

Annex I

**Harmonised maximum and minimum clearing
prices for single day-ahead coupling in
accordance with Article 41(1) of Commission
Regulation (EU) 2015/1222 of 24 July 2015
establishing a guideline on capacity allocation
and congestion management (CACM Regulation)**

14 November 2017

TABLE OF CONTENTS

Whereas 3

TITLE 1 General Provisions..... 4

 Article 1 Subject Matter and Scope..... 4

 Article 2 Definitions and Interpretation 4

TITLE 2 Maximum and Minimum Prices 5

 Article 3 Harmonised Maximum and Minimum Clearing Prices for SDAC 5

 Article 4 Criteria and Process for Establishing and Amending Maximum Price for SDAC 5

TITLE 3 Final Provisions 6

 Article 5 Timeline for Implementation 6

 Article 6 Language Disclaimer 6

Whereas

- (1) This document sets the harmonised maximum and minimum clearing prices ('HMMCP') in single day-ahead coupling ('SDAC') in accordance with Article 41 of the CACM Regulation.
- (2) In accordance with Article 41(1) of the CACM Regulation, the HMMCP for SDAC shall take into account an estimation of the value of lost load ('VoLL'). The objective of this requirement is to ensure that the HMMCP for SDAC does not impose barriers on free price formation. This document provides for the amendment rule of HMMCP for SDAC, which is expected to achieve the same goal, i.e. to minimise the likelihood that HMMCP for SDAC impose barriers on free price formation. The HMMCP for SDAC therefore implicitly take into account the VoLL as the amendment rule is expected to gradually increase the HMMCP for SDAC to a level, which represents the VoLL as determined by the market participants' willingness to pay.
- (3) The amendment rule for the harmonised maximum clearing price for SDAC includes a transition period over which the clearing price is still capped at the value of the harmonised maximum clearing price for SDAC before the amendment, while the amended value serves as a reference for triggering any further amendments of the harmonised maximum clearing price for SDAC. This transition period aims to give time to market participants to adjust to the amended value of the harmonised maximum clearing price for SDAC, while minimising the impact on free price formation.
- (4) The HMMCP for SDAC take into account the general objectives of capacity allocation and congestion management cooperation described in Article 3 of the CACM Regulation.
- (5) This document fulfils the objective of 'promoting effective competition in the generation, trading and supply of electricity' as the HMMCP for SDAC have been set at levels that do not restrict effective competition in the generation, consumption, trading or supply in the organised wholesale market. These limits have been applied since some time in auction-based day-ahead couplings, e.g. MRC and 4MMC covering multiple Bidding Zones, and have proven to be adequate.
- (6) This document fulfils the objective of 'ensuring operational security' by harmonising maximum and minimum clearing prices as well as removing barriers for free price formation. This promotes flexibility and thereby contributes to the operational security, as well as security of supply.
- (7) This document fulfils the objective of 'optimising the calculation and allocation of cross-zonal capacity', and also the objective of 'optimal use of the transmission infrastructure', by removing the barriers for free price formation which effectively optimises the allocation of cross-zonal capacities and the use of transmission infrastructure.
- (8) This document fulfils, or rather is deemed to have no negative impact on, the objective of 'ensuring fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants'.

- (9) This document achieves the objective of ‘ensuring and enhancing the transparency and reliability of information’ as the HMMCP for SDAC have been publicly consulted both by all NEMOs as well as by the Agency. The final document will also be published.
- (10) This document fulfils the objective of ‘contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union’ as the HMMCP for SDAC have been set at levels that allow full provision of supply and demand orders in the SDAC and therefore SDAC results can contribute to the provision of efficient price signals for forward (long term) price formation that can enable efficient signals for investment in generation and demand side response.
- (11) This document fulfils the objectives of ‘respecting the need for a fair and orderly market and fair and orderly price formation’ and ‘providing non-discriminatory access to cross-zonal capacity’ by harmonising the HMMCP across the bidding zones which participate in SDAC and among all NEMOs active within the given bidding zones.
- (12) This document fulfils the objective of ‘creating a level playing field for NEMOs’ as the limits applied will always be identical for multiple NEMOs active within one individual bidding zone as well as single NEMOs active in more bidding zones.

TITLE 1

General provisions

Article 1

Subject matter and scope

The HMMCP shall be applied in all bidding zones which participate in SDAC pursuant to Article 41 of the CACM Regulation.

Article 1

Definitions and interpretation

1. Terms used in this document shall have the meaning of the definitions included in Article 2 of the CACM Regulation and the 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.
2. In addition, in this document the following terms shall apply:
 - a) ‘Harmonised maximum clearing price for SDAC’ means the maximum clearing price value which is applied in all bidding zones which participate in SDAC; and
 - b) ‘Harmonised minimum clearing price for SDAC’ means the minimum clearing price value which is applied in all bidding zones which participate in SDAC.
3. In this document, unless the context requires otherwise:
 - c) the singular indicates the plural and vice versa;
 - d) the table of contents, headings and examples are inserted for convenience only and do not affect the interpretation of this document; and
 - e) any reference to legislation, regulations, directives, decisions, orders, instruments, codes or any other enactment shall include any modification, extension or re-enactment of it then in force.

TITLE 2

Maximum and minimum prices

Article 3

Harmonised maximum and minimum clearing prices for SDAC

1. The harmonised maximum clearing price for SDAC shall be +3000 EUR/MWh.
2. The harmonised minimum clearing price for SDAC shall be -500 EUR/MWh.

Article 4

Criteria and process for establishing and amending maximum price for SDAC

1. The harmonised maximum clearing price for SDAC in accordance with Article (0), shall be amended according to the following rules:
 - a) the harmonised maximum clearing price for SDAC shall be increased by 1,000 EUR/MWh in the event that the clearing price exceeds a value of 60 percent of the harmonised maximum clearing price for SDAC in at least one market time unit in a day in an individual bidding zone or in multiple bidding zones;
 - b) the increased harmonised maximum clearing price, set according to subparagraph (a), shall apply in all bidding zones which participate in SDAC from five weeks after the day in which the event referred to therein has taken place;
 - c) notwithstanding subparagraph (b), for the further application of the amendment criterion defined in subparagraph (a), the increased harmonised maximum clearing price, set according to subparagraph (a), is used from the day following the one in which the event referred to therein has taken place; and
 - d) the bidding zones referred to in subparagraph (b) are only those bidding zones with cleared buy and sell volumes and those part of the SDAC (excluding market time units where the given bidding zone(s) has been decoupled).
2. The NEMOs shall transparently announce and publish the amended harmonised maximum clearing price for SDAC at least four weeks before its implementation and application in SDAC.
3. The NEMOs shall, at least every two years, reassess the HMMCP, share this assessment with all market participants and consult it in relevant stakeholder forums organised in accordance with Article 11 of the CACM Regulation. A reassessment may also follow any amendment in accordance with paragraph (1), if the NEMOs deem it appropriate.

TITLE 3

Final provisions

Article 5

Timeline for implementation

The NEMOs shall implement the HMMCP for SDAC in all bidding zones participating in the SDAC immediately after the MCO function has been implemented in accordance with Article 7(3) of the CACM Regulation.

Article 6

Language disclaimer

The reference language for the HMMCP for SDAC shall be English. For the avoidance of doubt, where NEMOs need to translate this HMMCP for SDAC into the national language(s) of the relevant regulatory authority, in the event of inconsistencies between the English version submitted in accordance with Article 9(14) of the CACM Regulation and any version in another language, the relevant NEMO(s) shall be obliged to dispel any inconsistencies by providing a revised version of this HMMCP for SDAC to the relevant national regulatory authorities.