



DELIBERATION NO. 2018-110

Deliberation by the French Energy Regulatory Commission of 31 May 2018 approving the modified allocation methods at the French borders in the intraday timeframe to accompany the launch of the single intraday platform

In attendance: Christine CHAUVET, Catherine EDWIGE, Hélène GASSIN, Jean-Laurent LASTELLE and Jean-Pierre SOTURA, commissioners.

1. CONTEXT OF THE REFERRAL TO THE CRE

Pursuant to the provisions of Article 37(6) of Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity, the regulatory authorities fix or approve the methodologies used to establish access to cross-border infrastructures, including the procedures for the allocation of capacity and congestion management. Pursuant to Article 30 of the concession type specification of the public electricity transmission network approved by the Decree No 2006-1731 of 23 December 2006, the French Energy Regulatory Commission (hereafter "CRE") approves the rules for calculating and allocating interconnection capacity.

The Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management (hereafter "CACM Regulation") entered into force on 14 August 2015. It focuses on the calculation and use of interconnection capacity in the day-ahead and intraday timeframes. The CACM Regulation establishes market coupling as a target model for these timeframes, that is to say the joint allocation of interconnection capacity and energy. This mechanism increases the liquidity of the markets concerned through the implementation of a shared order book. Unlike market coupling in the day-ahead timeframe which is performed through an auction mechanism, intraday market coupling is performed continuously (24h a day, 7 days a week) on the basis of the "first come first served" principle. Up to one hour before the delivery time and subject to available interconnection capacity, the players have access to the offers of the organised market to carry out transactions.

In France, the capacity allocation methods in the intraday timeframe are currently different depending on the borders:

- the implicit and continuous allocation has been already implemented at the borders with Germany (since 2010¹, with an explicit access in parallel), Switzerland (since 2013²) and Belgium (since 2016³);
- the allocation is carried out by explicit auctions at the borders with England, Spain and Italy.

These allocation methods are intended to be harmonised through the European project "Cross Border Intraday Trading Solution" (hereafter "XBID" project), in which all the interconnected Member States of the European Union will participate. The aim of this project is to establish a platform where all the interconnection capacities will be allocated implicitly and continuously for the intraday timeframe on the scale of the coupled region.

¹ Deliberation of the French Energy Regulatory Commission of 28 October 2010 approving the French-German interconnection intraday capacity allocation rules and Import/Export rules

² CRE Deliberation of 30 May 2013 approving the intraday allocation rules at the France-Switzerland and France-Germany interconnections

³ CRE Deliberation of 14 September 2016 approving the allocation rules for the intraday timeframe on the French-Belgian interconnection

This project, initiated in 2012, is an unprecedented example of cooperation of the nominated electricity market operators (hereafter "NEMOs") and transmission system operators (TSOs) at European level. In France, the NEMOs designated by CRE in its deliberation of 3 December 2015, namely⁴ Nord Pool and EPEX Spot, will be active. All the orders submitted to one or other of these NEMOs will be shared on the common order book of the XBID platform, from the intraday cross zonal gate opening time, set by the Agency for the Cooperation of Energy Regulators (ACER) at 15:00 the day before delivery as of 1st January 2019⁵, until its gate closure time, 1h before the start of the product delivery time. Only products that are not supported by the XBID platform after intraday gate opening time may be exchanged through the local trading solution. CRE emphasizes the importance of this initiative aiming at consolidating liquidity on the European platform, which appears especially important as cross-border volumes can represent in France more than two thirds of all volumes traded in the intraday timeframe.

This project will be implemented gradually. Thirty-four borders (including 25 in Nordic and Baltic countries which have many bidding zones) will integrate the XBID platform from its effective launch. For France, the borders concerned are those with Germany, Belgium and Spain.

The operational launch of the XBID project is accompanied by a modification of existing allocation principles. Therefore, RTE submitted to CRE for approval, on 13 April 2018, several proposals on rules that incorporate the changes induced by the launch of the platform. They are:

- new allocation principles at the French borders in the intraday timeframe, leading to an abrogation of the IFB rules version 4.0 at the border with Belgium and of the IFE rules version 4.1 at the border with Spain;
- French-German Interconnection Intraday Capacity Explicit Allocation Rules (IFD rules version 3.0), replacing the IFD rules version 2.4;
- Import-Export Rules version 3.8, amending the Import-Export rules version 3.7.

These documents were the subject of a public consultation by RTE from 17 to 31 January 2018, in which three market players participated.

The purpose of the present deliberation is to analyse and approve the proposals on amendments to the rules submitted by RTE, enabling an effective launch of the XBID platform at the French borders with Germany, Belgium and Spain.

2. RTE'S PROPOSAL AND CRE'S ANALYSIS

2.1 Allocation principles at the French borders for the intraday timeframe as from the launch of the XBID platform

The document detailing the allocation principles at the French borders in the intraday timeframe sets out the necessary adaptations to implement the XBID project at the borders concerned. It indicates the necessary changes to the rules applicable at the borders in line with the XBID project and specifies, where necessary, those to be abrogated.

2.1.1 Expected developments at the border with Belgium

2.1.1.1 RTE's proposal

Since September 2016, the capacity is allocated implicitly and continuously at the border with Belgium. Hourly products are traded in the intraday market via the French-Belgian interconnection. In the event of unavailability of the allocation platform ensuring coupling, a fallback solution has been approved by CRE, jointly with the Belgian regulatory authority, the Commission for Electricity and Gas Regulation (CREG). It consists of an explicit capacity allocation (i.e. dissociated from the purchase / sale of electricity on both sides of the border), performed by Elia on behalf of RTE and Elia, when an unscheduled incident lasting more than two hours affects the implicit allocation platform, preventing the users from participating in the France-Belgium cross-border intraday market. The rules governing the explicit access to this interconnection in the event of a problem on the coupling platform are the rules IFB 4.0.

As from the launch of the XBID platform, RTE and Elia propose that the allocation is made only implicitly, without retaining the explicit fallback allocation. The hourly products that are already traded at this border on an intraday basis will be maintained. Moreover, the explicit fallback allocation will no longer be offered in the event of a rollback following unavailability of the XBID platform within two months of its launch.

⁴ CRE Decision of 3 December 2015 designating the day-ahead and intraday electricity market operators in France

⁵ ACER Decision of 24 April on the intraday cross-zonal gate opening and closure times

2.1.1.2 CRE's position

CRE is in favour of an implicit allocation of interconnection capacity at the border with Belgium via the XBID platform.

Regarding the explicit allocation solution, CRE considers that the implementation of a fallback solution in the event of a major malfunction on XBID must be subject to a pan-European investigation and must not be restricted to a single border. Furthermore, whereas the service provider ensuring the platform development has made a contractual commitment for XBID to be unavailable for technical reasons for a limited number of hours per year, the fallback platform with Belgium is set-up to remain open throughout the whole electric day once it is activated. In the event of an incident, an explicit and fallback allocation could therefore remain for France-Belgium, even if the incident is resolved on the pan-European platform.

CRE therefore validates the abrogation of the rules IFB 4.0, that it had jointly approved with CREG on 16 September 2016, as from the launch of the XBID platform. The use of the existing continuous and implicit allocation at the border with Belgium as a rollback allocation method within two months after the launch of the XBID platform is developed in point 2.1.4.

2.1.2 Expected developments at the border with Spain

2.1.2.1 RTE's proposal

At the border with Spain, allocation is governed by the French-Spanish interconnection intraday capacity allocation rules (IFE rules) version 4.1, approved by CRE in its deliberation of 15 October 2015⁶.

These rules specify that interconnection capacities are allocated through two explicit auctions. The first auction takes place from 16:15 to 16:45 the day before delivery and allocates interconnection capacity for the entire electric day D. The second auction takes place from 11:15 to 11:45 in D, and allocates capacities from 15:00 to midnight.

As from the launch of the XBID platform, it is proposed that the allocation is made only implicitly and continuously for hourly products. RTE therefore proposes to remove the two explicit auctions for capacity allocation, implemented in application of the IFE rules version 4.1.

2.1.2.2 CRE's position

CRE considers that the entry of the French-Spanish border in XBID is an improvement compared to the current situation and that it is beneficial to move from an allocation through two explicit auctions to a continuous implicit mechanism.

Subject to the elements mentioned in point 2.1.4, CRE therefore validates the abrogation of the IFE rules version 4.1, that it had approved on 15 October 2015.

CRE notes however that the regional complementary auctions between Spain and Portugal, as approved by the *Comision Nacional de los Mercados y de la Competencia* (CNMC) and the *Entidade Reguladora dos Serviços Energéticos* (ERSE) in their decision of 12 April 2018⁷, will produce effects on exchanges at the border with France. Therefore, at the launch of XBID, continuous trading sessions between France and Spain will be restricted to the hours between two Iberian auctions; that is to say, slots of a few hours before the physical delivery, instead of possible trading all day long on the German and Belgian borders. This limitation of the duration of continuous trading sessions should last until November 2018. From this date, between France and Spain, the market players will be able to buy and sell all the hours of the electric day on the XBID platform. Nevertheless, interruptions at this border are to be foreseen at the end of each Iberian auction. They should be limited to a maximum duration of 10 minutes in accordance with the provisions of Article 63 of the CACM Regulation. Since the terms and conditions of the auctions approved by the Iberian regulators limit the trading possibilities on the XBID platform between France and Spain, CRE, in cooperation with its counterparts from CNMC and ERSE, is working on a full and effective implementation of the XBID project which ensure compliance with the provisions of the CACM Regulation. In particular, CRE works with the aim that the implementation of European projects does not lead to steps backward for the European market players and ensures that access to interconnections is optimised, in particular in a context of interconnection development.

⁶ Deliberation of the CRE of 15 October 2015 approving the rules for long-term capacity allocation by explicit auctions

⁷ Joint decision of CNMC and ERSE concerning complementary intraday auctions between Spain and Portugal, pursuant to the provisions of Article 63 of the CACM Regulation.

2.1.3 Expected developments at the border with Germany

At the border with Germany, allocation is governed by the French-German interconnection intraday capacity allocation rules (IFD rules) version 2.4, approved by CRE in its deliberation of 18 November 2015⁸.

It is proposed that the terms and conditions for implicit and explicit capacity allocation in parallel be maintained. All the changes made to the rules governing access to the French-German interconnection in the intraday timeframe will be detailed in section 2.2 of the present deliberation.

2.1.4 Temporary use of the former allocation rules in the event of unavailability on the XBID platform within two months of its launch

2.1.4.1 RTE's proposal

The stakeholders of the XBID project propose that in the event of a major malfunctioning of the XBID platform, the former capacity allocation methods may be reused.

Therefore, in accordance with the principles defined by the members of the XBID project, RTE proposes that the existing implicit and continuous allocation at the border with Belgium, the explicit allocation defined by the IFE rules version 4.1 at the border with Spain and the existing implicit and continuous explicit allocation defined by the IFD rules version 2.4 at the border with Germany serve as a rollback allocation method within two months after the launch of the XBID platform.

2.1.4.2 CRE's position

Since the start of the single intraday coupling platform can be accompanied by malfunctions, CRE is in favour of reusing, under such assumptions, the former capacity allocation methods at the borders with Belgium (with the exception of the explicit fallback allocation), Spain and Germany within two months of the launch of XBID. CRE considers that this mechanism will ensure a continuity of trade on an intraday basis at the borders participating in the XBID project, even in the event of a significant problem on the pan-European coupling platform in this timeframe.

2.2 French-German interconnection intraday capacity explicit allocations rules (IFD rules 3.0)

2.2.1 Context of the referral and proposal of the TSOs active at the border with Germany

Since 14 December 2010, at the border between France and Germany, in the intraday timeframe, the allocation of hourly products is provided through a continuous explicit allocation, in addition to the continuous implicit allocation.

Pursuant to the provisions of Article 64(1) of the CACM Regulation, the regulators have the possibility to jointly request their TSOs to implement, in addition to the continuous implicit allocation, a continuous explicit allocation between bidding zones. It is a transitional provision of the CACM Regulation, as long as non-standard products are not offered on the pan-European platform.

In September 2016, the *Bundesnetzagentur* (BNetzA) and CRE jointly requested the TSOs active at the French-German border (i.e. Amprion GmbH, TransnetBW GmbH and RTE) to continue to provide explicit capacity allocation in parallel with the implicit allocation that will take place on the pan-European coupling platform.

In accordance with the provisions of Article 64(2) of the CACM regulation, the TSOs active on the bidding zone borders concerned have developed a proposal on an explicit intraday capacity allocation, which must be subject to coordinated approval, following the procedure of Article 9(7) of the CACM Regulation.

Between 17 and 31 January 2018, the TSOs concerned consulted the market players on a version 3.0 of the rules for intraday capacity explicit allocation at the French-German border, in accordance with the provisions of Article 12(1) of the CACM Regulation.

On 13 February 2018, BNetzA and CRE sent to the TSOs their opinion concerning the version 3.0 of the IFD rules, in which all the points requiring an improvement from the TSOs were underlined.

On 13 April 2018, the TSOs active at the French-German border jointly submitted to CRE and BNetzA a proposal on explicit capacity allocation in the intraday timeframe, in accordance with the provisions of Article 64(2) of the CACM Regulation. These rules enable a maintenance of explicit allocation on this border. The main modifications concern the adaptation of the rules' format to that generally used within the framework of the implementation of the CACM Regulation and the alignment of these rules with methodologies provided for by the CACM Regulation

⁸ CRE Deliberation of 8 November 2015 approving the intraday allocation rules for the French-Swiss and French-German interconnections

which have already been adopted. The IFD rules version 3.0 will enable the allocation of hourly and half-hourly products through 24 intraday gates, as is the case today.

Pursuant to the provisions of Article 9(7) of the CACM Regulation, BNetzA and CRE shall take a joint decision concerning the version 3.0 of the intraday capacity explicit allocation rules at the French-German border.

2.2.2 Analysis by CRE and BNetzA

2.2.2.1 On the format of the proposal

The concerned regulatory authorities acknowledge that the proposal on IFD rules version 3.0 has been improved compared to the version that was submitted to public consultation. In particular, the format is in line with that generally used for the methodologies developed as part of the implementation of the CACM Regulation. Furthermore, as requested by the concerned regulatory authorities, the TSOs active at the French-German border have introduced a description of the expected impact of this proposal in view of the objectives of the CACM Regulation, as defined in its Article 3.

2.2.2.2 On the link between this proposal and other proposals developed as part of the implementation of the CACM Regulation

In order to ensure consistency between the IFD rules 3.0 and the other methodologies developed within the framework of the implementation of the CACM Regulation, the concerned regulatory authorities requested the TSOs to include references to:

- the proposal on the intraday cross zonal gate opening and closure times, pursuant to Article 59 of the CACM Regulation;
- the proposal on capacity pricing in the intraday timeframe, pursuant to Article 55 of the CACM Regulation.

BNetzA and CRE acknowledge that the new version of the IFD rules 3.0, submitted for approval, meets this demand.

2.2.2.3 On the proposal implementation timeline

The concerned regulatory authorities asked the TSOs to introduce elements relating to the timeline for implementation of the proposal. The version 3.0 of the IFD rules includes these elements.

2.2.3 Joint position of CRE and BNetzA

CRE and BNetzA consulted and closely coordinated with each other to reach an agreement concerning the proposal on the French-German interconnection intraday capacity explicit allocation rules (IFD rules 3.0).

On 28 May 2018, CRE and BNetzA both considered that the proposal on IFD rules 3.0 met the requirements of the CACM Regulation. The terms of this agreement are annexed to the present deliberation which takes up the main elements.

2.3 Import/export rules

2.3.1 RTE's proposal

The nomination principles are described for all the French borders in the Rules governing Access to the French Public Transmission Network for Imports and Exports (Import/Export rules).

With a view to the launch of the XBID platform, RTE adapted the Import/Export rules for the France-Germany, France-Spain and France-Belgium borders.

RTE proposes to retain the same nomination principles for the borders with Germany and Belgium, where there is already an implicit allocation in the intraday timeframe. The nomination principles at the border with Spain are adapted: for the implicit allocation, RTE will register directly the nomination of the shipping agents according to the results of this allocation.

2.3.2 CRE's position

CRE considers that the amendments made to the Import/Export rules are justified in view of the changes induced by the launch of the XBID platform.

CRE'S DECISION

Pursuant to the provisions of Article 37(6) of Directive 2009/72/EC, the regulatory authorities fix or approve the methodologies used to establish access to cross-border infrastructures, including the procedures for the allocation of capacity and congestion management. Pursuant to Article 30 of the public electricity transmission network's concession type specification approved by the Decree No 2006-1731 of 23 December 2006, CRE approves the rules for calculating and allocating interconnection capacity.

Pursuant to the provisions of Article 9(7) of the CACM Regulation, the concerned regulatory authorities are competent to approve, in a coordinated manner, the provisions relating to explicit capacity allocation in the intraday timeframe in addition to the implicit allocation, as long as non-standard intraday products are not offered on the single intraday coupling platform.

In the case in point, CRE approves the changes to the principles of capacity allocation in the intraday timeframe, which were submitted by RTE on 13 April 2018 and which consist of:

- an abrogation of the IFB rules version 4.0 at the border with Belgium as of the launch of the XBID platform;
- an abrogation of the IFE rules version 4.1 at the border with Spain at the end of the period of two months following the launch of the XBID platform, during which these rules will be applicable only as rollback allocation methods in the event of a major malfunctioning of the single coupling platform in the intraday timeframe;
- a change to the IFD rules (version 3.0) at the border with Germany;
- a change to the rules of Access to the French Public Transmission Network for Imports and Exports (version 3.8).

These rules enter into effect, as the case may be, subject to their approval by the other concerned regulatory authorities.

Pursuant to the provisions of Article 9(14) of the CACM Regulation, RTE will publish this methodology on its website.

The present deliberation is published on the CRE's website and forwarded to the Minister of State, Minister for the Ecological and Inclusive Transition.

This deliberation is notified to RTE. It is forwarded to EPEX Spot and Nord Pool as well as to ACER and to the concerned regulators.

Deliberated in Paris, 31 May 2018.

For the Energy Regulatory Commission,

A Commissioner,

Christine CHAUVET

ANNEX

The joint agreement of the regulators approving the proposal on intraday capacity explicit allocation rules at the border with Germany (IFD rules 3.0) is annexed to the deliberation.