

**APPROVAL BY THE SOUTH-WEST EUROPE
REGULATORY AUTHORITIES AGREED AT THE
SOUTH-WEST EUROPE ENERGY REGULATORS'
REGIONAL FORUM**

ON

**THE SOUTH-WEST EUROPE DAY AHEAD FALLBACK
PROCEDURES**

16.03.2022

I. Introduction and legal context

This document elaborates an agreed opinion of the South-west Europe (hereafter referred to as “SWE”) Regulatory Authorities on the amended Day Ahead 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 (Regulation 2015/1222) amended by regulation (UE) 2021/280

This agreement of the SWE Regulatory Authorities shall provide evidence that a decision does not need, at this stage, to be adopted by the Agency for Cooperation of Energy Regulators (ACER) pursuant to Article 9(11) of the Regulation 2015/1222. This agreement is intended to constitute the basis on which SWE Regulatory Authorities will each subsequently make national decisions to approve the **Day Ahead Fallback Procedures methodology (“Fallback Procedures”)** pursuant to Article 9(10) of Regulation 2015/1222.

The legal provisions relevant to the submission and approval of the Fallback Procedures and this SWE Regulatory Authority agreement, can be found in Articles 3, 8, 9, and 44 of the Regulation 2015/1222 (hereinafter referred to as “CACM”).

According to article 44 of CACM, TSOs in the capacity calculation region, shall develop a proposal for fallback procedures to ensure efficient, transparent, and non-discriminatory capacity allocation if the single day-ahead coupling process is unable to produce results. This proposal shall be subject to consultation in accordance with Article 12.

SWE TSOs publicly consulted on the second amendment of the SWE fallback procedures and SAR from 1st February 2022 to 1st March 2022. SWE TSOs included, in their submission of the amendment proposal, an explanatory note including a discussion on the responses received from stakeholders during the public consultation.

Regulatory authorities of the concerned region are responsible for approving the fallback procedures according to article 9(7)(e) of CACM defining process for adoption of terms and conditions or methodologies.

According to article 9(12) of CACM, regional competent regulatory authorities shall decide on the amended methodologies within 2 months following their submission. In case they are not able to reach an agreement within the 2-month deadline, or upon their joint request, or upon the Agency’s request (according to the third subparagraph of Article 5(3) of Regulation (EU) 2019/942), the Agency shall adopt a decision within 6 months, in accordance with Article 5(3) and the second subparagraph of Article 6(10) of Regulation (EU) 2019/942.

The first version of the SWE Fallback Procedures was agreed and subject to national approval by all Regulatory Authorities (NRAs) of the concerned region by July 2018 and entered in force on that date. This first version of the Fallback Procedures for the SWE Region consists in the execution of Shadow Auctions in the France-Spain interconnection as soon as any risk that single day-ahead coupling process may be unable to produce results is known by TSOs. Once NEMOs confirm an effective unavailability, results of the shadow auction are published, and a market coupling process will take place in the bidding zones of Spain and

Portugal, decoupled from the rest of Europe. For this regional coupling process, order books will be reopened, and the EUPHEMIA algorithm will be used (SIOM algorithm if a second attempt is needed).

An amended version of SWE TSO Fallback Procedures and Shadow Auction Rules were submitted on 30 September 2020 and agreed at SWE ERF in March 2021 with the purpose of postponing the publication time of the fallback results from 13.58 to 14.08 CET due to a shift of the formal decoupling declaration from 13.50 to 14.00 CET, allowing more time to the Euphemia algorithm to find a solution.

In February 2022, NRAs representatives in CCR Core, GRIT/NI, SWE, and SEE have been contacted by the NEMO-TSO Market Coupling Steering Committee MCSC, and were informed about the need to again adapt before 21 March 2022 the Shadow Auction Rules and the fallback methodologies in certain CCRs due to a change in SDAC decoupling deadlines in order to provide an additional 20 minutes to the day ahead coupling process and reduce the risk of partial and full decoupling after the Go-Live of Core FB (expected by 20 April 2022).

To that end, TSOs of the SWE CCR (hereinafter referred to as “SWE TSOs”) developed an amended methodology proposal aimed at aligning the fallback procedures with the updated timeline for post-coupling activities agreed at European level by all the parties participating in the Single Day-Ahead Coupling.

The new amended version of the SWE Fallback Procedures was consulted by the SWE TSOs through ENTSO-E from 1 February to 1 March, in line with Article 44 and Article 12 CACM.

The final proposal was received by the last Regulatory Authority of the SWE Capacity Calculation Region on 11 March 2022.

Although the above-mentioned Article 9(12) CACM requires the concerned Regulatory Authorities to reach an agreement on this new proposal within two months following the receipt of the proposal by the last Regulatory Authority, current urgent circumstances as exposed by MCSC requires SWE NRAs to have an agreement on this proposal before 21 March, after which national decisions can be subsequently taken.

II. The SWE TSOs Proposal

The amended SWE TSO Fallback Procedures proposal and annexed Shadow Auction Rules, submitted on 11 March 2022, does not change the overall procedures defined in the version, which is currently in force, consisting in the execution of Shadow Auctions in the France-Spain interconnection as soon as any risk that single day-ahead coupling process may be unable to produce results is known by TSOs. Once NEMOs confirm an effective unavailability, results of the shadow auction will be published, and a market coupling process will take place in the bidding zones of Spain and Portugal decoupled from the rest of Europe. For this regional coupling process, order books will be reopened, and the EUPHEMIA algorithm will be used (SIOM algorithm if a second attempt is needed). In case this process is unable to

allocate capacity in any of the two borders, the capacity for the border affected will be offered in the intraday allocation processes.

The changes proposed in the proposal received on 4 March 2020 by SWE TSOs with respect to the previous version are:

The shift of the publication of the results from 14.08 to 14.28 CET due to a shift of the formal decoupling declaration from 14.00 to 14.20 CET agreed by all the parties involved in the Single Day-Ahead Coupling in order to allow more time to the Euphemia algorithm to find a solution; this shift is reflected both in the methodology and in the annexed Shadow Auction Rules.

An update on the reference to the Iberian Market Rules to be used for the execution of Fallback Procedure for Portugal-Spain interconnection dated currently on 2nd June 2021.

The implementation date has been aligned in a flexible way with the implementation of the amended SDAC operational timings foreseeing the postponement of the formal decoupling declaration by 20 minutes from 14:00 till 14:20. The exact date of the implementation of both, the SWE Fallback Procedures and the new SDAC operational timings, shall be published on the website of the Allocation Platform operator at least 30 calendar days before the implementation.

III. SWE Regulatory Authorities' position and amendments

The SWE Regulatory Authorities acknowledge that the fallback procedure proposal submitted by SWE TSO introduces only a minor change regarding the publication of the results which are required, as final decoupling hour will be postponed from 14:00 to 14:20.

It should be also noted that the new version of Shadow Auction Rules will be approved as an annex to the Fallback Procedures methodology.

By virtue of the provisions of Article 5(6) of the ACER Regulation, SWE NRAs agreed to directly modify the art 3(4)(f) in order to allow for a flexible Iberian Market rules reference and avoid an amendment of the present SWE Fallback Procedures after changes of Iberian Market Rules on provisions not related to the SWE Fallback Procedures

Consequently, SWE Regulatory Authorities consider that the submitted amended Fallback Procedures, meet the requirements of Regulation CACM.

IV. Conclusions

SWE Regulatory Authorities welcome the submitted proposal and have assessed, consulted and closely cooperated and coordinated to reach an agreement about the Fallback Procedures methodology.

SWE Regulatory authorities consider that the Fallback Procedures as amended meet the requirements of CACM and can thus be approved by SWE Regulatory Authorities in line with

Article 9(12) of CACM and Article 5(6) of the ACER Regulation

SWE Regulatory Authorities therefore will issue their national decisions, on the basis of this agreement.

Following national decisions by SWE Regulatory Authorities, SWE TSOs will be required to publish the Fallback Procedures methodology on the internet in line with Article 9.14 of CACM and must meet the implementation deadlines required by its Article 6.