CZIDCP Methodology without undue delay after national regulatory authorities’ approval or after 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.

2. The TSOs and NEMOs shall implement CZIDCP Methodology on all bidding zone borders following the implementation steps detailed in Article 7 (3. a) - f)) and in line with the defined project plan as per Article 7 (3. f)) once the Intraday capacity calculation methodology for the different capacity calculation regions under Article 20(2) of the CACM Regulation has been approved by NRAs and implemented by TSOs, the intraday cross-zonal gate opening and intraday cross-zonal gate closure times under Article 59(1) of the CACM Regulation have been approved by NRAs as well as implemented by TSOs and after continuous trading as part of the single intraday coupling in accordance with Article 51 of the CACM Regulation has been implemented at the respective bidding zone borders.

3. Once the NRAs have approved the CZIDCP Methodology and the preconditions laid down in Article 7(2) are satisfied, the TSOs and NEMOs shall cooperate to ensure timely implementation of the Methodology. All TSOs shall, in coordination with all NEMOs undertake the following steps:
   a) Review and, when relevant, request an amendment within nine months from the regulatory approval of the CZIDCP Methodology and the preconditions laid down in Article 7(2) are satisfied to the ‘All NEMOs proposal for products’ proposed by NEMOs according to Article 53 of the CACM Regulation in order to reflect the introduction of IDAs.
b) Review and, when relevant, request an amendment within nine months from the regulatory approval of the CZIDCP Methodology and the preconditions laid down in Article 7(2) are satisfied to the ‘All NEMOs proposal for the back-up methodology’ proposed by NEMOs according to Article 36 of the CACM Regulation in order to reflect the introduction of IDAs.

c) Review and, when relevant, request an amendment within nine months upon regulatory approval of the CZIDCP Methodology and the preconditions laid down in Article 7(2) are satisfied to the ‘All NEMOs proposal for harmonized maximum and minimum clearing prices for single intraday coupling’ proposed by NEMOs according to Article 54 of the CACM Regulation in order to reflect the introduction of IDAs.

d) Review and, when relevant, request an amendment within nine months from the regulatory approval of the CZIDCP Methodology and the preconditions laid down in Article 7(2) are satisfied to the ‘All NEMO proposal for a common set of requirements for the continuous trading matching algorithm’ according to Article 41 of the CACM Regulation to reflect the introduction of IDAs and to determine which algorithm will be used to implement the CZIDCP Methodology.

e) Define and specify, in cooperation with NEMOs within nine months from the regulatory approval of the amendments proposed in this Article 7 (3) in points a) to d) of this Methodology the related processes and timings needed to incorporate CZIDCP Methodology for the relevant Bidding Zone borders.

f) Within 12 months after regulatory approval of the amendments proposed in Article 7 (3) a) to d) of this CZIDCP Methodology a detailed project plan for the related IT implementations including information on the project governance setup shall be submitted to the NRAs for information, in coordination with the NEMOs.

Article 8
Language

The reference language for this 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.