

**REQUEST FOR AMENDMENT BY GREECE-ITALY
REGULATORY AUTHORITIES AGREED AT THE
GREECE-ITALY ENERGY REGULATORS' REGIONAL
FORUM**

OF

**THE ITALY NORTH AND GREECE-ITALY NEMO and
TSO PROPOSAL FOR COMPLEMENTARY REGIONAL
INTRADAY AUCTIONS,**

**regarding the design and implementation of complementary regional intraday
auctions (CRIDAs) for the bidding zone borders of Italy and Greece and the borders
between Italian internal bidding zones**

29 November 2018

I. Introduction and legal context

This document elaborates an agreement of the Greece-Italy Regulatory Authorities (hereinafter: “concerned NRAs”), agreed on 29 November 2018 on the Italy North and Greece-Italy NEMO and TSO (hereinafter: “concerned NEMOs and TSOs”) proposal for Complementary Regional Intraday Auctions (hereinafter: “CRIDA proposal”), submitted in accordance with Article 63 of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management (hereinafter: “CACM Regulation”).

This agreement of the concerned NRAs shall provide evidence that a decision on the CRIDA proposal does not, at this stage, need to be adopted by ACER pursuant to Article 9(11) of CACM Regulation. It is intended to constitute the basis on which the concerned NRAs will each subsequently request an amendment to the proposal for CRIDA pursuant to Article 9(12) of CACM Regulation.

The legal provisions that lie at the basis of the *CRIDA*, and this concerned NRAs agreement on the CRIDA, can be found in Article 3, 9, 51, 55(1), 55(3), 59(1) and 63 of CACM Regulation. They are set out here for reference.

- **Article 3 of CACM Regulation:**

This Regulation aims at:

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

- **Article 9 of CACM Regulation:**

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

[...]

5. *Each regulatory authority shall approve the terms and conditions or methodologies used to calculate or set out the single day-ahead and intraday coupling developed by TSOs and NEMOs. They shall be responsible for approving the terms and conditions or methodologies referred to in paragraphs 6, 7 and 8.*
6. *The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities:*
 - a. (...)
 - b. (...)
 - c. (...)
 - d. (...)
 - e. (...)
 - f. (...)
 - g. (...)
 - h. (...)
 - i. (...)
 - j. *the intraday capacity pricing methodology to be developed in accordance with Article 55(1);*
 - k. *the intraday cross-zonal gate opening and intraday cross-zonal gate closure times in accordance with Article 59(1);*
 - l. (...)
 - m. (...)
7. *The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities of the concerned region:*
 - a. (...)
 - b. (...)
 - c. (...)
 - d. (...)
 - e. (...)
 - f. *complementary regional auctions in accordance with Article 63(1);*
 - g. (...)
 - h. (...)
8. (...)
9. *The proposal for terms and conditions or methodologies shall include a proposed timescale for their implementation and a description of their expected impact on the objectives of this Regulation. Proposals on terms and conditions or methodologies subject to the approval by several or all regulatory authorities shall be submitted to the Agency at the same time that they are submitted to regulatory authorities. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within three months on the proposals for terms and conditions or methodologies.*

10. *Where the approval of the terms and conditions or methodologies requires a decision by more than one regulatory authority, the competent regulatory authorities shall consult and closely cooperate and coordinate with each other in order reach an agreement. Where applicable, the competent regulatory authorities shall take into account the opinion of the Agency. Regulatory authorities shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs 6, 7 and 8, within six months following the receipt of the terms and conditions or methodologies by the regulatory authority or, where applicable, by the last regulatory authority concerned.*
11. *Where the regulatory authorities have not been able to reach agreement within the period referred to in paragraph 10, or upon their joint request, the Agency shall adopt a decision concerning the submitted proposals for terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 713/2009.*
12. *In the event that one or several regulatory authorities request an amendment to approve the terms and conditions or methodologies submitted in accordance with paragraphs 6, 7 and 8, the relevant TSOs or NEMOs shall submit a proposal for amended terms and conditions or methodologies for approval within two months following the requirement from the regulatory authorities. The competent regulatory authorities shall decide on the amended terms and conditions or methodologies within two months following their submission. Where the competent regulatory authorities have not been able to reach an agreement on terms and conditions or methodologies pursuant to paragraphs (6) and (7) within the two-month deadline, or upon their joint request, the Agency shall adopt a decision concerning the amended terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 713/2009. If the relevant TSOs or NEMOs fail to submit a proposal for amended terms and conditions or methodologies, the procedure provided for in paragraph 4 of this Article shall apply.*
13. *TSOs or NEMOs responsible for developing a proposal for terms and conditions or methodologies or regulatory authorities responsible for their adoption in accordance with paragraphs 6, 7 and 8, may request amendments of these terms and conditions or methodologies.*
14. *TSOs and NEMOs responsible for establishing the terms and conditions or methodologies in accordance with this Regulation shall publish them on the internet after approval by the competent regulatory authorities or, if no such approval is required, after their establishment, except where such information is considered as confidential in accordance with Article 13.*

- **Article 51 of CACM Regulation:**

1. *From the intraday cross-zonal gate opening time until the intraday cross-zonal gate closure time, the continuous trading matching algorithm shall determine which orders to select for matching such that matching:*
 - (a) *aims at maximising economic surplus for single intraday coupling per trade for the intraday market time-frame by allocating capacity to orders for which it is feasible to match in accordance with the price and time of submission;*
 - (b) *respects the allocation constraints provided in accordance with Article 58(1);*
 - (c) *respects the cross-zonal capacity provided in accordance with Article 58(1);* (d) *respects the requirements for the delivery of results set out in Article 60;* (e) *is repeatable and scalable.*
2. *The continuous trading matching algorithm shall produce the results provided for in Article 52 and correspond to the product capabilities and functionalities set out in Article 53.*

- **Article 55 of CACM Regulation:**

1. *Once applied, the single methodology for pricing intraday cross-zonal capacity developed in accordance with Article 55(3) shall reflect market congestion and shall be based on actual orders.*
2. (...)
3. *By 24 months after the entry into force of this Regulation, all TSOs shall develop a proposal for a single methodology for pricing intraday cross-zonal capacity. The proposal shall be subject to consultation in accordance with Article 12.*
4. (...)

- **Article 59(1) of CACM Regulation:**

1. *By 16 months after the entry into force of this Regulation, all TSOs shall be responsible for proposing the intraday cross-zonal gate opening and intraday cross-zonal gate closure times. The proposal shall be subject to consultation in accordance with Article 12.*
2. (...)
3. (...)
4. (...)

- **Article 63 of CACM Regulation:**

1. *By 18 months after the entry into force of this Regulation, the relevant NEMOs and TSOs on bidding zone borders may jointly submit a common proposal for the design and implementation of complementary regional intraday auctions. The proposal shall be subject to consultation in accordance with Article 12.*
2. *Complementary regional intraday auctions may be implemented within or between bidding zones in addition to the single intraday coupling solution referred to in Article 51. In order to hold regional intraday auctions, continuous trading within and between the relevant bidding zones may be stopped for a limited period of time before the intraday cross-zonal gate closure time, which shall not exceed the minimum time required to hold the auction and in any case 10 minutes.*
3. *For complementary regional intraday auctions, the methodology for pricing intraday cross-zonal capacity may differ from the methodology established in accordance with Article 55(3) but it shall nevertheless meet the principles provided for in Article 55(1).*
4. *The competent regulatory authorities may approve the proposal for complementary regional intraday auctions if the following conditions are met:*
 - a. *regional auctions shall not have an adverse impact on the liquidity of the single intraday coupling;*
 - b. *all cross-zonal capacity shall be allocated through the capacity management module;*
 - c. *the regional auction shall not introduce any undue discrimination between market participants from adjacent regions;*
 - d. *the timetables for regional auctions shall be consistent with single intraday coupling to enable market participants to trade as close as possible to real-time;*
 - e. *regulatory authorities shall have consulted the market participants in the Member States concerned.*
5. *At least every two years after the decision on complementary regional auctions, the regulatory authorities of the Member States concerned shall review the compatibility of any regional solutions with single intraday coupling to ensure that the conditions above continue to be fulfilled.*

II. The Italy North and Greece Italy NEMOs and TSOs proposal

The draft CRIDA proposal was consulted by the concerned NEMOs and TSOs from December 6 2016 until January 13 2017, in line with Article 63 and Article 12 of CACM Regulation¹. Further to the above procedure, the first CRIDA proposal, dated 14 February 2017, was received by the last concerned NRA on 14 February for Greece-Italy CCR and on 22 March 2017 for Italy North CCR respectively. The proposal included planned timescales for its implementation and a description of its expected impact on the objectives of CACM Regulation, in line with Article 9(9) of CACM Regulation.

Article 9(10) of CACM Regulation requires concerned NRAs to consult and closely cooperate and coordinate with each other in order to reach agreement and make decisions within six months following receipt of submissions of the last concerned Regulatory Authority. A decision was therefore required by each Regulatory Authority by 22 September 2017.

On 31 July and 1 August 2017 respectively, the NRAs from the Greece-Italy and Italy North CCRs agreed on a request for amendment on the CRIDA proposal and sent it to the relevant TSOs and NEMOs.

Article 9(12) of CACM Regulation requires the relevant TSOs and NEMOs to submit a proposal for amended methodologies for approval to the concerned NRAs within two months following the requirement from the NRAs. The competent regulatory authorities shall decide on the amended methodologies within two months following their submission. In this case, the amended CRIDA proposal was received by the last concerned NRA respectively on 9 October 2017 for Greece-Italy CCR and on 19 October 2017 for Italy North CCR: the decision was thus due by 9 December 2017 for Greece-Italy CCR and by 19 December 2017 for Italy North CCR.

As the CRIDA proposal is interlinked with other proposals developed in the framework of the CACM Regulation implementation (notably, proposal for Intraday Cross Zonal Gate Opening and Closure Times, pursuant to Article 59 of CACM Regulation, the proposal for Intraday Cross Zonal Capacity Pricing, pursuant to Article 55 of CACM Regulation, as well as, the proposal for Common Capacity Calculation Methodologies, pursuant to Article 20 of CACM Regulation), the concerned NRAs were not able to adopt a decision by December 2017. Therefore, they unanimously agreed to jointly request ACER to provide a six months extension of the period for reaching an agreement on the amended CRIDA proposal according to Article 8(1) of Regulation 713/2009. This extension regarding the amended CRIDA proposal was adopted on December 21, 2017 for the Greece-Italy CCR (ACER Decision No 10/2017) and on January 10, 2018 for the Italy North CCR (ACER Decision No 01/2018).

A decision was thus required by 9 June 2018 for Greece-Italy CCR and by 19 June 2018 on Italy North CCR. On 7 June 2018 and 18 June 2018, respectively, the NRAs from the Greece-Italy and Italy North CCRs agreed on a second request for amendment on the CRIDA proposal and sent it to the relevant TSOs and NEMOs.

¹ The public consultation held from 6th December 2016 to 13th January 2016 was available on the website: www.jao.eu

The current CRIDA proposal, as understood by the concerned NRAs, is based on three implicit auctions:

- i) a first auction may be performed at 15:00 of the day preceding the delivery day (D-1), to allocate intraday cross zonal capacity concerning all MTUs of the delivery day (D) and may involve only a subset of the borders included in the Italian Borders geographical scope;
- ii) a second auction to be performed at 22:00 of the day preceding the delivery day (D-1), in order to allocate intraday cross zonal capacity concerning all MTUs of the delivery day (D);
- iii) a third auction to be performed at 7:30 of the delivery day (D), in order to allocate intraday cross zonal capacity for the MTU of delivery starting from 12.00-24.00 of the delivery day (D).

Moreover, the explanatory document of the proposal prescribes that, in order to perform a CRIDA at 15:00 D-1 with a subset of the Italian Borders, the continuous trading in the involved bidding zones shall be stopped and the capacity available in the CMM shall be set to zero also for the bidding zone borders that are not be part of the CRIDA, till the conclusion of the auctions.

III. The Greece-Italy Regulatory Authority position

1. On the third request for amendment of the CRIDA proposal

Concerned NRAs welcome the last version of the proposal and believe that most of the requests included in the opinion paper of the second RfA have been addressed. However, there are still some issues which remain open. This document elaborates a third request for amendment of the CRIDA proposal.

Having considered LAC advice of 13 March 2018 on the possibility to make subsequent requests for amendment following Art. 9(12) of CACM Regulation, concerned NRAs consider that requesting an amendment for a third time is the fastest way to approve a CACM compliant CRIDA proposal and this request has a genuine chance of achieving the objectives of CACM Regulation, which is to ultimately approve the proposal, rather than being unnecessary extension of the approval process with slim chances of success.

The requests for amendment are presented in this document as clear and detailed as possible and cover points already requested in the second one, clarifying and specifying them, while they are not introducing new elements.

2. On the geographical scope of the proposal

Concerned NRAs request NEMOs and TSOs to adapt the proposal accordingly, making reference to NEMOs, TSOs and NRAs of the bidding zone borders that are willing to participate in the optional auction to be performed at 15:00 of the day preceding the delivery day (D-1).

Whatever the final geographic scope of the proposals on CRIDAs, bidding zone borders not within this geographic scope shall not in any way be impacted. That is, cross-zonal capacities shall not be set to zero on bidding zone borders not concerned by a CRIDA and this has to be specifically provided in the new NEMO /TSO proposal.

3. Compliance with the NRAs' request for amendments

In their request for amendment the concerned NRAs asked the concerned NEMOs and TSOs to allow the SIDC for all the MTUs of the day, independently of the number of CRIDA auctions proposed in the methodology. This provision is part of the explanatory note, but not part of the CRIDA proposal. NEMOs and TSOs are asked to state this provision also in the proposal.

Secondly, NEMOs and TSOs were asked to limit the interruption of the SIDC to 10 minutes max as foreseen in Article 63(2) of the CACM Regulation or to provide a justification of any deviation from this 10 min max interruption, accompanied by the incompressible timings and a roadmap aiming to respect the 10 minutes max interruption. Such a roadmap is not clearly developed in the proposal, although an explanation of the proposed timings was detailed in the explanatory note.

Concerned NRAs notice that the specific requirement that only the available transmission capacity of the borders participating in the CRIDA shall be set to zero in the CMM of XBID during the auctions has not been implemented. Given that the Italian internal bidding zone borders and the Greece-Italy bidding zone border most likely will participate in all three CRIDAs, this does not seem to be an issue for this particular geographical scope. Nevertheless, given that it has not yet been decided if all CRIDAs will be implemented on the concerned bidding zone borders (it is presented currently as a possibility rather than a fact), concerned NRAs reiterate the request to the concerned NEMOs and TSOs to explicitly state that only the cross zonal capacity of the borders involved in the CRIDA will be set to zero in the CMM of XBID. Based on the explanation provided by NEMOs and TSOs on this matter, NRAs understand that the requirement can be implemented, without affecting the technical functioning of the CRIDA. Therefore bidding zone borders not involved in the CRIDA can be allocated through XBID and the continuous trading within the bidding zones that are not involved in the auction shall not be interrupted. Interruption of the continuous trading within the bidding zones involved in the CRIDA may be considered (art. 63(2) of CACM), according to the national market rules.

Furthermore, NRAs asked the NEMOs and TSOs to provide some details within the CRIDA proposal regarding the gate opening time for bid submission, as well as the deadline for bid submission for each CRIDA. Article 4 of the proposal provides some details regarding:

- When TSOs shall provide the NEMOs with the updated capacity.
- When the auction is performed.
- When the results are published.

No elements are provided in the proposal (some elements are part of the explanatory note) regarding the Gate Opening Time for bid submission or the deadline for bid submission, and NRAs (and market players) can only deduct from the timings when they can bid.

Concerned NRAs understand that details related to the timings and the execution time of the CRIDA cannot be clearly defined at the moment, as the framework of the single intraday coupling is not fully defined, with special reference to the Intraday Cross Zonal Capacity Pricing methodology to be approved by ACER. Concerned NRAs also acknowledge that a more detailed description of the CRIDA timings and durations, as well as the products proposed and the algorithm used, are subject to the completion of the testing phase to be carried out before the go-live (foreseen after 2020). However, NRAs believe that some high-level description of these elements can already be provided and request NEMOs and TSOs to provide at least the general features.

All the specific details related to timings, duration of the CRIDA, products and algorithm can be further elaborated before the go-live, in an amendment of the proposal at a later stage to be submitted by concerned NEMOs and TSOs following Art. 9(13) of CACM Regulation. (see paragraph 5).

4. Coordination of the CRIDA proposal and the Intraday Cross Zonal Capacity Pricing Proposal, developed under Article 55 of the CACM Regulation

The TSOs submitted the Intraday Cross Zonal Capacity Pricing Proposal (hereafter: "IDCZCP proposal") in accordance with Article 9(6), letter j) of CACM Regulation to the last concerned NRA on 28 August 2017.

As the IDCZCP proposal is interlinked with other proposals developed in the framework of the CACM Regulation implementation (notably, proposal for Intraday Cross Zonal Gate Opening and Closure Times, pursuant to Article 59 of CACM Regulation, and the proposal for Common Capacity Calculation Methodologies, pursuant to Article 20 of CACM Regulation), the concerned NRAs were not able to adopt a decision by February 2018. Therefore, they unanimously agreed to jointly request ACER to provide a six months extension of the period for reaching an agreement on the IDCZCP proposal according to Article 8(1) of Regulation 713/2009. This extension regarding the IDCZCP proposal was adopted by ACER on February 23, 2018 (Decision No 02/2018). The concerned NRAs did not reach an agreement by August 28, 2018, thus the methodology was referred to ACER, that has to issue a decision by January 2019.

The IDCZCP proposal submitted by TSOs foresees one auction at 22:00 on the day before the day of delivery and concerns all 24 market time units (MTUs), which matches the first proposed CRIDA. Moreover, it is likely that another auction will be proposed at 15:00 on the day before the day of delivery; it is still unknown whether this auction will be implemented at all, as a pan-European one, or at a regional level on a voluntary basis.

Concerned NRAs request the concerned NEMOs and TSOs to make the proposal consistent with the IDCZCP proposal, in order to avoid redundant methodologies (and redundant timings of auctions). If the timings of the auction(s) in the IDCZCP proposal are close to the ones proposed in the CRIDA one, then the concerned NRAs do not see the merit in running two different intraday auctions close to each other and therefore request a harmonization of the CRIDA with pan-European IDA. Concretely, if the mandatory pan-European intraday auction(s) occur(s) almost at the same time as CRIDA one(s), the former should absorb the latter (and the CRIDA proposal should be amended accordingly), while the CRIDA should constitute the possible voluntary regional auctions foreseen by the IDCZCP methodology.

5. Timescale for implementation

The implementation of the methodology for CRIDAs on all the concerned borders (borders within Italy and Greece-Italy border) shall be contingent on the implementation of XBID at least in the Italian bidding zones. For the Greece-Italy bidding zone border, it should explicitly be stated that the CRIDAs could be implemented before the SIDC is extended to this border.

Once the details for the implementation of the IDCZCP methodology are known, the CRIDA proposal shall be amended in order to coordinate the two methodologies.

Furthermore, elements that cannot be described clearly at the stage of drafting the amended proposal on CRIDA shall be subject to an amendment of the CRIDA proposal at a later stage. Such an amendment shall be initiated by concerned NEMOs and TSOs following Art. 9(13) of

CACM Regulation once details on these elements are available. This may for example concern the algorithm used and products offered for the purpose of carrying out the CRIDA, as well as the specific timings and the duration of the auction.

IV. Conclusions and actions

Based on the above rationale, concerned Regulatory Authorities request an amendment of the CRIDA proposal. This amendment should contain the following elements:

- The proposal shall be adapted, making explicit reference to the bidding zone borders that are willing to participate to the optional auction to be performed at 15:00 of the day preceding the delivery day (D-1);
- An alignment of the CRIDA proposal with the ACER decision on IDCZCP, notably regarding the timings of the intraday pan-European mandatory auctions;
- The proposal shall clearly state that cross-zonal capacity on bidding zone borders not involved in a specific CRIDA can be allocated by XBID and the continuous trading within the bidding zones that are not involved in the auction and shall not be interrupted. Concerned NRAs request that only the available transmission capacity of the bidding zone borders participating in the CRIDA will be set to zero in the XBID CMM during each CRIDA. Interruption of the continuous trading within the bidding zones involved in the CRIDA may be considered, according to the national market rules;
- NRAs ask the concerned NEMOs and TSOs to allow the SIDC for all the MTUs of the day, independently of the number of CRIDA auctions proposed in the methodology. This provision shall be included in the proposal;
- For the Greece-Italy bidding zone border, the proposal should explicitly state that the CRIDAs could be implemented before the SIDC is extended to this border;
- NEMOs and TSOs are requested to provide at least a high-level description and general features of the CRIDA timings and durations, as well as the products proposed, the algorithm used and a roadmap to comply with the requirements of article 63(2);
- All the specific details relating to timings, duration of the CRIDAs, products and details, that shall be elaborated before the go-live, shall be included in an amended proposal of the CRIDAs, submitted by the concerned NEMOs and TSOs, pursuant to Art. 9(13) of CACM Regulation.