



## **Capacity Allocation Rules for the France-Spain Interconnection (IFE Rules)**

**Version 3.0**

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Version	Date of application	Comments and main evolutions
1.0	1 <sup>st</sup> June 2006	Launching of coordinated mechanism of capacity allocation in France – Spain Interconnection
2.0	1 <sup>st</sup> July 2007	<p>New Section VI: Secondary PTR Markets</p> <p>New Article 9.08 “Force Majeure” in Section IX “General Provisions”</p> <p>Article 7.05:</p> <ul style="list-style-type: none"> <li>– new deadline for Daily PTRs Nomination at 15:00</li> <li>– possibility of using annual &amp; monthly PTRs for day ahead market transactions and bilateral trade in the Spanish System</li> </ul> <p>New definition of “Nomination Agent”</p>
3.0	1 <sup>st</sup> May 2009	<p>The new version of the rules modifies:</p> <ul style="list-style-type: none"> <li>- article 2.01 a): new definition of force majeure and Reduction Coefficient.</li> <li>- article 2.03: introduction of non continuous products for long term auctions.</li> <li>- article 2.06: Firmness of PTR: new wording of the article and explanation of application of Reduction Coefficient.</li> <li>- article 2.08: new information for publication: <ul style="list-style-type: none"> <li>▪ Guidelines to the sharing of capacity allocation between different timeframes.</li> <li>▪ Non binding NTC values for each timeframe.</li> <li>▪ Bid-ask curves for each Auction.</li> </ul> </li> <li>- article 3.02 a): <ul style="list-style-type: none"> <li>▪ Correction of senses in which apply each guarantee.</li> <li>▪ Clarifications on suspension in case of expiry of the Bank Guarantee</li> </ul> </li> <li>- article 3.02 b): <ul style="list-style-type: none"> <li>▪ Clarification of the amount of each Bank Guarantee calculated by TSOs.</li> <li>▪ Conditions to update the</li> </ul> </li> </ul>

		<p>amount of the Bank Guarantee</p> <ul style="list-style-type: none"> <li>- article 3.05: integration of new conditions to suspend the entitlement of a Participant or withdraw its entitlement</li> <li>- article 6.01 c): content of transfer notification and conditions for cancellation of Capacity Transfer</li> <li>- article 6.02 <ul style="list-style-type: none"> <li>a)conditions for a resale of Annual PTR through a Monthly auction.</li> <li>b)conditions for an automatic resale through a Daily auction.</li> <li>c)content of resale notification through a monthly auction</li> </ul> </li> <li>- article 6.03 : details information on the secondary PTR market downgraded mode</li> <li>- article 6.04 : change of the compensation scheme for Daily PTR resale.</li> <li>- article 7.04: suppression of publication of Programming Authorization for Daily and Intraday capacities.</li> <li>- article 7.05 <ul style="list-style-type: none"> <li>a)text modifications.</li> <li>b)Use it or Lose it only for daily and intraday nominations</li> <li>c)Application of Netting</li> </ul> </li> <li>- article 8.01: new valuation of automatic resale through daily auctions, resale through monthly auctions and compensations.</li> <li>- article 8.03: possibility to suspend a Market Participant in case of Late Payment</li> <li>- article 9.02: Liability, new wording of this article.</li> <li>- appendix 1: formal changes.</li> <li>- appendix 2: formal changes and provisions for Spanish Bank Guarantee.</li> <li>- appendix 3: formal changes.</li> <li>- appendix 9: suppression of sense differentiation for Nomination Agent Designation.</li> <li>- New appendices: <ul style="list-style-type: none"> <li>12. Transfer notification in downgraded mode.</li> <li>13. Resale notification in downgraded mode.</li> </ul> </li> </ul>
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		<p>14. Cancellation of Transfer in downgraded mode.</p> <p>15. Bank Guarantee Model to be provided to the French TSO (previously included in the Access Rules for Imports and Exports on the French Public Power Transmission System) and provisions for French Bank Guarantee.</p>
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## **Section I. Introduction**

### **Article 1.01 Value of introduction**

The present introduction forms an integral part of the IFE Rules.

### **Article 1.02 General context**

In accordance with Regulation (EC) n° 1228/2003 of the European Parliament and of the Council, which is dated 26 June 2003 and concerns the conditions for access to the network for cross-border exchanges in electricity, the public position of CRE and CNE and the Spanish Ministerial Order ITC/4112/2005, these IFE Rules set out the terms and conditions governing the Allocation via Auctions of Available Capacity in both directions on the France-Spain Interconnection. This Auction Allocation mechanism is not motivated by commercial interests, but is intended to provide a means of managing congestion based on market mechanisms.

Available Capacity is Auctioned jointly by the electricity Transmission System Operators (TSOs) in France and Spain, respectively RTE-EDF Transport SA (RTE) and Red Eléctrica de España SA (REE). Capacity is auctioned at different time horizons in the form of Physical Transmission Rights or PTRs for electrical cross-border exchanges. The Participant who holds a PTR is responsible for transmitting the electrical energy.

### **Article 1.03 The IFE Rules**

The IFE Rules notably describe the different types of Auctions, the conditions for participating in Auctions, the Auction procedures, and the attribution and use of Physical Transmission Rights (PTR).

The IFE Rules apply to all PTRs covering periods after the 1<sup>st</sup> of July 2007. The IFE Rules cancel and replace all previous mechanisms used to allocate Capacity, in both directions, on the France-Spain Interconnection.

The IFE Rules may be amended jointly by the TSOs according to Article 9.09.

Within the scope of the Rules, all the arrangements set out in every article fully bind the Parties.

These IFE Rules shall, as the case may be, prevail on the French I/E Rules.

### **Article 1.04 Auctions**

Auctions concern only Available Capacity. They are explicit blind Auctions, comprising a single round. Auction payment is made according to a Marginal Price.

A Bid that is selected following an Auction is binding upon both the TSOs and the Participant: the TSOs are required to provide the Participant with the Capacity corresponding to the Bid and the Participant is required to pay the amount resulting from the Auction.

The Participant thus acquires Physical Transmission Rights (PTRs) under the conditions set out in the present IFE Rules, which constitute a necessary step in order to have access to the IFE and that he must exercise with the TSOs according to the Nomination procedures set down in the French I/E Rules and the Spanish Operating Procedures.

### **Article 1.05 Recovery of Auction payments**

The importance of interconnections to the opening of the European electricity market requires strict rules, and in particular the establishment of financial security measures to cover the eventuality of any Participant defaulting on payment.

Both TSOs are in charge of recovering the Auction payments.

The Participant is only officially discharged from his obligations once he has accomplished his payment duties with the TSOs.

No compensation may be made between the amounts owing by/to the Transmission System Operators.

## **Article 1.06 Interim nature of certain provisions of the IFE Rules**

Several of the provisions contained in the present IFE Rules are interim in nature. These provisions will be improved or replaced by definitive provisions according to the roadmap set up by CRE and CNE in January 2005, and endorsed by the publication of the Spanish Ministerial Order ITC/4112/2005. This particularly concerns the introduction of a "Market Coupling" mechanism at the day-ahead timeframe in replacement of the explicit Daily Auctions.

In addition to the aforementioned points, the following improvements of the IFE Rules are under study, following the Participants' feedback and the works carried out under the South-West Europe Regional Initiative:

- the consideration of additional Auctions in other different timeframes such as quarterly Auctions;
- the creation of a common Auction Office or Interface for the allocation of capacities on the South-West Region, instead of the current system whereby both REE and RTE act as Auction Administrator;
- simplification of Nomination processes and the current bank guarantees system;
- evolution of the capacity allocation mechanism at the intraday stages (evolving towards a continuous platform).

## **Section II. General points**

### **Article 2.01 Definitions and interpretation**

#### **(a) Definitions**

The terms used in the IFE Rules and its Appendices, and which begin with a capital letter, have the meanings attributed to them below:

<b>Allocated Capacity Profile:</b>	The Capacity acquired by each Participant at Annual, Monthly, Daily and/or Intra-Day Auctions, the Marginal Price, the PTR and the valuation of each Block at the Auction.
<b>Allocation or Allocate:</b>	The process by which the Auction Administrator attributes Capacity to the Participant in response to a Bid Notified by the Participant. There are several Allocations for different timeframes.
<b>Annual Auction:</b>	The Auctioning by the Auction Administrator of Capacity over a Period from the first Day of the year to the last Day.
<b>Annual Product:</b>	The Block sold for the Period 00:00:00 to 24:00:00 from the first Day to the last Day of a year.
<b>Appendix:</b>	An appendix to the IFE Rules.
<b>Article:</b>	An article of the IFE Rules.
<b>Auction Administrator:</b>	Both TSOs jointly operating the Auctions or a common auction platform designated for doing these functions.
<b>Auction Specifications:</b>	The specific characteristics of an Auction, including notably the Product made available for Auction, the Day of the Auction, the Auction session opening and closing times, the conditions that Bids must meet in order to be accepted, the conditions for

Notifying the results of the Auction and the claim limit, after which no dispute or claim is admissible.

<b>Auction Tool:</b>	The computer system used to receive the Bids, process them and return the Results and to publish relevant information on the Auctions as per Article 2.08. A description of the Auction Tool is given in APPENDIX 6.
<b>Auction:</b>	The mechanism used to Allocate Capacity based on market mechanisms via Annual Auctions, Monthly Auctions, Daily Auctions and/or Intra-Day Auctions.
<b>Available Capacity:</b>	The Capacity made available by the Auction Administrator for a specific Auction and which is guaranteed by both TSOs under the terms of the IFE Rules.
<b>Bank Guarantee:</b>	The bank guarantee upon first request, issued by a credit institution, and required from any Participant wishing to participate in Auctions. The bank guarantees must be established in accordance with Article 3.02 and the forms in APPENDIX 2 and APPENDIX 15.
<b>Beneficiary:</b>	A Participant that acquires a PTR as a result of a PTR Transfer.
<b>Bid Price:</b>	The financial part of the Bid made by the Participant, expressed in Euros/MWh.
<b>Bid Submitter:</b>	A person designated by the Participant to submit Bid files on behalf of a Participant.
<b>Bid:</b>	A Capacity in whole Megawatts and a price in Euros/MWh, offered by a Participant for a Block.
<b>Block:</b>	A quantity of whole Megawatts made available for an Auction over a range of Hourly Periods and/or a range of Days.
<b>Capacity:</b>	A value, expressed in whole Megawatts, of potential transmission of electrical energy over the France-Spain Interconnection, either from France to Spain, or from Spain to France.
<b>Comisión Nacional de Energía or CNE:</b>	Spanish National Commission for the Energy whose composition and functions are determined by Chapter 6, 7 and 8 of the Law 54/1997 of 27 November 1997 concerning the organisation of the Spanish electricity market.
<b>Commission de Régulation de l'Energie or CRE :</b>	French regulatory authority, whose composition and powers are determined by Section VI (articles 28 to 43) of French law n°2000-108 dated 10 February 2000, as amended.
<b>Daily Auction:</b>	The Auctioning by the Auction Administrator of Capacity per

Hourly Period for the next Day.

<b>Daily Product:</b>	A set of twenty-four (24) Hourly Blocks offered for the next Day. Twenty-three (23) or Twenty-five (25) Hourly Blocks the Days upon which the legal time changes (daylight saving time).
<b>Day or D:</b>	A calendar day of a period of 24 Hours, beginning at 00:00:00 and ending at 24:00:00. The Days upon which the legal time changes (daylight saving time) will be composed of either 23 or 25 Hour Periods.
<b>Downgraded Mode:</b>	The process implemented if the Auction Administrator's Information Systems are unable to fulfil their functions correctly, particularly in the event that the Auction Tool is interrupted or becomes unavailable for any reason.
<b>Entitlement or Entitled:</b>	The right to participate in Auctions under the terms of Article 3.04.
<b>Exchange Program:</b>	An exchange energy program established by a Nomination Agent in accordance with the Programming Authorisation that specifies the Hourly energy value, expressed in whole MW per Hourly Period, exchanged over the France-Spain interconnection in the direction France-Spain or Spain-France.
<b>Force Majeure:</b>	Force Majeure means any not foreseeable event or situation beyond the reasonable control of the TSO and not due to a fault of such TSO which cannot reasonably be avoided or overcome, and which makes it impossible for one or both TSOs to fulfil, temporarily or definitively, its or their obligations hereunder in accordance with the terms of these IFE rules.
<b>France – Spain Interconnection:</b>	A set of power lines interconnecting the French and Spanish transmission systems.
<b>Functional Acknowledgement of Receipt:</b>	An electronic message sent through the Auction Tool to indicate that the Bid has been correctly received.
<b>Hour or H:</b>	A Period of 60 minutes.
<b>Hourly Block:</b>	A quantity of whole Megawatts over a given Hourly Period.
<b>Hourly Period:</b>	A Period of one Hour, the first of each Day beginning at 00:00:00.
<b>I/E Rules:</b>	The Access Rules for Imports and Exports on the French Public Power Transmission System, as they appear on the RTE Website.
<b>IFE Statement of Acceptance:</b>	The declaration by which Participant undertakes to observe the IFE Rules as they are published at the TSOs websites. The standard declaration form can be found in APPENDIX 1.

<b>IFE Rules:</b>	The present Capacity Allocation rules for the France-Spain Interconnection.
<b>Information Systems or IS:</b>	The TSOs' computer environment, which can be accessed by the Participant.
<b>Insolvency Situation:</b>	Refers to the legal situation whereby the Participant is subject to collective proceedings, such as compulsory liquidation, receivership or a winding up order, or any other similar situation.
<b>Intraday Auction:</b>	The Auctioning by the Auction Administrator after day-ahead market of Capacity per Hourly Period for a Day or a part of the Day.
<b>IS Rules:</b>	The rules on access to the Information Systems and use of the applications of the TSOs, including their appendices and definitions as published on the TSOs' Websites.
<b>Marginal Price:</b>	The lowest Bid price selected for a Block at an Auction.
<b>Megawatt or MW:</b>	The unit of electrical power expressed in megawatts.
<b>Ministerial Order:</b>	Spanish Ministerial Order ITC/4112/2005 which sets out, among other things, the procedure for congestion management on the Spanish-French interconnection.
<b>Ministerio de Industria, Turismo y Comercio or MITYC:</b>	Spanish regulatory authority with powers in the regulation of energy matters.
<b>Monthly Auction:</b>	The Auctioning by the Auction Administrator of Capacity over a Period from the first Day of the month to the last Day.
<b>Monthly Product:</b>	The Block sold for the Period 00:00:00 to 24:00:00 from the first Day to the last Day of a month.
<b>Nomination Agent:</b>	A legal entity authorised to Nominate an Exchange Program to at least one of the two TSOs, under Programming Authorisation acquired by the Participant following an Auction or through transfer or resale from other Participant. The Nomination Agent may be the Participant or other legal entity complying with the Spanish and French normative for making imports and/or exports operations in their systems.
<b>Nomination or Nominate:</b>	Where a Nomination Agent, who has received a mandate from the Participant, Notifies the corresponding Transmission System Operator of his Exchange Program(s) or, when applicable, the use of its PTRs, as the only possible way to access the IFE.
<b>Notification or Notify:</b>	The transmission of information between the Participant and the TSOs or the Auction Administrator under the conditions set out

in Article 9.01.

<b>Operating Procedure:</b>	Official document approved by the MITYC, which sets out the coordinated explicit auction system on the Spanish-French interconnection.
<b>Participant:</b>	A legal entity which is Entitled and has signed the IFE Statement of Acceptance.
<b>Participation Agreement in the I/E Rules:</b>	The agreement between RTE and a Participant, by which the Participant undertakes to observe the I/E Rules, as they appear on the RTE Website.
<b>Party or Parties:</b>	Refers to the Auction Administrator and/or a Participant.
<b>Period:</b>	A given length of time, expressed as a Time Interval according with ISO 8601.
<b>Physical Transmission Right (PTR):</b>	Right to use Capacity for electricity transfers expressed in MW.
<b>Power System or Network:</b>	The system made up of electrical networks, generating facilities connected to the said networks and which inject electrical energy, and consumption sites connected to the networks and which withdraw electrical energy.
<b>Product:</b>	A Block or set of Blocks sold at Auction.
<b>Programming Authorisation:</b>	The PTR acquired for each Hourly Period of a given Day at Annual Auctions, Monthly Auctions, Daily Auctions and/or, Intraday Auctions taking into account, as per the IFE Rules, any Capacity Reductions made to Allocated Capacity Profiles.
<b>PTR holder:</b>	The Participant, which has obtained a PTR in the Auction or via Secondary PTR Markets.
<b>PTR Transfer:</b>	The mechanism defined in Article 6.01 by which a PTR holder may transfer a PTR to Participant.
<b>Reduction or Reduce:</b>	The reduction in Allocated Capacities or Exchange Programs as referred to in Article 2.06.
<b>Reduction Coefficient:</b>	A value less than 1 that is used to calculate the updated PTRs authorized at Programming Authorization.
<b>Resale Notification:</b>	The mechanism defined in Article 6.02 and information transmission process between a PTR holder and the SMO.
<b>Reseller:</b>	A PTR holder that offers PTR to be sold through Monthly or Daily Auction in respect of a Resale Notification.

<b>Result:</b>	The Capacity selected per Block put up for Auction and the Marginal Price of each Block.
<b>Safety of the Power System or Safety:</b>	The extent to which the Power System can be operated normally, limiting the number of incidents, avoiding major incidents and limiting their consequences where they do occur.
<b>Secondary Markets Operator (SMO):</b>	The legal entity, which operates the Secondary PTR Markets. It receives the Transfer and/or Resale Notifications, transmits them to the Auction Administrator and confirms the status of the Notifications to the Participants involved, acting for these functions with the role of Transmission Capacity Allocator defined in the European Harmonised Electricity Market Role Model.
<b>Secondary PTR Markets:</b>	The mechanisms that permit transfer and resale by a PTR holder of the PTRs acquired in Annual and Monthly Auctions, or in Secondary PTR Markets.
<b>Transfer Notification:</b>	The mechanism and information transmission process between a PTR holder and the SMO defined in Article 6.01.
<b>Transferor:</b>	PTR holder that effectuates a PTR Transfer.
<b>Transmission System Operator(s) or TSO(s):</b>	REE and/or RTE.
<b>Websites or Internet Site:</b>	The Internet site whose address is <a href="https://sujetos.esios.ree.es">https://sujetos.esios.ree.es</a> , <a href="http://www.esios.ree.es">www.esios.ree.es</a> or <a href="http://www.rte-france.com">www.rte-france.com</a> .
<b>Weekdays</b>	Days from Monday to Friday, both inclusive.
<b>Working days</b>	From Monday to Friday excluding the public holidays in France and/or Spain

## **(b) Interpretation**

The sections and headings of the present IFE Rules are given for clearer reference only, and in no way express the intentions of the Parties. They shall not be taken into account when interpreting the stipulations contained in the present IFE Rules.

If any provision of the present IFE Rules is deemed invalid for any reason, it shall not affect the validity of the other provisions of the IFE Rules.

## **Article 2.02 Organisation of Auctions by the TSOs**

Auctions are organised jointly by the Auction Administrator in both directions on the France-Spain Interconnection.

The Auction Administrator prepares and conducts the Auctions and provides all information needed by the Participants.

However, a change in the organisation of the Auctions by the Auction Administrator does not affect rights and obligations resulting from an Auction that has already taken place.

## **Article 2.03 Annual, Monthly, Daily and Intra-Day Auctions**

Separate Auctions are implemented in the direction from France to Spain and the direction from Spain to France.

In general, the following Products are offered:

- Annual Product, that can:
  - a. either be a continuous Annual Product for the Allocation of PTR from the first Day to the last Day of each Year;
  - b. or a non-continuous Product, for the Allocation of PTR from the first Day to the last Day of each Year, provided TSOs are able to specify in the relevant Auction Specification, which days and periods exactly the interconnection will not be available or the capacity will be reduced;
- Monthly Product, that can:
  - a. either be a continuous Monthly Product for the Allocation of PTR from the first Day to the last Day of each Month;
  - b. or a non-continuous Monthly product, from the first Day to the last Day of each Month, provided TSOs are able to specify in the relevant Auction Specification, which days and periods exactly the interconnection will not be available or the capacity will be reduced;
- Daily Product for the Allocation of PTR over each Hourly Period of the next Day;
- Two Intra Day Products for the Allocation of PTR over pre-defined Hourly Periods of a Day.

TSOs may offer continuous products even in case of forecasting of climatic extreme conditions (heat or cold wave), but these products will have a higher risk to be reduced (with the financial compensations established in Article 8.01(d)).

## **Article 2.04 Capacities Available for Auctions**

The Capacities put up for Auctions are determined by the Auction Administrator.

The PTR Allocated at Annual and Monthly Auctions and which are unused by the Participants, are re-Allocated at Daily Auctions in accordance with Article 6.02(b)

The PTR Allocated at Daily Auctions and which are unused by the Participants, are re-Allocated at Intra-Day Auctions in accordance with Article 7.05(b).

Participants are directly informed through the Auction Tool of the Available PTR for each Auction. This information is also published on the TSOs' Websites.

For information, the TSOs will also publish joint, long-term forecasts of Available PTR on their respective Websites.

## **Article 2.05 Base on which Capacities are put up for Auction**

Capacities are put up for Auction in units of one (1) MW with a minimum of one (1) unit.

Annual and Monthly Capacities are put up for Auction for the entire Year and Month respectively, unless otherwise expressed in the Auction Specifications due to network elements and/or generation units unavailabilities or other limitations affecting the NTC.

Daily Capacities and Intra-day Capacities are put up for Auction per Hourly Period.

## **Article 2.06 Firmness of PTR**

### **(a) Annual and Monthly PTR**

For reasons linked to the Safety of the Power System, the TSOs may have to reduce the PTR Allocated at Annual or Monthly Auctions, before the Programming Authorisations are sent.

Once the programming authorizations are sent, the PTR allocated at Annual and Monthly Auctions can not be reduced by the TSOs, except Force Majeure.

In case of reduction, the TSOs Notify the Participant in due time of the Reduction Coefficient that will be applied. The TSOs will also provide the Participant with the Programming Authorisations already taking into account the Capacity reduction, as specified in Article 7.04.

The Participant's PTR are reduced by the Auction Administrator based on Reduction Coefficient. This Reduction Coefficient applies separately to Annual and Monthly PTR, whose Programming Authorisations have not been previously sent.

The TSOs will never reduce Annual or Monthly PTR for the sole purpose of allocating a minimum amount of PTR in Daily or Intraday Auctions.

The financial conditions of these Reductions are specified in Article 8.01(d).

### **(b) Daily and Intraday PTR**

PTR allocated at Daily and Intraday Auctions are firm and cannot be reduced by the TSOs, except Force Majeure.

## **Article 2.07 Firmness of Exchange Programs**

After each Nomination, once the matching of nominations is made, the resulting accepted Exchange Programs are firm, except in cases of Force Majeure. Both TSOs will apply the necessary countermeasures in order to guarantee the Exchange Programs avoiding any reduction on them, on condition that the Safety is always assured.

In case of Force Majeure, the TSOs will proportionally Reduce the Exchange Programs regardless of the horizon in which the PTR has been obtained.

## **Article 2.08 Publications concerning Auctions**

The TSOs publish the following information on their Websites or via the Auction Tool:

- The present IFE Rules and their Appendices, along with any amendment where applicable;
- The details of the implementation of Auctions;
- The names, fax numbers and e-mail addresses of persons to be contacted at the TSOs;
- The forms to be sent by Participants;
- The calendar of Annual and Monthly Auctions;
- The Auction Specifications and notably the Available Capacity for each Auction;
- The data resulting from Auctions, keeping an online archive of past auctions for the three last years;
- The number of Participants having obtained Capacity and the total number of Participants having taken part in the Auction;
- A list of all IFE Rules signatories;
- The guidelines to the sharing of capacity allocation among the different timeframes;
- Calculated non binding NTC values for Annual and Monthly timeframes;
- Bid-ask curves for each Auction.
- Any other useful information.

## **Article 2.09 Currency**

Bank Guarantees, prices, payment conditions, Auction-related payments and all financial information are expressed in Euros (€).

# **Section III. Participant conditions**

## **Article 3.01 Registration requirements**

In order to qualify for participation in Auctions, the Participant must comply with all requirements set forth in these Rules. The Participant must complete and sign the IFE Statement of Acceptance, which

is published on the Websites of both TSOs and attached to these Rules as APPENDIX 1. The IFE Statement of Acceptance shall be signed by authorized representatives of the Participant and sent to one of the TSOs duly completed and signed (three original copies are required). The Participant wishing to adhere to the IFE Rules may not hold more than one Statement of Acceptance. A Participant who has been declared bankrupt or insolvent or granted suspension of payment, or against whom a petition for bankruptcy, insolvency or suspension of payment has been filed, does not qualify for participation in Auctions.

The IFE Statement of Acceptance will indicate the direction of the interconnection in which the participant is authorized and the maximum amount of Capacity that the Participant can acquire in the auctions according, when applies, to the authorization of the regulatory authorities for the use of the Spanish-French interconnection.

By signing an IFE Statement of Acceptance the Participant undertakes to comply with all the provisions contained in the IFE Rules.

The Participant notably undertakes to keep up to date the information contained in his IFE Statement of Acceptance and Notify to one of the TSOs of any changes in this information seven calendar days before they take effect.

## **Article 3.02 Bank Guarantee**

### **(a) Compulsory nature of the Bank Guarantee**

Any party seeking Entitlement to participate in Auctions must first provide Bank Guarantees in accordance with Article 3.04.

In order to participate in the Auction two Bank Guarantees must be provided:

- A Bank Guarantee has to be provided to the Spanish TSO covering all outstanding debts resulting from all Auctions of PTRs for exports from Spain to France and Intraday Auctions of PTRs for exports from France to Spain,
- Another one has to be provided to the French TSO covering all outstanding debts resulting from all Auctions of PTRs for exports from France to Spain, excluding the Intraday Auctions.

When the IFE Statement of Acceptance (APPENDIX 1) is sent to the TSOs, the Participant provides each of the TSOs with the Bank Guarantee respectively based on the models shown in APPENDIX 2 and APPENDIX 15, and in accordance with conditions described in these appendices.

The Bank Guarantee is accepted once the TSOs have Notified both the Participant and the credit institution that issued it of their agreement with the terms of the said Bank Guarantee.

The TSOs shall suspend the entitlement of a Participant during the ninety (90) Days preceding the expiry of its Bank Guarantee unless the Participant has provided a new Bank Guarantee with a longer validity period, which has been accepted by the TSOs.

### **(b) Amount of the Bank Guarantee**

In any case, the minimum amount of the Bank Guarantees is one hundred thousand Euros (€ 100,000).

Each TSO calculates the amount owed by the Participant on the basis of sum of the unpaid invoices in addition to the amount to be invoiced for the current month. If this amount owed is higher than the current Bank Guarantee amount, the corresponding TSO is entitled to notify the Participant to provide, within 8 working days, a new Bank Guarantee which amount will be equal to the amount calculated as described above.

If one TSO is forced to invoke the Bank Guarantee or if two late payments (as defined in Article 8.03) are observed in the last twelve (12) months, the corresponding TSO is entitled to notify the Participant to provide, within 8 working days, a new Bank Guarantee which amount will be equal to whichever of the following three values is highest:

- Total of all invoices issued under the present agreement which have not been paid by the User, where this absence of payment can be observed the day after the Day on which REE or RTE invokes the Bank Guarantee or observes the second late payment;

- One hundred thousand Euros (€ 100,000) \* (1+ NPI), where NPI is the "Number of Payment Incidents", i.e. the number of months out of the last twelve sliding months, including the current month, when payment incidents have been observed on the part of the Participant;
- The highest Bank Guarantee amount actually required from this Participant during the previous six months, excluding the current month.

To revise the amount of his Bank Guarantee, the Participant must provide the corresponding TSO with a new Bank Guarantee.

This revision request is accepted once the TSO has Notified the credit institution and the Participant that it agrees with the new terms of the Bank Guarantee.

The TSOs shall suspend the Participant if the amount of either Bank Guarantee is less than one hundred thousand Euros (€ 100,000), or less than the last minimum Bank Guarantee amount required from the Participant in accordance with the present Article.

### **(c) Invoking the Bank Guarantee**

The Participant will see his Entitlement suspended in accordance with Article 3.05(a), with effect from the Day on which one TSO invokes the Bank Guarantee.

## **Article 3.03 Prerequisites for Network access**

In order to be Entitled, the Participant must also comply with the terms of:

- Signing a Participation Agreement in the I/E Rules with RTE, needed to conduct imports or exports to or from the French Power System;
- Complying with the Spanish normative regarding imports and/or exports operations in the Spanish system.

In the event of a possible inconsistency between the IFE Rules and the above mentioned I/E Rules and/or normative, for matters relating to the Network access on the France-Spain Interconnection, both TSOs will propose a modification of the IFE Rules in order to comply with potential future changes in their national legislation.

## **Article 3.04 Entitlement**

In order to be Entitled to participate in Auctions, the Participant must:

- Meet the conditions set out in Article 3.01, Article 3.02 and Article 3.03;
- Declare any Bid Submitters to the Auction Administrator, in accordance with the form supplied in APPENDIX 3;
- Request access to the Auction Tool;
- Follow a course of training in the use of the Auction Tool with the Auction Administrator. The training is provided by the Auction Administrator after the Participant has submitted a signed copy of the IFE Statement of Acceptance;
- Conduct tests on the Information System with the Auction Administrator.

Entitlement is effective on the date indicated in the IFE Statement of Acceptance countersigned by the TSOs provided all the above requirements have been subsequently complied with.

Entitlement is granted for an indeterminate period and may only be suspended or withdrawn in the conditions set out in Article 3.05.

## **Article 3.05 Suspension and withdrawal of Entitlement**

### **(a) Suspension of Entitlement by the TSOs**

The Entitlement shall be suspended by the TSOs if at least one of the conditions listed in Article 3.04 is no longer met, subject to the terms of paragraph (b) of the present Article or if the Participant falls under the provisions of Article 8.03 (payment incident) or institute or has instituted against him a proceeding seeking a judgement of insolvency or any other relief under insolvency law.

If the TSOs suspend an Entitlement, the Participant shall no longer take part in Auctions and PTR that remains unused shall no longer be Nominated by the corresponding Nomination Agent. The TSOs will offer the PTR freed up as a result on a Day by Day basis at Daily Auctions.

Suspension of Entitlement takes effect on the date indicated in the communication Notifying suspension of Entitlement.

The Participant shall be Entitled once more the Day after the working Day on which the TSOs, before 15:00:

- Observe that the conditions set out in Article 3.04 have once more been met;
- And register full payment of invoices due and which have not yet been paid by the Participant.

When the Entitlement is restored once the Participant has fulfilled the conditions listed in Article 3.04, the PTR Allocated prior to the suspension of Entitlement and which remains unused may once more be Nominated and the Participant shall also be able to take part in Auctions.

### **(b) Withdrawal of Entitlement by the TSOs**

A Participant's Entitlement is withdrawn by the TSOs:

- If the Participant declared bankruptcy or is declared bankrupt by a court ruling;
- If the Participant has not respected one or more of his obligations despite formal Notification from the TSOs made by registered mail with acknowledgment, ordering the Participant to respect his obligations, and if any such demand remains without response for ten (10) calendar Days.

The withdrawal of Entitlement takes effect on the date indicated in the communication Notifying withdrawal of Entitlement.

If the TSOs withdraw an Entitlement, the said Participant may no longer take part in Auctions and PTR that remains unused may no longer be Nominated by the corresponding Nomination Agent.

The TSOs shall offer the PTR Allocated freed up as a result at the following Auctions.

The Participant continues to owe any amounts corresponding to the acquisition of PTR lost by him as a result of his Entitlement being withdrawn.

The Participant can not claim any compensation due to the application of the present provision.

If Entitlement is withdrawn the IFE Statement of Acceptance for taking part in the IFE Rules is automatically terminated.

The Participant whose Entitlement has been withdrawn at the initiative of the TSOs may no longer claim status as a Participant at a later date.

### **(c) Withdrawal of Entitlement by the Participant**

The Participant may request the withdrawal of Entitlement at any time, in order to terminate his participation in the IFE Rules.

Any such request must be made by registered mail with acknowledgement in accordance with APPENDIX 8.

The withdrawal of the Entitlement takes effect ten (10) calendar Days after the TSOs receive Notification of the withdrawal by the Participant.

If Participant withdraws his Entitlement, he may no longer take part in Auctions and PTR that remains unused may no longer be Nominated by the Nomination Agent.

The TSOs shall offer the PTR Capacities freed up as a result at the following Auctions.

The Participant continues to owe any amounts corresponding to the acquisition of PTR Capacities lost by him as a result of his Entitlement being withdrawn. He may not claim any compensation due to the application of the present provision.

The Participant may also withdraw his Entitlement by Notifying the TSOs by registered mail with acknowledgement, and with immediate effect upon reception of this Notification, if the TSOs have not respected one or more of his essential obligations despite formal Notification from the Participant, made by registered mail with acknowledgment, ordering the TSOs to respect his obligations, and if any such demand has remained without response for ten (10) calendar Days.

In either of these cases where Entitlement is withdrawn at the Participant's initiative, the IFE Statement of Acceptance is automatically terminated.

The Participant whose Entitlement has been withdrawn at his own initiative and under the terms of the present Article, may once more claim Participant status by following the IFE Rules procedure.

## **Section IV. Auction process**

### **Article 4.01 Auction times and schedules**

#### **(a) Annual Auctions**

The TSOs publish on their Websites, for information, a calendar indicating the date of the Annual Auction session for the France-Spain Interconnection, for the coming year.

The Auction Specifications (including the Available Capacity at Annual Auctions) are Notified on TSOs' Websites, with a minimum prior notice of five working Days before the Annual Auction session.

The Annual Auction takes place in accordance with the date published in the calendar.

Bids must have been Notified to the Auction Administrator within the timetable indicated in the Auction specifications.

Bids submitted by Participants in accordance with Article 4.02 or where applicable with Article 4.03, are taken into account on the Day of the Annual Auction.

Each Participant is informed of the Result of his Bids no later than four (4) Hours after the Annual Auction has closed in accordance with Article 7.01.

Data resulting from the Annual Auction are published on the TSOs' Websites within the timetable indicated in the Auction specifications.

However, the TSOs may announce Auction dates and specifications which deviate from the above on their Websites.

#### **(b) Monthly Auctions**

The TSOs publish on their Websites, for information, a calendar indicating the provisional and non-binding dates of the Monthly Auction sessions for the France-Spain Interconnection, for the coming year.

The Auction Specifications (including the Available Capacity at Monthly Auctions) are Notified on the TSOs' Websites, with a minimum advance of two working Days before the Monthly Auction session.

Bids must have been Notified to the Auction Administrator within the timetable indicated in the Auction Specifications.

Bids submitted by Participants in accordance with Article 4.02 or where applicable with Article 4.03, are taken into account on the Day of the Monthly Auction.

Each Participant is informed of the Result of his Bids no later than two (2) Hours after the Monthly Auction has closed in accordance with Article 7.01.

Data resulting from the Monthly Auction are published on the TSOs' Websites within the timetable indicated in the Auction Specifications

However, the TSOs may announce Auction dates and Auction Specifications which deviate from the above on their Websites.

#### **(c) Daily Auctions**

The Auction Specifications (including the Available Capacity at Daily Auctions) are Notified on the TSOs' Websites, no later than 08:35, the Day before the Day concerned by the Capacity (D-1).

Bids must have been Notified to the Auction Administrator by 09:15 at the latest.

Bids submitted by Participants in accordance with Article 4.02 or where applicable with Article 4.03, are taken into account on the Day of the Daily Auction.

Each Participant is informed of the Result of his Bids no later than 09:30, in accordance with Article 7.02.

Data resulting from the Daily Auction are published on the TSOs' Websites at approximately 09:45.

However, the TSOs may announce Auction Times and Auction Specifications which deviate from the above on their Websites.

#### **(d) First Intra-Day Auctions**

The Auction Specifications (including the Available Capacity at the first Intra-Day Auction) are Notified on the TSOs' Websites, no later than 16:05, the Day before the Day concerned by the Capacity (D-1).

Bids must have been Notified to the Auction Administrator by 16:45 at the latest.

Bids submitted by Participants in accordance with Article 4.02 or where applicable with Article 4.03, are taken into account on the day of the Intra-Day Auctions.

Each Participant is informed of the Result of his Bids no later than 17:00, in accordance with Article 7.02.

Data resulting from the Intra-Day Auctions are published on the TSOs' Websites before 17:10.

However, the TSOs may announce Auction Times and Specifications which deviate from the above on their Websites.

#### **(e) Second Intra-Day Auctions**

The Auction Specifications (including the Available Capacity at the second Intra-Day Auction) are Notified on the TSOs' Websites, no later than 11:05, on the Day concerned by the Capacity.

Bids must have been Notified to the Auction Administrator by 11:45 at the latest.

Bids submitted by Participants in accordance with Article 4.02 or where applicable with Article 4.03, are taken into account on the day of the Intra-Day Auctions.

Each Participant is informed of the Result of his Bids no later than 12:00, in accordance with Article 7.02.

Data resulting from the Intra-Day Auctions are published on the TSOs' Websites before 12:10.

However, the TSOs may announce Auction Times and Specifications which deviate from the above on his Website.

### **Article 4.02 Submitting Bids**

#### **(a) Format of Bids**

A Bid must be submitted in accordance with the contents defined in APPENDIX 7, for Annual, Monthly Daily and Intra-Day Auctions respectively. Bids not submitted in the required format will not be taken into account.

Only an unconditional and irrevocable Bid will be considered as having been validly transmitted to the Auction Administrator.

Bids give rise to Functional Acknowledgement of Receipt. If the Auction Administrator through the Auction Tool does not issue a Functional Acknowledgement of Receipt for a Bid, the Bid in question is deemed not to have been submitted.

#### **(b) The Auction Tool and Bid submitters**

The Auction Tool enables Participants to submit a Bid file, form or message for a given Auction. The Participant accesses the Tool according to the conditions set out in APPENDIX 6.

A Bid may only be submitted for an Auction during the time period in which the Auction session remains open as indicated in the Auction Specifications.

A Participant may appoint at one or more appointed Bid Submitters as his proxy at the auctions, in accordance with APPENDIX 3, it being understood that the Participant may appoint a maximum of 5 such Bid Submitters.

Bids are sent in the Participant's name and not in the name of the Bid Submitter. Several Bids may be submitted in the Participant's name for a single Auction. The last valid Bids submitted in the Participant's name is taken into account in the Auction algorithm.

#### **(c) Limitation**

Participants submit a Bid including a maximum of ten (10) Bids for an Auction.

Bids contain whole MW units, and Bid Prices in Euros per MW\*h expressed to a maximum of 2 decimal places.

### **Article 4.03 Downgraded Mode**

If the Bid submission conditions specified in Article 4.02 cannot be implemented for a given Auction, the Auction Administrator could decide to Notify the Participant, by e-mail and via the Auction Tool or by fax, of the switch to Downgraded Mode. The TSOs will also publish information on their Websites, if they are working.

The Notification of the switch to Downgraded Mode indicates which of the types of Downgraded Mode defined in APPENDIX 4 has been adopted, and if required the new Auction Specifications that apply.

The TSOs may under no circumstances be held responsible if they are unable to contact the Participants via the channels above, or if they are unable to publish an announcement on their Website.

Bids submitted prior to the switch to Downgraded Mode are deemed invalid and must be submitted again according to the conditions stipulated in the event of Downgraded Mode being adopted.

If the conditions stipulated in the event of Downgraded Mode being adopted cannot be implemented in time for a given Auction that Auction is cancelled and Bids already submitted are automatically cancelled.

### **Article 4.04 Auction cancellation**

In the event of unavailability or technical difficulties with the Auction Tool and/or anomalies in the information exchanges, the TSOs may be forced to cancel an Auction:

- During the course of the Auction itself: Bid Submitters and Participants are informed by a message that appears directly on the Auction Tool and also by e-mail or fax;
- After the Auction Results have been sent and until the end of the deadline for contesting results, defined in Article 7.03 Bid Submitters are informed by e-mail. The Results of the Auction are therefore cancelled;
- Daily and Intra-day Auctions may also be cancelled if their results cannot be correctly integrated in the processes of the Spanish Production Markets.

## **Section V. Determining the Auction Results**

Annual, Monthly, Daily and Intraday Auctions are explicit blind Auctions, comprising a single round of bids. Auction payment is made according to a Marginal Price.

The Results of Auctions are determined according to the following principles:

- If the total Capacity for which valid Bids have been submitted is equal to or lower than Available Capacity for the Auction in question, the Marginal Price is nil;
- If the total Capacity for which valid Bids have been submitted exceeds Available Capacity for the Auction in question, the Marginal Price is equal to the lowest Bid Price selected in full or in part;
- The results of Auctions are obtained using the resolution algorithm described below for each Block. This resolution algorithm is the one used by the Auction Tool.
  1. First, for each Auction Block, the Bid Prices are ranked in decreasing order;
  2. Only Bids that comply with the terms of Article 4.02 are taken into account in this ranking;
  3. The highest Bid received for a Capacity requested is selected. The remaining Available Capacity is then allocated to the Participant(s) who has (have) submitted the next highest priced Bids, if the Capacity requested does not exceed the remaining Capacity; this process is then repeated for the rest of the remaining Capacity;
  4. If the Capacity requested under the next highest priced is equal to or greater than the remaining Available Capacity, the Bid is selected either in full, or partially up to the limit of remaining Available Capacity. The price of this Bid constitutes the Marginal Price;
  5. If two or more Participants have submitted valid Bids with the same price, for a total requested Capacity which exceeds remaining Available Capacity, the remaining Available Capacity is allocated in proportion to the Capacity requested in the Bids by these Participants, in units of at least 1 MW. The PTR are rounded down to the nearest Megawatt. The price of these Bids constitutes the Marginal Price.

- The Capacity is deemed to have been Allocated to a Participant from the moment when the Participant is informed of this, unless Auction Cancellation needs to be applied in the terms of Article 4.04;
- The resolution algorithm may lead to the last Bid selected being split or fractioned, so as to ensure that the entire Block Capacity is Allocated in full. This fractioning corresponds to a reduction in the power requested for the range of Hourly Periods or Days of the Block. Consequently, the Participant acknowledges and accepts that his Bid may be split according to the conditions described above.

## **Section VI. Secondary PTR Market**

### **Article 6.01 PTR Transfers**

#### **(a) Characteristics of PTR Transfers**

PTRs allocated through Annual and Monthly Auctions or resulting from a previous PTR Transfer may be transferred by a Transferor to a Beneficiary.

The Transferred PTRs must be indicated without taking account of any programmed curtailment, such as those described in Article 2.06.

The SMO reserve the possibility of applying the conditions defined in Article 2.06 in the event of curtailments.

The minimum volume for a PTR Transfer is 1 MW over 1 Hour.

#### **(b) Financial arrangements**

The Transferor remains responsible of the payment of the Marginal Price of the Auction where the Capacity has been initially acquired for the PTRs Transfers without any additional fee.

In case of curtailment, eventual indemnification according Article 2.06 shall be in favour of the Beneficiary.

#### **(c) Transfer Notification**

Transfer Notification for a PTR must be notified only to SMO.

The Notification of the Transfer must contain:

- a unique Transfer for each given Transfer; and
- the Transferor's EIC Code; and
- the Beneficiary's EIC Code; and
- the identifier of the Auction and the identifier of the Block to which the Capacity to be Transferred has been Allocated; and
- the Period of Transfer – i.e., the dates concerned for the Transfer of Capacity, including start and end-dates; and
- the volume of Transferred Capacity defined in Hourly Periods.

A Transfer Notification file contains only one Transfer Notification relating to a continuous Period of Transfer

A Transfer Notification must only be notified to SMO according to the APPENDIX 10.

Upon receiving a Transfer Notification, the SMO shall verify:

- That the Transferor and the Beneficiary comply with Section III, up to the end of the transfer period;
- That the Transferor is effectively the PTR Holder of the PTR to be transferred as of Transfer Notification;
- That the Transfer Notification deadline as defined in the APPENDIX 10 has not been exceeded.

- That the Transfer Notification and periods involved are not superimposed with other periods of another Transfer Notification which is still in process;
- After receiving the Transfer Notification, the SMO sends:
  - A message to the Transferor and the Beneficiary indicating its acceptance of the Transfer Notification, provided the Transfer Notification meets the above criteria and the checks conducted by the SMO are positive; Or
  - A message to the Transferor only, detailing the reasons for the rejection if the Transfer Notification has been rejected. The Transferor may then send a new file repeating his Transfer Notification, which incorporates the SMO's comments and bears the same Transfer Notification code, and which cancels and replaces the previous file. This new Transfer Notification must not exceed the deadline for Transfer Notification as defined in the APPENDIX 10.

For information, SMO takes approximately one hour to respond to the Transferor and/or Beneficiary following a Notification, except in downgraded mode.

The Capacity obtained via a Transfer may be the subject of other Transfers by the Beneficiary.

A Transferor may ask the SMO for a Capacity Transfer to be cancelled by using the format defined in APPENDIX 14. The cancellation will be accepted provided:

- it does not reduce the balance of the Beneficiary's Capacities to a negative value; and
- it takes place within the Transfer Notification deadlines mentioned above; and
- the SMO has received approval of that cancellation by the Beneficiary, by fax or by an electronic message.

A Transfer accepted by SMO may be cancelled and replaced by a new Transfer:

- The Transferor asks SMO to cancel the Transfer, according to the conditions stipulated above;
- The Transferor then Notifies a new Transfer in accordance with the present Article.
- This Notification is subjected to be checked by SMO.

## **Article 6.02 PTR Resale**

### **(a) Characteristics of PTR Resale through a Monthly Auction**

PTRs allocated through Annual Auctions or resulting from a PTR Transfer may be resold to the TSOs that will sell the resale at Monthly Auctions only in case the conditions stated below are met.

A first condition for PTR allocated through Annual Auctions or resulting from a PTR Transfer to be resold is that they consist of a constant band of capacity (MW) throughout the entire month concerned by the PTR Resale.

Moreover, in case the available capacity to be offered at Monthly Auction is not a continuous band during the whole month, Annual PTR Resale through that Monthly Auction can only be allowed if the Annual PTR for that Month and the capacity to be offered at Monthly Auction are unavailable exactly during the same period of the Month.

The PTR Resale must be indicated without taking account of any programmed curtailment, such as those described in Article 2.06(a).

The SMO reserves the possibility of applying the conditions defined in Article 2.06 in the event of curtailments. In case of curtailments before a Monthly Auction, the accepted PTR Resale Notification is reduced on a pro rata basis.

The minimum volume of PTR Resale through a Monthly Auction is 1 MW over 1 month.

**(b) Characteristics of PTR Automatic Resale through a Daily Auction**

PTRs allocated through Annual and Monthly Auctions or resulting from a PTR transfer, are automatically resold through Daily Auction by hourly Blocks in case they are not nominated in accordance with Article 7.05(a)

The minimum volume for an automatic PTR Resale through a Daily Auction is 1 MW over 1 hour.

**(c) Financial arrangements**

The Reseller remains responsible of the payment of the Marginal Price of the Auction where the Capacity has been initially acquired for the PTR Resale without any additional fee.

The Marginal Price of an Auction with PTR Resale shall be established according to Section V.

As the case may be, the Reseller shall collect the Marginal Price of the Monthly or Daily Auction where the Capacity has been effectively resold.

**(d) Resale Notification through a monthly auction**

Resale Notification for a PTR must be notified only to SMO.

The Notification of a Resale to the SMO must contain:

- a unique Reseller for each given Resale; and
- the Reseller's EIC Code; and
- the identifier of the Auction and the identifier of the Block to which the Capacity for Resale has been Allocated; and
- the Period of Resale – i.e., the dates concerned for the Resale of Capacity, including start and end-dates; and
- the volume of Capacity for Resale: a constant band of Capacity (MW) over the whole month to which the Monthly Auction relates for a Resale at a Monthly Auction.

A Notification file contains a single Resale Notification.

A Resale Notification must only be notified to SMO according to APPENDIX 10. Upon receiving a Resale Notification, the SMO shall verify:

- That the Reseller complies with Section III, up to the end of the resale period;
- That the Reseller is effectively the PTR holder at the time of the Resale Notification;
- That the Resale Notification deadline as defined in the APPENDIX 10 for PTR Resale has not been exceeded;
- That the Resale Notification and periods involved are not superimposed with other periods of another Transfer Notification which is still in process;
- That the Reseller notifies a constant capacity for the whole month concerned by the Monthly Auction.
- After receiving this file, the SMO sends to the Reseller:
  - A message accepting the Resale Notification, provided the Resale Notification meets the above criteria. The SMO will accept temporarily a Resale Notification through a Monthly Auction until the publication of the Specifications of that Monthly Auction. If the Annual PTR for that Month and the capacity to be offered at Monthly Auction are not unavailable exactly during the same period of the Month, the Resale Notification will be finally rejected; or
  - A message to the Reseller, detailing the reasons for the rejection if the Resale Notification has been rejected. The Reseller may then send a new file repeating his Resale Notification, which incorporates the SMO's comments and bears the same Resale Notification code, and which cancels and replaces the previous file. This new Resale Notification must not exceed the deadline for Resale Notification as defined in the APPENDIX 10.

An accepted Resale Notification may be replaced by a new one provided that the new Resale Notification fulfils all the requirements set in this Article.

### **Article 6.03 Secondary PTR Market - downgraded mode**

The Downgraded Mode related to Transfer and Resale Notifications is the use of the fax, as defined in APPENDIX 12, APPENDIX 13.

Date and time mentioned in the fax received by RTE are deemed authentic.

The SMO processes Transfer and Resale Notifications from 09h00 to 12h00 and 14h00 to 17h00 from Monday to Friday Working days.

The SMO answers to Transfer and Resale Notifications 7 Days before the Auction, Calendar days, at 17h00. A resale can be cancelled until 2 days before the Auction in case non continuous product to be sold at the monthly auction (no time matching between the resale and the product).

As a last resort, adoption of downgraded mode in response to unplanned unavailability of the Information system may result in the Secondary PTR Market being suspended.

The suspension shall not give rise to any indemnification.

### **Article 6.04 Cancellation of an Auction**

If an Auction relating to Secondary PTR Market is cancelled:

- For a PTR Resale at a Monthly Auction the Reseller may regain the PTR and thus cancel the PTR Resale. If however, the Monthly Auction is scheduled for a later date then the Resale Notifications are conserved unless otherwise requested by the Reseller.
- For a PTR Automatic Resale at a Daily Auction, the PTR Resale is definitively lost. The Reseller then receives a compensation as established in Article 8.01(c). If the Reseller has initially obtained the PTR through a Transfer, any former Transferors of the PTR relinquish any compensation claims on this PTR

## **Section VII. Rules on the use of Capacity**

### **Article 7.01 Notification of Results and annual and monthly Allocated Capacity Profiles**

After each Auction, each Participant is informed of his Results and Allocated Capacity Profiles by means of electronic messages.

The Auction Administrator Notifies the Results file or message to the Participant in accordance with Article 4.01, specifying the Capacity selected for each Block put up for Auction and the Marginal Price of each Block, according to the format defined in APPENDIX 7.

The TSOs Notify the Allocated Capacity Profile to a Participant who has had at least one Bid selected, within a maximum of two (2) Working days.

If the Information System or the Auction Tool is unavailable, Participants are informed of the Auction Results and Allocated Capacity Profiles via other means of communication.

### **Article 7.02 Notification of daily and intra-day Results**

After each Auction, each Participant is informed of his Results by means of electronic messages.

The Auction Administrator sends the Participant the Results file or message in accordance with Article 4.01, specifying the Capacity selected for each Hourly Block put up for Auction, and the Marginal Price of each Hourly Block, according to the format defined in APPENDIX 7.

### **Article 7.03 Contesting Results**

The Participant may contest the Result according to the conditions and within the deadlines indicated in the Auction Specifications.

The TSOs respond to the Participant within the deadline indicated in the Auction Specifications.

## Article 7.04 Programming Authorisation of Annual and Monthly Capacities

Two Weekdays before the Day concerned by the Capacity, i.e.:

before 16:00 on Thursday for the following Saturday, Sunday and Monday,

before 16:00 on Friday for the following Tuesday,

before 16:00 on Monday for the following Wednesday,

before 16:00 on Tuesday for the following Thursday,

before 16:00 on Wednesday for the following Friday,

the TSOs Notify the Programming Authorisation to the Nomination Agent, corresponding for a given Day, to the PTR acquired for each Hourly Period, at Annual Auctions or Monthly Auctions. The differences between the Programming Authorisation and the Allocated Capacity Profiles sent beforehand in accordance with Article 7.01 are due to the transfers, resales and a possible Reduction in the sense of Article 2.06.

## Article 7.05 Use of Programming Authorisation

### (a) Nomination

In order the Nomination Agent to be able to send Nominations to the TSOs, the Participant must send to the TSOs, together with the IFE Statement of Acceptance, a duly signed copy of the "Nomination Counterparty Designation Form" included in APPENDIX 9. The Participant will ensure that the "Nomination Counterparty" in each system has not been previously designated by another Participant.

In the French system, two Intraday transactions dedicated to the Spanish-French interconnection, from France to Spain and from Spain to France, will be created.

Following Auctions and irrespective of the energy trades in the bilateral and/or organised markets, Nomination Agents must Nominate to TSOs their intended use of the PTRs in accordance with the Nomination rules described in:

- the I/E Rules for Nominations with RTE;
- the Operating Procedures 3.1 and 4.1 for Nominations with REE.

These Nominations must, in particular, comply with the Programming Authorisation referred to in Article 7.04 and constitute the sole way to have access to the IFE.

The common Nominations deadlines and programming horizons for the Exchange Programs are:

PTRs acquired at ... auctions	Deadline for Nomination to the TSOs	Programming Horizon and Exchange Program period
Annual & Monthly	07:45 h day D-1	00:00 – 24:00 h day D
Daily	15:00 h day D-1	00:00 – 24:00 h day D
1 <sup>st</sup> Intra day	23:25 h day D-1	00:00 – 24:00 h day D
	03:25 h day D	04:00 – 24:00 h day D
	06:25 h day D	07:00 – 24:00 h day D
	10:25 h day D	11:00 – 24:00 h day D
2 <sup>nd</sup> Intra day	14:25 h day D	15:00 – 24:00 h day D
	19:25 h day D	20:00 – 24:00 h day D

The Nominations sent to the TSOs as the sole way to access the France-Spain Interconnection are firm and cannot be reviewed. After each Nomination deadline, both TSOs will proceed to the matching of the Nominations received, in accordance with the corresponding Nomination rules in force on each electric system.

In the Spanish system, REE will check at the time of program nomination deadlines established in the OP 3.1, if the Nomination Agent has also the associated energy.

In the French system, after the matching of the Nominations received, the Nominations will become firm Exchange Programs except Force Majeure and, after each of the Nomination deadlines, they will be accordingly included in the settlement of imbalances of RTE's Balance Responsible mechanism.

The Nominations received in each system must in all cases contain strictly the same values and respect the nomination deadlines in both systems.

In cases of frequent mismatches and/or later reduction of exchange firm programs, due to Participant's behaviour, that are repeated and not related to involuntary errors, the TSOs will notify to the Regulatory Commissions (CNE and CRE) this actions. This could lead to trigger the application of the Article 3.05(b) of the Rules.

#### **(b) 'Use it or lose it' for daily and intra-day capacities**

The Participant loses Daily or Intra-Day PTR that has not been Nominated in accordance with paragraph (a), with no financial compensation.

#### **(c) Netting**

Netting of the firm Nominations resulting from every matching process performed by the TSOs will also be applied and considered in the calculation of the Available Capacities for the subsequent explicit Auctions.

### **Article 7.06 Access to the TSOs' Information Systems**

To receive Allocated Capacity Profiles and Programming Authorisations, the Participant accesses the TSOs' Information Systems and use the applications made available to them in accordance with the conditions defined by the TSOs in the IFE Rules.

A list of Information System applications is provided in APPENDIX 5.

The Participant will designate in the IFE Statement of Acceptance, for which the model is supplied in the IFE Rules (APPENDIX 1), all persons authorised to act in his name and on his behalf in each application to which he has access.

## **Section VIII. Financial provisions**

### **Article 8.01 Valuation**

#### **(a) Of PTR**

The valuations of the different elements listed below are free of taxes. They will be increased to include taxes and levies at the official rates in force.

Participants are required to pay the TSOs the valuation amounts of PTR Allocated at Auctions.

The gross pre-tax valuation of a Bid selected at an Auction is equal to the product of:

- The Auction Marginal Price;
- The duration in Hours of the corresponding Block;
- The Capacity obtained as it results from the Auction, i.e. after any fractioning.

#### **(b) Of Automatic Resale through Daily Auctions**

The monthly valuation of all resale through Daily auctions, which affect a Bid selected at a Daily Auction during the course of the month M, is equal to the sum of all hourly amounts obtained in periods included in the resold block, calculated as the product of:

- The resale Auction Marginal Price;
- The Capacity resold as it results from the Auction, i.e. after any fractioning.

### **(c) Of Resale through Monthly Auctions**

The monthly valuation of through Monthly Auctions, which affect a Bid selected at an Auction during the course of the month M, is equal to the product of:

- The resale Auction Marginal Price;
- The duration in Hours of the corresponding resold Block;
- The Capacity resold as it results from the Auction, i.e. after any fractioning.

### **(d) Of Compensations**

The “day-ahead market spread” term used in the next paragraphs is always defined as the importing market hourly price minus exporting market hourly price, being considered the importing and exporting markets the ones that correspond respectively to the destination and the origin of the energy transaction.

#### **• Reductions in PTR**

The monthly valuation of compensations for all PTR Reductions, as defined in Article 2.06, and which affect a Bid selected at an Auction during the course of the Month M, is equal to the sum of all hourly amounts obtained in periods affected by a PTR Reduction in the Month M, calculated as the product of:

- Positive day-ahead market spread in the affected period with a cap in the same direction than the PTR Reduction (If the day-ahead market spread is on the opposite direction from the Reduction, the price taken into account for the compensation will be equal to 0 €/ MWh);
- The energy in MWh in the affected period represented by the Reduction. This energy is equal to the difference between the Capacity initially Allocated minus the PTR after Reduction, as defined in the Programming Authorisation (Article 7.04).

In the event of Force Majeure, the PTRs that might need to be curtailed prior to the sending of the corresponding programming authorization will not be invoiced by the TSOs for the hours of actual curtailment.

#### **• PTR resale in case of cancellation of Daily Auction**

The monthly valuation of compensations due for PTR Automatic Resale in case of daily auction cancellation, as defined in Article 2.06 and which affect a Bid selected at an Auction during the course of the Month M, is equal to the sum of all hourly amounts obtained in periods affected by a daily auction cancellation in the Month M, calculated as the product of:

- The positive day-ahead market spread in the affected period with a cap in the same direction than the PTR Resale (If the day-ahead market spread is on the opposite direction from the reduction, the price taken into account for the compensation will be equal to 0 €/ MWh).
- The energy in MWh in the affected period represented by PTR Resale through Daily Auction which have not been effectively resold as a consequence of the cancellation of Daily Auction.

If due to network security reasons, the NTC has to be reduced at least in an hourly period before the Daily Auction, the Daily ATC in such period can be lower than the respective PTR Automatic Resale through the Daily Auction. In this case, the PTR Automatic Resale affected are reduced in a pro rata basis and the PTR Automatic Resale holders are compensated for the part of the PTR Automatic Resale that are unable to be sold in that Daily Auction according to the compensation scheme established in case of cancellation of Daily Auction.

#### **- Caps for Compensations**

The Caps defined in this chapter apply to both kinds of Compensations: Reductions in PTR and PTR Automatic Resale in case of cancellation of Daily Auction

The first Cap applies to the day-ahead market spread and is different for each sense:

- 70 € / MWh for PTR from Spain to France (the value to be taken as a reference in the compensation scheme can not be greater than this given value)
- 24 € / MWh for PTR from France to Spain (the value to be taken as a reference in the compensation scheme can not be greater than this given value).

The second Cap applies to the total monthly amount of Compensations. This Cap is defined for each month as the sum of:

- The Monthly Auction revenues in both directions raised in this particular Month;
- The part of the Annual Auction revenues corresponding to that Month (a twelfth of the revenues raised at Annual Auction in both directions).

If this monthly amount is reached, it will be shared on a pro-rata basis between the Participants deserving compensations in that Month according to their compensation amount. This sharing will be done after taking into account the cap on the day – ahead market spread.

These caps will be reviewed once a year by the regulatory authorities in order to be adapted to the changing reality of the markets. The caps will be published through TSOs websites after each revision.

## **Article 8.02 Invoicing and payment conditions**

### **(a) Invoices**

No later than the thirtieth (30th) day of each month M, the TSOs send the Participant (via the Notification process described in the Definitions section of this document) an invoice including the amounts due for:

- PTR Allocated at Annual Auctions for use during Month M;
- PTR Allocated at Monthly Auctions for use during Month M;
- PTR Allocated at Daily Auctions for use during month M-1;
- PTR Allocated at Intra-Day Auctions for use during month M-1;
- Compensations applied during month M-1;
- Resale through Daily Auction made during month M-1.
- Resale through Monthly Auction made during month M-1.

Bids selected at Daily and Intra-Day Auctions are invoiced all at once and grouped together on a single line per day. The unit prices indicated on the Invoice are therefore average prices provided as an indication only.

Bids selected at Monthly Auctions are invoiced all at once.

Bids selected at Annual Auctions are invoiced on a monthly basis: 1/12<sup>th</sup> of the Bid's gross valuation rounded down the nearest Euro cent each month for eleven (11) months, with the balance the 12<sup>th</sup> month.

Invoices are Notified to the Participant at the address indicated in the IFE Statement of Acceptance.

The Participant Notifies the TSOs of any changes in their invoicing address. These changes will take effect on the first Day of month M+1, on condition that Notification of the changes has been received at least seven (7) Calendar Days before the end of Month M.

Depending on the Auction, the invoices will be performed by one or the other TSO, as explained below:

For Annual, Monthly and Daily Auctions, each TSO will invoice the Participant for the Allocation of Capacity for its exporting direction:

- REE will invoice all the Capacity Allocated from Spain to France,
- RTE will invoice all the Capacity Allocated from France to Spain.

For Intraday Auctions, REE will invoice all the Capacity Allocated for both directions:

- REE will invoice all the Capacity Allocated from Spain to France,
- REE will invoice all the Capacity Allocated from France to Spain.

For Compensations and Resales of Capacity the same criteria will be applied.

### **(b) Invoice disputes**

To be admissible, any claims made relative to an invoice must be Notified by registered letter with acknowledgement to the TSOs, within thirty (30) Calendar Days of the invoice's date of issue. Beyond this period, the invoice will be deemed to have been accepted by the Participant. The above-mentioned registered letter must contain an accurate and detailed summary of the grounds for the claim.

A claim in no way absolves the Participant from the requirement to pay the invoice in accordance with the terms of paragraph (c) below.

### **(c) Payment conditions**

The Participant settles invoices with the TSOs within thirty (30) Days of the date on which they are issued, by bank transfer to the account specified by the TSOs in the IFE Statement of Acceptance.

If the Participant adopts a direct debit system, the sums invoiced will be debited from the thirtieth (30th) Day after the invoice's date of issue.

Any bank charges relative to the settlement of the invoice are borne by the Participant.

In the event of payment by bank transfer, the Participant will ensure that his bank transmits the corresponding invoice number with the payment order. In the event of a SWIFT transfer, the Participant undertakes to ensure that his bank indicates the invoice number on the line "Payment reason". The absence of an invoice number means that the TSOs' accounting services must identify the transfers made to their accounts manually. Such manual identification will give rise to an administrative fee of one hundred (100) Euros, plus any duties and taxes in force.

Payment is deemed to have been made on the Day on which it appears on the TSOs' bank statement, which is read each working Day, provided that the Participant has specified the correct reference for the invoice(s) concerned.

The Participant is responsible for anticipating bank processing and payment registration times.

The TSOs will make every effort to minimise these times, but may not be held responsible if a period of one or two working Days elapses between the moment when the Participant makes payment and the moment when it is observed by the TSOs.

A claim made by the Participant to one or both TSOs does not absolve him of the requirement to settle Auction payments owing to the TSOs. No compensation will be possible between the amounts owed by/to the Transmission System Operators.

## **Article 8.03 Late payment**

If full payment is not received by the specified deadline, the TSOs will register a "payment incident", and will send the Participant an official reminder (by Notification).

If the sums invoiced are not paid in full by the specified deadline, the said sums will be subject to interest without any further Notification of notice to pay being required and the Participant may be suspended by the TSOs according to Article 3.05.

The rate of interest, determined on the Day on which the invoice is sent, is equal to the interest rate applied by the European Central Bank at its most recent refinancing operation, plus seven (7) points.

This interest is calculated from the first Day following the expiry date, until the date on which the invoice is paid in full.

This interest will be increased to include taxes and levies in force.

The minimum amount of this interest is fixed at one hundred (100) Euros plus tax.

After two late payments, the amount of the bank guarantee could be reviewed with the scheme defined in the Article 3.02(b).

If full payment is not received by the specified deadline plus fifteen (15) working days, the TSOs will be entitled to invoke the Bank Guarantee.

## **Section IX. General provisions**

### **Article 9.01 Notifications**

All Notifications made under the IFE Rules must be sent to the address specified in the IFE Statement of Acceptance or to any other address specified by one Party to the other Party, subject to stipulations laid down in Article 8.02(a).

All Notifications shall be made by registered mail with acknowledgement or, if no specific form is required by the IFE Rules, by any other means that enables the date of reception by the receiving Party to be certified.

### **Article 9.02 Liability**

- (1) Each Party is responsible for direct documented damage caused to the other Party. On the other hand, the Parties are under no circumstances responsible one to the other for damage which is indirect, such as – though this list is not exhaustive – losses of profits, losses of earnings, losses of revenues, loss of contract or capital gains.
- (2) The TSOs, either jointly or severally, shall not be liable to a Participant for any damages resulting from a Participant's participating or not being able to participate in an Auction or in a PTR Transfer or in a PTR Resale, or from the results of the Auction and/or PTR Resale and/or PTR Transfer; or from an Auction not being held and a Participant shall hold harmless and indemnify the TSOs, jointly and severally, in respect of claims regarding such damages from third parties. TSOs individually or jointly, accept no responsibility with regard to the timely arrival of Bids, and Transfer and Resale Notification.
- (3) The TSOs will provide the PTRs awarded by the Auction and/or PTR Resale and/or PTR Transfer within the scope of their possibilities. This provision is subject to the technical possibility of exchanging electricity, which can be affected by Force Majeure as defined by article 2.01 (a). In no way shall the awarding of PTRs pursuant to these Rules be considered or construed to mean or imply that the Participant is entitled to have energy exchanges carried out, or that transmission element failures or technical constraints are or imply a failure to have available the Interconnection Capacity which has been awarded in an Auction.
- (4) Any participant who believes he has suffered a damage under point (1) above, shall inform the TSOs by Notification within (10) Days following its occurrence

### **Article 9.03 Transfer of rights and obligations**

The Participants may not transfer, in any way, any of the rights and obligations arising from the IFE Statement of Acceptance without prior written consent from the other Party.

In the event of a change in the Participant's legal status, such as a merger / takeover or a change in the company name, the Participant shall Notify the TSOs of the change by sending a registered letter with acknowledgement, as soon as possible, and in all cases at least fifteen (15) Days before the date on which the change takes effect.

### **Article 9.04 Intellectual property**

The signature of an IFE Statement of Acceptance does not confer any rights to patents, knowledge or any other form of intellectual property concerning information or tools made available or sent by one Party to the other under the terms of the IFE Rules.

### **Article 9.05 Confidentiality**

In compliance with the statutory and regulatory provisions applicable in France and Spain, the IFE Statement of Acceptance and any other information exchanged relative to its preparation and application, are confidential.

Moreover, each Party will determine by all means available any other information of any type or on any support, which it considers confidential, without prejudice to application of the Articles of the present IFE Rules concerning publications by the TSOs.

Without prejudice to the aforementioned statutory and regulatory provisions, the Party which receives such confidential information may only use it within the framework of application of the IFE Statement of Acceptance. He may not disclose such information to a third party without the other Party's prior written consent and subject to the said third party making the same undertakings of confidentiality as stipulated in the present Article. Each Party undertakes to take every step necessary to ensure that its personnel respect the present obligation of confidentiality. These conditions do not affect the rights conferred upon the TSOs by the statutory and regulatory provisions, permitting them to disclose certain information. The Participant authorises the TSOs to disclose to third parties the information referred to in Article 2 of the French Decree 2001-630 dated 16th June 2001, concerning the confidentiality of information held by the public electricity transmission and distribution system operators, where this disclosure is necessary for the execution of the IFE Statement of Acceptance.

Each Party shall Notify the other Party as soon as possible of any breach of obligations arising from Article 9.05.

The obligations arising from Article 9.05 are not applicable:

- If the Party which receives the information can prove that at the time of disclosure, the said information was already publicly available;
- If the information is sought by an administrative authority carrying out its missions. The Party which has been contacted by the administrative body will inform the other Party of any such request as soon as possible and will remember the administrative authority the confidentiality obligations stipulated in Article 9.05;
- If the receiving Party provides proof that, since the time of disclosure, the said information has been legally received from a third party or has become publicly available.

The Parties undertake to comply with the present confidentiality obligation throughout the Entitlement period and for a period of five (5) years after Entitlement is withdrawn, for whatever reason.

### **Article 9.06      Applicable law and language**

The IFE Rules are governed by French law.

Notwithstanding any translations that may be made, whether signed or not, the sole applicable language for questions of interpretation or application of the IFE Rules is English.

### **Article 9.07      Settlement of disputes**

In the event of a dispute regarding the interpretation or execution of the IFE Rules, the Parties undertake to meet to look for an amicable solution.

To this end, the requesting Party shall send Notification to the other Party by registered mail with acknowledgement, indicating:

- The IFE Statement of Acceptance reference;
- The reason for the dispute;
- A proposal for a future meeting with a view to settling the dispute amicably.

If no agreement is reached or no response received within a period of thirty (30) Days from the date of the aforementioned Notification, either Party may refer the matter to the competent bodies in whose jurisdiction the TSOs are domiciled.

### **Article 9.08      Force Majeure**

The Party, which invokes a Force Majeure event, shall send the other Party, as soon as it is aware or should reasonably have been aware of this event, a notification describing the nature of the Event of Force Majeure and its probable duration.

The obligations of Parties subject to a Force Majeure event, with the exception of confidentiality obligations defined in Article 9.05, shall be suspended from the date of receipt of the aforementioned notification.

The Parties can in no circumstances be held responsible or held liable to pay any compensation for damage suffered, due to the non-performance or faulty performance of all or part of their obligations, when such non-performance or faulty performance is due to an event of Force Majeure.

The Party, which invokes a Force Majeure event, shall make every possible effort to limit the consequences and duration of the event.

If a Force Majeure Event lasts for more than thirty (30) Days, either Party may terminate its participation to IFE Rules by sending a registered mail with acknowledgement of receipt, if the event adversely affects the essential obligations of the Parties under the present IFE Rules.

In case of circumstances that constitute Force Majeure, the TSOs shall not be held liable for non-performance, defective performance or delayed performance of obligations arising from these Auction Rules.

## **Article 9.09      Amendment of Rules**

Without prejudice to Article 1.06, the IFE Rules are subject to legal and technical conditions at the time of their creation.

In the event of a material change in these conditions, particularly following legal requirements, government action or rules imposed by regulatory authorities, or if improvements are made to the Auction process, the IFE Rules will be amended as appropriate, in due time to avoid any inconsistency between the aforementioned technical and legal conditions and the IFE Rules

The amended IFE Rules will take effect after prior consultation of the Participants and after prior notification, or approval when necessary, to the respective French and Spanish regulatory authorities, and will be published on the Websites of the TSOs.

These Rules are subject to the technical and legal conditions at the time of their creation. If these conditions change materially, in particular due to legal requirements, action by authorities or Rules imposed by the regulatory authority and/or agreements with the associations of the electricity industry at national or international level, or if the auctioning process is enhanced, the rules will be amended. Such amended rules will become effective upon publication by the TSOs on their respective websites, after approval by the Regulatory bodies in both countries. Such amended Rules are being effective unless a User has notified his intention to terminate his Statement of Acceptance.

The Participants who have already submitted a Statement of Acceptance to the TSOs are not required to send a new Statement even though this Statement makes explicit reference to a prior version of the IFE Rules. The Participant accepts all terms and conditions of these Rules unless he notifies his intention to terminate the Statement of Acceptance to the TSOs.

## APPENDIX 1 Statement of Acceptance of the Capacity Allocation Rules on the France-Spain Interconnection (IFE Rules)

### STATEMENT OF ACCEPTANCE N° \_\_\_\_\_<sup>1</sup>

#### FOR

XXX, a company [give company form], with capital of \_\_\_\_ €, having its registered offices at \_\_\_\_\_[give full address], registered under the number \_\_\_\_\_[Trade and Business Register n° and Town], with the intra-community VAT n° \_\_\_\_\_ and with the European Identification Code (EIC) \_\_\_\_\_represented by its legal representatives, residing as such at the said registered offices,  
Hereafter referred to as "Participant",

#### ARTICLE 1. Definitions

All the words or groups of words used in the present Statement of Acceptance whose first letter is a capital letter, have the meaning that has been given to them in the IFE Rules, as published on the Websites of the TSOs.

#### ARTICLE 2. Object

In signing this Statement of Acceptance, the Participant declares that he is aware of and agrees to abide by the IFE Rules.

#### ARTICLE 3. Interconnection access

Under the terms of the IFE Rules, the Participant declares that he has signed a Participation Agreement in the I/E Rules, needed to conduct imports or exports to or from the French Power System and to gain access to the necessary transactions with RTE; and that he accomplishes the established conditions to conduct imports and/or exports to or from the Spanish Power System.

The Participant declares that he is authorized according to the regulation in force in both countries to carry out:

Exchanges from the French Power System to the Spanish Power System (F => S), up to a maximum amount of power of \_\_\_\_ MW  Exchanges from the Spanish Power System to the French Power System (S => F), up to a maximum amount of power of \_\_\_\_ MW

#### ARTICLE 4. Access to the TSOs' Information System

By signing this Statement of Acceptance, the Participant acknowledges that he has read and understood the IS Rules and undertakes to abide by them.

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<sup>1</sup> Completed by the TSOs upon confirmation of Entitlement

**ARTICLE 5. Participant's contact details****Invoicing:**

Contacts:	
Invoice address:	
Telephone number:	
Fax number:	
E-mail:	

**All correspondence**

Contacts:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

**Auctions**

Contacts:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

**ARTICLE 6. TSOs' contact details**

Contact:	
Address:	<p>Red Eléctrica de España  Mercados de Operación  Paseo del Conde de los Gaitanes, 177  28109 La Moraleja (Madrid)  SPAIN</p> <p>RTE – CNES  Service Relations Clientèle  Bâtiment La Rotonde  204, boulevard Anatole France  93206 Saint-Denis Cedex 06  <b>FRANCE</b></p>
Telephone number:	
Fax number:	+34 916 504 542 +33 1 41 66 72 65
E-mail:	

## **ARTICLE 7. Bank details**

All payments made by the Participant to the Spanish TSO are to be credited to the following account:

Bank: Bilbao Vizcaya Argentaria (BBVA)  
Agency: Bilbao Vizcaya Argentaria (BBVA)  
Alcalá 16  
28014 Madrid  
España  
Account Holder: Red Eléctrica de España, S.A.U.  
Account N°: ES0182-3994-02-01-00045368  
SWIFT Code: BBVAESMM  
VAT Registration: ES85309219

All payments made by the Participant to the French TSO are to be credited to the following account:

Bank: Société Générale (Société Anonyme RCS Paris 552 120 222)  
Account Holder: Réseau de Transport d'Electricité  
Account N°: FR76 30003 04170 00020122549 73  
SWIFT Code: SOGEFRPP  
VAT Registration: FR03552081317

## **ARTICLE 8. Payment method**

The Participant chooses to pay invoices issued by the TSOs via the following method:

bank transfer  direct debit

## **ARTICLE 9. Changes to information**

The Participant undertakes to Notify both TSOs of any changes in the information provided by the Participant in the present Statement of Acceptance, no later than seven (7) days before the said changes take effect.

## **ARTICLE 10. IFE Rules Amendment**

The Participant acknowledges his admission to participate in the auction system may be withdrawn in case regulations of the IFE Rules are breached. We will provide all securities and guarantees required by the French Spanish Interconnection Capacity Access Rules.

Moreover, we have read and fully accept to abide and to be bound by all the evolutions of the present rules and regulations and data exchange requirements of the IFE Rules which have been published on the web-sites of RTE and REE.

The Participants who have already submitted a Statement of Acceptance to the TSOs are not required to send a new Statement even though this Statement makes explicit reference to a prior version of the IFE Rules. The Participant accepts all terms and conditions of these Rules unless he notifies his intention to terminate the Statement of Acceptance to the TSOs.

**ARTICLE 11. Effective date**

The present Statement of Acceptance will be effective as from \_\_\_\_\_<sup>2</sup>

The Statement of Acceptance will expire in accordance with the IFE Rules.

For the Participant:

For the Spanish TSO:

Name and position of the legal representative:

\_\_\_\_\_

Name and position of the legal representative:

\_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Signature:

\_\_\_\_\_

Signature:

\_\_\_\_\_

For the French TSO:

Name and position of the legal representative:

\_\_\_\_\_

Date: \_\_\_\_\_

Signature:

\_\_\_\_\_

\_\_\_\_\_  
<sup>2</sup> Completed by the TSOs upon confirmation of Entitlement

## **APPENDIX 2 Bank Guarantee to be provided to the Spanish TSO**

### **Conditions for Bank Guarantee to be provided to the Spanish TSO:**

The Bank Guarantee required by the Spanish TSO in accordance with Article 3.02 of these Rules shall be provided by a credit institution which complies with the following requirements:

- To be permanently established in Spain.
- Not to be the Participant itself or not to control this Participant or be controlled by it under the meaning of corporation law.
- To be acknowledged as solvent with a Long Term financial rate obtained from the subsequently referred international rating agencies at least A+ (Standard & Poor's) or A1 (Moody's).

If, during the execution of the IFE Rules Statement of Acceptance, the Long Term financial rate of the credit institution which issued the Bank Guarantee becomes lower than A+ (Standard & Poor's) or A1 (Moody's), the Spanish TSO is entitled to require the Participant to provide, within thirty (30) days, a new Bank Guarantee complying with the criteria defined above.

Besides these conditions, the Bank Guarantee shall be based on the model shown below.

### **Guarantee upon first request**

*A duly signed copy to be returned to the Red Eléctrica de España address below indicated:*

[\_\_\_\_\_] <sup>(3)</sup> a company incorporated under [\_\_\_\_\_] <sup>(4)</sup>, law, its registered offices being located at [\_\_\_\_\_] , represented by [\_\_\_\_\_] <sup>(5)</sup> (the "Guarantor") undertakes, by virtue of the present document, irrevocably and unconditionally, by order and on behalf of [\_\_\_\_\_] <sup>(6)</sup>, company incorporated under [\_\_\_\_\_] <sup>(7)</sup> (registration number [\_\_\_\_\_] ) (the "Originator") to pay Red Eléctrica de España, S.A.U., VAT number A-85309219, Paseo Conde de los Gaitanes, 177, 28109, Alcobendas, Madrid (the "Beneficiaries"), independently of the validity of the legal effects of the Statement of Acceptance, n° [\_\_\_\_\_] <sup>(8)</sup> signed by the Originator (the "Agreement"), upon first request, in accordance with the conditions below and without asserting any exception or objection, resulting from the Agreement, any sum up to a maximum amount of:

[\_\_\_\_\_] <sup>(9)</sup>,

including interest, costs and ancillary charges, (the "Guaranteed Amount")..

Modification or removal of factual or legal relations or links that may exist as of this day between the Guarantor and the Originator, may not discharge us from the present guarantee.

All the provisions of the present undertaking will retain their full effect, irrespective of any change in the financial or legal status of the Originator.

The present Guarantee upon first request may be invoked from the date of the present document until xxx inclusive (the "Expiry Date").

---

(3) Name of the bank, which must be permanently established in Spain, issuing the Bank Guarantee.

(4) Nationality of applicable law.

(5) Name of the authorised representative.

(6) Company name of the Participant.

(7) Nationality of applicable law.

(8) Number and notification date of the Statement of Acceptance.

(9) Amount of the Bank Guarantee.

The request for payment must be sent to us by registered letter with acknowledgement of receipt (the "Letter of Invocation of Guarantee") no later than the Expiry Date.

The present Guarantee upon first request will stop to be valid at the Expiry Date.

The Guarantor may only be dispensed from the obligations incumbent upon him under the terms of the present guarantee before the Expiry Date, if the Beneficiary gives his written consent.

Any payment must be made within the ten (10) working days following reception of the Letter of Invocation of Guarantee. The Guarantor will carry out this payment in compliance with the instructions contained in the Letter of Invocation of Guarantee.

The present Guarantee is governed by Spanish law. For interpretation and execution of the present document, the Courts of Madrid (Spain) will be competent.

Drawn up in ....., on.....

Signature of Guarantor

**APPENDIX 3 Declaration of Bid Submitters****Form to be sent to both TSOs:**

Address:

Fax number:

IFE Statement of Acceptance n°:

Under the terms of the IFE Rules, \_\_\_\_\_ informs both TSOs of his Bid Submitters (5 max.)

Name and reference of the Participant:

**Bid Submitter 1:**

Company name	[Participant]
EIC	
Contact:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

**Bid Submitter 2:**

Company name	
EIC	
Contact:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

**Bid Submitter 3:**

Company name	
EIC	
Contact:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

**Bid Submitter 4:**

Company name	
EIC	
Contact:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

**Bid Submitter 5:**

Company name	
EIC	
Contact:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

Name and capacity of signatory:

\_\_\_\_\_

Signature:

\_\_\_\_\_

## **APPENDIX 4 Downgraded Mode**

### **1. Downgraded Mode for Annual and Monthly Auctions**

If the Auction Administrator is unable to hold Annual or Monthly Auctions under the standard conditions stipulated, the Auction Administrator Notifies the Participants of the switch to Downgraded Mode and indicates which of the following two options applies:

- 1.1. Auction postponed to a later date: the Notification specifies, as a minimum, the new date scheduled for the Auction;
- 1.2. Auction held by fax: the Notification of the switch to Downgraded Mode indicates the Auction Specifications; the Participants submit their Bids by fax, based on the model defined in APPENDIX 7.

### **2. Downgraded Mode for Daily Auctions**

If the Auction Administrator is unable to hold Daily Auctions under the standard conditions stipulated, the Auction Administrator Notifies the Participants of the switch to Downgraded Mode and indicates the Auction Specifications, it being understood that, exceptionally:

- the Daily Product will consist of a single Block from 0:00:00 to 24:00:00 for the given Day;
- the Participants submit a Bid file including a single Bid for the Auction by fax.

### **3. Downgraded Mode for Intraday Auctions**

- Due to the time constraints of the Intraday Auctions no Downgraded Mode is foreseen. If the Auction Administrator is unable to hold Intraday Auctions under the standard conditions stipulated, the Auction will be not performed or eventually cancelled.

## APPENDIX 5 List of the Auction Administrator applications used to execute the IFE Rules and contact details

Outenchères Application: sending Annual and Monthly Allocated Capacity Profiles and Programming Authorisations.

e-sica Application: receiving Bids and sending Auction Specifications and results.

e-sios Application: Sending Programming Authorisation and publishing Auction Dates, Auction Specifications, and Auction Results.

### AUCTION TOOLS CONTACT DETAILS:

<b>ARIBA</b>	
Contact:	JF BRES, jbres@ariba.com
Telephone number:	+420.225.37.26.68
Fax number:	+420 225 34.12.21
Email:	support_auction@ariba.com
<b>e-sica</b>	
Contact:	Markets Operational Department (progr_interc_intern@ree.es)
Telephone number:	+34 91 659 91 19
Fax number:	+34 91 650 45 42
Technical support contact:	soportesios@ree.es

## **APPENDIX 6 Description of the Auction Tool**

Different types of auctions may be carried out by different Auction Tools (<https://www.esica.eu> and <https://prodenchrte.aribaasp.com>).

Participants connect to an Auction Tool via Internet using a secure protocol, by entering the address of the Auction Tool website.

Once on the Auction Tool site, Participants must identify themselves.

The first time he connects, the Participant must read and accept the conditions for accessing the Auction Tool.

Once this is done, the Participant can access the scheduled Auctions.

Connection protocols, authentication details and different ways of submitting bids are described in Participant guide documents for the Auction Tools and made available by the TSOs.

On-line assistance can be available for the Auction Tool.

## APPENDIX 7 Content of Bid files and results files

### Bid File

This is an example of the content of a Bid file submitted at an Auction. It takes the form of a file containing the following information:

Block	Bid	Bid01 tso 1 / tso 2	Bid02 tso 1 / tso 2	....	Bid10 tso 1 / tso 2
B01		Qty1bid  Price 11 bid	Qty12   Price 12	....	Qty110   Price 110
B02		Qty21   Price 21	Qty22   Price 22	....	Qty210   Price 210
....		....	....	....	....
Bxx		Qtyxx1   Price xx1	Qtyxx2   Price xx2	....	Qtyxx10   Price xx10

One line represents a purchasing Block made available for sale (defined in the Auction Specification). For each line, the Participant enters the 10 maximum Bids for a given Block.

The information "tso1/tso2" is equal to "REE/RTE" and must only be entered by the Participant for the Daily Auction.

The actual content, structure and format of the bid file is described in Participant guide documents for the Auction Tools and made available by the TSOs.

### Results file

A Results file sent by the Auction Administrator at the end of an Auction, contains the following information:

Block	Bid	Bid01 tso 1 / tso 2	Bid02 tso 1 / tso 2	.....	Bid 10 tso1/tso2
B01		Qty11 requested   Qty11 allocated   Bid price 11  Marginal Price 11			
B02		....			
....		....			
Bxx		Qtyxx requested   Qtyxx allocated   Bid price xx  Marginal Price xx			

For each Bid made by the Participant, the response is given in terms of: Capacity acquired and Marginal Block Price.

The actual content, structure and format of the results file is described in Participant guide documents for the Auction Tools and made available by the TSOs.

**APPENDIX 8 Request for withdrawal of Entitlement for the Auction Allocation Mechanisms on the France-Spain Interconnection**

Number of pages: 1+

Please let us know immediately if you have not received every page.

\_\_\_\_\_  
FROM:

\_\_\_\_\_  
TO: RTE

\_\_\_\_\_  
COMPANY NAME:

\_\_\_\_\_  
FOR:

\_\_\_\_\_  
ADDRESS:

\_\_\_\_\_  
FAX:

\_\_\_\_\_  
PHONE:

\_\_\_\_\_  
TO: REE

\_\_\_\_\_  
FOR:

\_\_\_\_\_  
FAX:

\_\_\_\_\_  
STATEMENT OF ACCEPTANCE N°:

\_\_\_\_\_  
FAX:

Under the terms of the IFE Rules, \_\_\_\_\_ wishes to withdraw his Entitlement on the France-Spain Interconnection.

Name and capacity of signatory:  
\_\_\_\_\_

Signature:  
\_\_\_\_\_

**APPENDIX 9 Nomination Counterpart Designation form**

Participant's Name: \_\_\_\_\_

Statement of Acceptance N°: \_\_\_\_\_

- Address of contact person:
  - name,
  - telephone and mobile,
  - fax

**The table included in this Appendix for the Counterparty Designation applies for using Annual, Monthly, Daily and Intra-Day PTR.**

**To be sent by fax to both TSOs together with the Statement of Acceptance at:**

**+33 1 41 66 72 65 (RTE)**

**+34 916 504 542 (REE)**

Owner of the transactions <sup>10</sup> for Nominations to RTE's system		Counterpart used for Nominations in the Spanish system	
Name	EIC Code	Name	EIC Code

Drawn up in \_\_\_\_\_ on \_\_\_\_\_,

Participant's signature

---

<sup>10</sup> In compliance with the I/E Rules.

**APPENDIX 10 Secondary Markets Time Schedules**

	Deadline for PTR Holders to present Notifications
Transfer Notifications	12:00 D-2 Working days; being D the delivery day
Resale in Monthly Auctions	12:00 D-7 calendar days, being here D the date of Monthly Auction

**APPENDIX 11 Application for e-sica access****Form to be sent to REE:**

Participant's name:

Participant's EIC code:

Address:

Fax number:

IFE Statement of Acceptance n°:

Under the terms of the IFE Rules, \_\_\_\_\_ [name of signatory] \_\_\_\_\_ informs REE of his Card N°s (6 max.)

**Card N° 1:**

Card holder name	
Card holder identification	[Passport number or equivalent]
Card ID number	
E-mail (to send e-sica notifications)	

**Card N° 2:**

Card holder name	
Card holder identification	[Passport number or equivalent]
Card ID number	
E-mail (to send e-sica notifications)	

**Card N° 3:**

Card holder name	
Card holder identification	[Passport number or equivalent]
Card ID number	
E-mail (to send e-sica notifications)	

**Card N° 4:**

Card holder name	
Card holder identification	[Passport number or equivalent]
Card ID number	
E-mail (to send e-sica notifications)	

**Card N° 5:**

Card holder name	
Card holder identification	[Passport number or equivalent]
Card ID number	
E-mail (to send e-sica notifications)	

**Card N° 6:**

Card holder name	
Card ID number	
Card ID number	
E-mail (to send e-sica notifications)	

Name and capacity of signatory:

\_\_\_\_\_

Signature:

\_\_\_\_\_

## APPENDIX 12 Format for Notification of a Transfer of Capacity of the Secondary Capacity Market in downgraded mode

Number of pages: 1+

If you do not receive all the pages, let us know immediately

EXPÉDITEUR/FROM	DESTINATAIRE/TO
SOCIETE/COMPANY NAME :	ATTN : CNES
ADRESSE/ADDRESS :	FAX/FAX : (33) 1 41 66 72 65
TÉLÉPHONE/PHONE :	
FAX :	

In application of Participation Agreement no. AI\_AAMM\_nnnn (where AAMM is the year and month when the Participation Agreement starts and nnnn is the client number assigned by the Joint Auction Operator) signed by XXX and the Auction Operator.

<b>SECONDARY MARKET: NOTIFICATION OF A TRANSFER OF CAPACITY</b>
---

SENDER (reminder): \_\_\_\_\_

TRANSFER IDENTIFIER *	
NAME OF TRANSFEROR	
EIC CODE OF TRANSFEROR	
NAME OF BENEFICIARY	
EIC CODE OF BENEFICIARY	
IDENTIFIER OF AUCTION at which the Capacity for Transfer was Allocated	
IDENTIFIER OF AUCTION BLOCK at which the Capacity for Transfer was Allocated	
DATE OF START OF TRANSFER (format: day – month – year : dd-mm-yy )	
DATE OF END OF TRANSFER (format: day – month – year : dd-mm-yy )	
HOURLY PERIOD	CAPACITY TO BE TRANSFERRED IN MW
0 – 1	
1 – 2	
2 – 3	
3 – 4	
4 – 5	
5 – 6	
6 – 7	
7 – 8	
8 – 9	
9 – 10	
10 – 11	
11 – 12	
12 – 13	
13 – 14	
14 – 15	
15 – 16	
16 – 17	
17 – 18	
18 - 19	
19 – 20	
20 – 21	
21 – 22	
22 – 23	
23 – 24	

\* This field should be completed in the case of a request for the correction of a Transfer. The Transfer identifier is indicated in the reply from the Joint Auction Operator related to the initial Transfer request.

## APPENDIX 13 Format for Notification of a Resale of Capacity at a Monthly Auction of the Secondary Capacity Market in downgraded mode

Number of pages: !+

If you do not receive all the pages, let us know immediately.

EXPÉDITEUR/FROM	DESTINATAIRE/TO
SOCIETE/COMPANY NAME :	ATTN :
	CNES
ADRESSE/ADDRESS :	
	FAX/FAX : (33) 1 41 66 72 65
TÉLÉPHONE/PHONE :	
FAX :	

In application of Participation Agreement no. AI\_AAMM\_nnnn (where AAMM is the year and month when the Participation Agreement starts and nnnn is the client number assigned by the Joint Auction Operator) signed by XXX and the Auction Operator.

### SECONDARY MARKET: NOTIFICATION OF A RESALE OF CAPACITY AT A MONTHLY AUCTION

RESALE IDENTIFIER *	
NAME OF RESELLER	
EIC CODE OF RESELLER	
IDENTIFIER OF AUCTION at which the Capacity for Resale was Allocated	
IDENTIFIER OF AUCTION BLOCK at which the Capacity for Resale was Allocated	
PERIOD OF RESALE (format: month – year )	
CAPACITY FOR RESALE IN MW	

\* This field should be completed in the case of a request for the cancellation or correction of a Resale. The Resale identifier is indicated in the reply from the Joint Auction Operator related to the initial Resale request.

**APPENDIX 14 Format for a request to cancel a Transfer of Capacity in downgraded mode**

Number of pages: 1+

If you do not receive all the pages, let us know immediately.

EXPÉDITEUR/FROM	DESTINATAIRE/TO
SOCIETE/COMPANY NAME :	ATTN : CNES
ADRESSE/ADDRESS :	FAX/FAX : (33) 1 41 66 72 65
TÉLÉPHONE/PHONE :	
FAX :	

In application of Participation Agreement no. AI\_AAMM\_nnnn (where AAMM is the year and month when the Participation Agreement starts and nnnn is the client number assigned by the Auction Operator) signed by XXX and the Auction Operator

**SECONDARY MARKET: REQUEST FOR CANCELLATION OF A TRANSFER OF CAPACITY**

Transfer Identifier\*\*: \_\_\_\_\_

\*\* The Transfer identifier is indicated in the reply from the Joint Auction Operator related to the initial Transfer request.

## APPENDIX 15 Bank Guarantee to be provided to the French TSO

### Conditions for Bank Guarantee to be provided to the French TSO:

The Bank Guarantee required by the French TSO in accordance with Article 3.02 of these Rules shall be provided by a credit institution which complies with the following requirements:

- To be located in a member State of the European Union or in Switzerland or in Norway.
- Not to be the Participant itself or not to control this Participant or be controlled by it under the meaning of corporation law.
- To be acknowledged as solvent with a Long Term financial rate obtained from the subsequently referred international rating agencies at least A+ (Standard & Poor's) or A1 (Moody's).

If, during the execution of the IFE Rules Statement of Acceptance, the Long Term financial rate of the credit institution which issued the Bank Guarantee becomes lower than A+ (Standard & Poor's) or A1 (Moody's), the French TSO is entitled to require the Participant to provide, within thirty (30) days, a new Bank Guarantee complying with the criteria defined above.

Besides these conditions, the Bank Guarantee shall be based on the model shown below.

### Guarantee upon first request

*A duly signed copy to be returned to the Réseau de Transport d'Electricité address below indicated:*

[REDACTED]<sup>(11)</sup> a company incorporated under [REDACTED]<sup>(12)</sup> law, its registered offices being located at [REDACTED], represented by [REDACTED]<sup>(13)</sup> (the "Guarantor") undertakes, by virtue of the present document, irrevocably and unconditionally, by order and on behalf of [REDACTED]<sup>(14)</sup>, company incorporated under [REDACTED]<sup>(15)</sup> (registration number [REDACTED]) (the "Originator") to pay RTE EDF Transport SA, limited company with capital of €2,132,285,690, 1 Terrasse Bellini TSA 41000 92919 Paris La Défense Cedex, identified under the n°444 619 258 in the Nanterre Trade and Business Register, (the "Beneficiary"), independently of the validity of the legal effects of the Statement of Acceptance, n° [REDACTED]<sup>(16)</sup> signed by the Originator (the "Agreement"), upon first request, in accordance with the conditions below and without asserting any exception or objection, resulting from the Agreement, any sum up to a maximum amount of:

[REDACTED]<sup>(17)</sup>,

including interest, costs and ancillary charges, (the "Guaranteed Amount").

Modification or removal of factual or legal relations or links that may exist as of this day between the Guarantor and the Originator, may not discharge us from the present guarantee.

All the provisions of the present undertaking will retain their full effect, irrespective of any change in the financial or legal status of the Originator.

The present Guarantee upon first request may be invoked from the date of the present documents until xxx inclusive (the "Expiry Date").

---

<sup>(11)</sup> Company name of the banking establishment issuing the Bank Guarantee.

<sup>(12)</sup> Nationality of applicable law.

<sup>(13)</sup> Name of the authorised representative.

<sup>(14)</sup> Company name of the Participant.

<sup>(15)</sup> Nationality of applicable law.

<sup>(16)</sup> Number of the Contract or Contracts.

<sup>(17)</sup> Amount of the Bank Guarantee.

The request for payment must be sent to us by registered letter with acknowledgement of receipt (the "Letter of Invocation of Guarantee") no later than the Expiry Date.

The present Guarantee upon first request will stop to be valid at the Expiry Date.

The Guarantor may only be dispensed from the obligations incumbent upon him under the terms of the present guarantee before the Expiry Date, if the Beneficiary gives his written consent.

Any payment must be made within the ten (10) working days following reception of the Letter of Invocation of Guarantee. The Guarantor will carry out this payment in compliance with the instructions contained in the Letter of Invocation of Guarantee.

The present Guarantee is governed by French law. For interpretation and execution of the present document, the Commercial Court of NANTERRE (France) will be competent.

Drawn up in ....., on.....

Signature of Guarantor