

**Approval by the German and French regulatory
authority**

on

**the French-German interconnection intraday capacity
explicit allocation rules, in accordance with Article 64(2)
of Commission Regulation (EU) 2015/1222 of 24 July
2015 establishing a Guideline on Capacity Allocation
and Congestion Management**

28 05 2018

I. Introduction and legal context

This document elaborates an agreement between BNetzA and CRE, reached on 28 May 2018, on the French-German interconnection intraday capacity explicit allocation rules, submitted by the 27th of April 2018 by the concerned TSOs (namely Amprion, RTE, Transnet BW), **in accordance with Article 64(2) of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management** (hereafter Regulation 2015/1222).

This agreement between BNetzA and CRE is intended to constitute the basis on which the concerned Regulatory Authorities will each subsequently adopt an approval of the French-German interconnection intraday capacity explicit allocation rules in accordance with Article 64(2), pursuant to Article 9(7)(g) of Regulation 2015/1222.

The legal provisions relevant to the submission and approval of the French-German interconnection intraday capacity explicit allocation rules can be found in Articles 3, 9, 12, 64, 65, 66 and 67 of Regulation 2015/1222.

Article 3 of Regulation 2015/1222:

This Regulation aims at:

- (a) *Promoting effective competition in the generation, trading and supply of electricity;*
- (b) Ensuring optimal use of the transmission infrastructure;**
- (c) *Ensuring operational security;*
- (d) Optimising the calculation and allocation of cross-zonal capacity;**
- (e) Ensuring fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants;**
- (f) Ensuring and enhancing the transparency and reliability of information;**
- (g) *Contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union;*
- (h) *Respecting the need for a fair and orderly market and fair and orderly price formation;*
- (i) *Creating a level playing field for NEMOs;*
- (j) Providing non-discriminatory access to cross-zonal capacity**

Article 9 of Regulation 2015/1222:

1. TSOs and NEMOs shall develop the terms and conditions or methodologies required by this Regulation and submit them for approval to the competent regulatory authorities within the respective deadlines set out in this Regulation. Where a proposal for terms and conditions or methodologies pursuant to this Regulation needs to be developed and agreed by more than one TSO or NEMO, the participating TSOs and NEMOs shall closely cooperate. TSOs, with the assistance of ENTSO for Electricity, and all NEMOs shall regularly inform the competent regulatory authorities and the Agency about the progress of developing these terms and conditions or methodologies.

2. (...)

3. (...)

4. (...)

5. *Each regulatory authority shall approve the terms and conditions or methodologies used to calculate or set out the single day-ahead and intraday coupling developed by TSOs and NEMOs. They shall be responsible for approving the terms and conditions or methodologies referred to in paragraphs 6, 7 and 8.*

6. (...)

7. *The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities of the concerned region:*

(...)

(g) the conditions for the provisions of explicit allocation in accordance with Article 64(2);

(...)

8. (...)

9. *The proposal for terms and conditions or methodologies shall include a proposed timescale for their implementation and a description of their expected impact on the objectives of this Regulation. Proposals on terms and conditions or methodologies subject to the approval by several or all regulatory authorities shall be submitted to the Agency at the same time that they are submitted to regulatory authorities. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within three months on the proposals for terms and conditions or methodologies.*

10. *Where the approval of the terms and conditions or methodologies requires a decision by more than one regulatory authority, the competent regulatory authorities shall consult and closely cooperate and coordinate with each other in order reach an agreement. Where applicable, the competent regulatory authorities shall take into account the opinion of the Agency. Regulatory authorities shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs 6, 7 and 8, within six months following the receipt of the terms and conditions or methodologies by the regulatory authority or, where applicable, by the last regulatory authority concerned.*

11. (...)

12. *In the event that one or several regulatory authorities request an amendment to approve the terms and conditions or methodologies submitted in accordance with paragraphs 6, 7 and 8, the relevant TSOs or NEMOs shall submit a proposal for amended terms and conditions or methodologies for approval within two months following the requirement from the regulatory authorities. The competent regulatory authorities shall decide on the amended terms and conditions or methodologies within two months following their submission. Where the competent regulatory authorities have not been able to reach an agreement on terms and conditions or methodologies pursuant to paragraphs (6) and (7) within the two-month deadline, or upon their joint request, the Agency shall adopt a decision concerning the amended terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 713/2009. If the relevant TSOs or NEMOs fail to submit a proposal for amended terms and conditions or methodologies, the procedure provided for in paragraph 4 of this Article shall apply.*

13. (...)

14. *TSOs and NEMOs responsible for establishing the terms and conditions or methodologies in accordance with this Regulation shall publish them on the internet after approval by the competent regulatory authorities or, if no such approval is required, after their establishment, except where such information is considered as confidential in accordance with Article 13.*

Article 12 of Regulation 2015/1222:

1. *TSOs and NEMOs responsible for submitting proposals for terms and conditions or methodologies or their amendments in accordance with this Regulation shall consult stakeholders, including the relevant authorities of each Member State, on the draft proposals for terms and conditions or methodologies where explicitly set out in this Regulation. The consultation shall last for a period of not less than one month.*
2. *The proposals for terms and conditions or methodologies submitted by the TSOs and NEMOs at Union level shall be published and submitted to consultation at Union level.*
(...)

Article 64 of Regulation 2015/1222:

1. *Where jointly requested by the regulatory authorities of the Member States of each of the bidding zone borders concerned, the TSOs concerned shall also provide explicit allocation, in addition to implicit allocation, that is to say, capacity allocation separate from the electricity trade, via the capacity management module on bidding zone borders.*
2. *The TSOs on the bidding zone borders concerned shall jointly develop a proposal on the conditions that shall be fulfilled by market participants to participate in explicit allocation. The proposal shall be subject to the joint approval by the regulatory authorities of the Member States of each of the bidding zone borders concerned.*
3. *When establishing the capacity management module, discrimination shall be avoided when simultaneously allocating capacity implicitly and explicitly. The capacity management module shall determine which orders to select for matching and which explicit capacity requests to accept, according to a ranking of price and time of entrance.*

Article 65 of Regulation 2015/1222:

1. *The NEMOs concerned shall cooperate closely with the TSOs concerned and shall consult market participants in accordance with Article 12 in order to translate the needs of market participants linked to explicit capacity allocation rights into non-standard intraday products.*
2. *Prior to deciding on the removal of explicit allocation, the regulatory authorities of the Member States of each of the bidding zone borders concerned shall jointly organise a consultation to assess whether the proposed non-standard intraday products meet the market participants' needs for intraday trading.*
3. *The competent regulatory authorities of the Member States of each of the bidding zone borders concerned shall jointly approve the introduced non-standard products and the removal of explicit allocation.*

Article 66 of Regulation 2015/1222:

1. *Market participants shall ensure the completion of nomination, clearing and settlement related to explicit allocation of cross-zonal capacity.*
2. *Market participants shall fulfil any financial obligations, relating to clearing and settlement arising from explicit allocation.*
3. *The participating TSOs shall publish relevant information on the interconnections to which explicit allocation is applicable, including the cross-zonal capacity for explicit allocation.*

Article 67 of Regulation 2015/1222:

A request for explicit cross-zonal capacity may be submitted by a market participant only for an interconnection where the explicit allocation is applicable. For each request for explicit capacity the market participant shall submit the volume and the price to the capacity management module. The price and volume of explicit allocated capacity shall be made publicly available by the relevant TSOs.

II. The French-German interconnection intraday capacity explicit allocation rules

Regulation 2015/1222 pursues implicit capacity allocation methods at interconnections in the day-ahead and intraday market timeframes (see Recital 13). These methods consist in allocating capacity and electricity simultaneously for cross-border electricity trading. The single intraday platform aims at providing the pan-European intraday coupling.

At the border between France and Germany, an explicit allocation in the intraday timeframe, in parallel with the implicit allocation, was implemented on December 14 2010 for hourly products. In November 2015, CRE and BNetzA approved the version 2.4 of intraday capacity allocation rules between France and Germany, which enable explicit half-hour capacity allocation with 24 intraday gates starting early December 2015.

Pursuant to Article 64(1) of Regulation 2015/1222, where jointly requested by the regulatory authorities of the Member States of each of the bidding zone borders concerned, the TSOs concerned shall provide, in the intraday market timeframe, explicit allocation in addition to implicit allocation, via the capacity management module on bidding zone borders. In September 2016, CRE and BNetzA jointly requested RTE, Amprion GmbH (Amprion) and TransnetBW GmbH (TransnetBW) to continue to provide explicit intraday capacity allocation on the interconnectors connecting the French and the German bidding zones, for all intraday products available.

In accordance with Article 64(2) of Regulation 2015/1222, the TSOs on the bidding zone borders concerned shall jointly develop a proposal on the conditions that shall be fulfilled by market participants to participate in explicit allocation. The proposal shall be subject to the joint approval by the regulatory authorities of the Member States of each of the bidding zone borders concerned following the procedure of Article 9(7) of Regulation 2015/1222.

Between 17 January 2018 and 31 January, the RTE consulted stakeholders on the draft proposal for the French-German interconnection intraday capacity explicit allocation rules in accordance with Article 12(1) of Regulation 2015/1222.

On 13 February 2018, BnetzA and CRE sent to the concerned TSOs a shadow opinion, in order to provide feedback to the TSOs' draft proposal and to flag any concerns at this stage in order to support a smooth process for developing the final TSOs' proposal.

On 27th of April 2018, the concerned TSOs submitted a proposal concerning the French-German interconnection intraday capacity explicit allocation rules.

Regulation 2015/1222 requires Regulatory Authorities to consult and closely cooperate and coordinate with each other in order to reach agreement, and make decisions within six months following receipt of submissions of the last Regulatory Authority concerned. A decision is therefore required by each concerned Regulatory Authority by the 27th of October 2018.

III. All Regulatory Authorities' position

a) On the format

The concerned Regulatory Authorities acknowledge that the concerned TSOs have substantially improved the format of the proposal on French-German interconnection intraday capacity explicit allocation rules compared to the initial version, notably by using a format in line with other TSOs' proposal developed in the framework of Regulation 2015/1222. As requested in the shadow opinion, the concerned TSOs added sections assessing the compliance of French-German interconnection intraday capacity explicit allocation rules with Article 3 of Regulation 2015/1222, more specifically, the concerned TSOs developed in the Proposal a description of its expected impact on the objectives of Regulation 2015/1222.

b) On the link with other proposals developed in the framework of Regulation 2015/1222

In order to ensure consistency among the different methodologies developed in the framework of Regulation 2015/1222, the concerned Regulatory Authorities requested the concerned TSOs to include elements linked notably with:

- the intraday cross zonal gate opening and closure times, pursuant to Article 59 of Regulation 2015/1222;
- the intraday capacity pricing methodology, pursuant to Article 55 of Regulation 2015/122.

BNetzA and CRE acknowledge that the final proposal provides consistency among the different methodologies developed in the framework of the implementation of the Regulation 2015/1222.

c) On the implementation timeline

The concerned Regulatory Authorities asked the concerned TSOs to introduce a separate chapter containing the implementation timeline. The final proposal submitted by the concerned TSOs is regarded in line with the shadow opinion in that matter.

IV. Actions / conclusion

Regulatory Authorities have assessed, consulted and closely cooperated and coordinated to reach the agreement that the French-German interconnection intraday capacity explicit allocation rules meets the requirements of Regulation 2015/1222 and as such can be approved by both BNetzA and CRE.

The concerned Regulatory Authorities must therefore make their decisions, on the basis of this agreement, by 27th of October 2018. The French-German interconnection intraday capacity explicit allocation rules will be adopted upon the decision of the last Regulatory Authority concerned.

Following the national decisions by the concerned Regulatory Authorities, the concerned TSOs will be required to publish the French-German interconnection intraday capacity explicit allocation rules as approved, in line with Article 9(14) of Regulation 2015/1222.