
All NEMO's proposal for harmonised maximum and minimum clearing prices in accordance with Articles 41(1) and 54(2) of Commission Regulation (EU) 2015/1222 of July 2015 establishing a guideline on capacity allocation and congestion management

03 November 2016

1. Whereas

Background

- 1.1 This document is a common proposal developed by all Nominated Electricity Market Operators (hereafter referred to as "NEMOs") in cooperation with TSOs and in accordance with articles 41 and 54 of Commission Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management (hereafter referred to as the "CACM Regulation") on harmonised Minimum and Maximum Clearing Prices for single day-ahead coupling and for the single intraday coupling (hereafter referred to as the "Minimum and Maximum Clearing Price Methodology").
- 1.2 According to Article 41 "By 18 months after the entry into force of this Regulation, all NEMOs shall, in cooperation with the relevant TSOs, develop a proposal on harmonised maximum and minimum clearing prices to be applied in all bidding zones which participate in single day-ahead coupling. The proposal shall take into account an estimation of the value of lost load"
- 1.3 According to Article 54 "By 18 months after the entry into force of this Regulation, all NEMOs shall, in cooperation with the relevant TSOs, develop a proposal on harmonised maximum and minimum clearing prices to be applied in all bidding zones which participate in single intraday coupling. The proposal shall take into account an estimation of the value of lost load"
- 1.4 For the purpose of this proposal, terms used in this document, i.e. 'clearing price' means the price determined by matching the highest accepted selling order and the lowest accepted buying order in the electricity market, as defined in Article 2 Paragraph 31 of the CACM Regulation.
- 1.5 By 18 months after the entry into force of the CACM Regulation, all NEMOs shall, in cooperation with the relevant TSOs, submit the proposal to all regulatory authorities for approval. Where a Member State has provided that an authority other than the national regulatory authority has the power to approve maximum and minimum clearing prices at the national level, the regulatory authority shall consult the proposal with the relevant authority as regards its impact on national markets.
- 1.6 According to Paragraph 2 of Articles 41 and 54 of the CACM Regulation "The proposal shall be subject to consultation in accordance with Article 12". The consultation on all proposals will be prepared in cooperation between all TSOs and all NEMOs and be consulted upon together to ensure efficient assessment of their content by market participants.

Impact on the objectives of the CACM Regulation

- 1.7 The proposed Minimum and Maximum Clearing Price Methodology takes into account the general objectives of capacity allocation and congestion management cooperation described in Article 3 of the CACM Regulation.
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- 1.8 Assessment against objectives of the CACM Regulation deemed relevant for this Methodology and other key considerations made when setting the Minimum and Maximum Clearing Price limits provides the following conclusions:
- 1.8.1 The proposal fulfils the objective of “promoting effective competition in the generation, trading and supply of electricity” as the limits, for day ahead and intraday respectively, have been set at a level that does not restrict effective competition in the generation, consumption, trading or supply in the organized wholesale market. These limits have been applied since some time in auction based Day Ahead Couplings, e.g. MRC and 4MMC, and in some continuous trading Intra Day markets covering multiple Bidding Zones, and have proven to be adequate. Moreover, the Harmonised Maximum Clearing Price limit shall take into account the value of lost load – assumed to be the price at which TSOs take curtailment action - and as a principle be maintained at a level that shall not limit the market at times of scarcity or oversupply. In addition, in setting the Harmonised Minimum and Maximum Clearing Prices, NEMOs will also take into consideration administrative reasons, such as assisting setting of collateral requirements and mitigation of operational risk, and shall take in to account any regional or local arrangements related to handling of Minimum and Maximum Clearing Price Limits.
 - 1.8.2 The proposal fulfils the objective of “ensuring operational security” by having harmonised Maximum and Minimum Clearing Price Limits that are public and stable over time and by providing limited flexibility to, in a process led by the All NEMO Committee and involving all relevant NEMOs and TSOs, quickly implement Temporary Maximum and Minimum Clearing Price Limits in exceptional circumstances for given Member States, Bidding Zones or regions.;
 - 1.8.3 The proposal fulfils the objective of “optimising the calculation and allocation of cross-zonal capacity”, and in parts also the objective of “optimal use of the transmission infrastructure”, by proposing harmonisation of the minimum and maximum clearing price limits, and in the event of temporary derogations, as referred to in 1.8.3 and further detailed in 6.3, that due considerations of the impact on the objectives of the regulation should be taken into account, e.g. impacts on competition and optimal utilization of capacity towards adjacent Bidding Zones/Member States/regions where the harmonized limits are maintained. ;
 - 1.8.4 The proposal fulfils the objective of "ensuring fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants" by proposing harmonisation of the minimum and maximum clearing price limits, while it is provided for that in case of derogations the considerations as detailed in 1.8.4 above are taken into account.;
 - 1.8.5 The proposal fulfils the objective of “contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union” as the harmonised maximum and minimum clearing price limits have been set at a level to provide an efficient signal that allows full provision of supply and demand orders in to the Single Day Ahead and Intra Day Coupling markets and for a spot and forward price formation that can enable efficient signals for investment in generation and demand side response.;
 - 1.8.6 The proposal fulfils the objective of “respecting the need for a fair and orderly market and fair and orderly price formation” based on that the outset limits are to be harmonised across the Bidding Zones and countries included in Single DA Coupling and Single ID Coupling, and that any derogations will be clearly justified and made harmonised among all NEMOs active within the given Bidding Zones.;
 - 1.8.7 The proposal fulfils the objective of “creating a level playing field for NEMOs” as the limits applied will always be identical for multiple-NEMOs active within identical individual or groups of Bidding Zones.;
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- 1.8.8 The proposal fulfils the objective “providing non-discriminatory access to cross-zonal capacity” as the limits will be harmonised across the Bidding Zones and countries included in Single DA Coupling and Single ID Coupling, and that any derogations will be clearly justified and made harmonised among all NEMOs active within the given Bidding Zones.
 - 1.8.9 Finally, to ensure that the proposal continues to fulfil the objectives of the CACM Regulation all NEMOs will undertake an assessment every two years, in coordination with TSOs, of the limits against the objectives of the CACM Regulation with respect to SDAC and SIDC.

2. Definitions

- 2.1. Clearing price means in accordance with Article 2 (31) of the CACM means the price determined by matching the highest accepted selling order and the lowest accepted buying order in the electricity market.
- 2.2. Harmonised Day Ahead Minimum Clearing Price Limit means the minimum clearing price value proposed by all NEMOs to be applied in all bidding zones which participate in single day-ahead coupling.
- 2.3. Harmonised Day Ahead Maximum Clearing Price Limit means the maximum clearing price value proposed by all NEMOs to be applied in all bidding zones which participate in single day-ahead coupling.
- 2.4. Harmonised Intra Day Minimum Clearing Price Limit means the minimum clearing price value proposed by all NEMOs to be applied in all bidding zones which participate in single intra-day coupling.
- 2.5. Harmonised Intra Day Maximum Clearing Price Limit means the maximum clearing price value proposed by all NEMOs to be applied in all bidding zones which participate in single intra-day coupling.

3. Harmonised Minimum and Maximum Clearing Price Limits for SDAC

- 3.1. The Harmonised Maximum Clearing Price Limit for SDAC shall be +3000.00 Euro/MWh
- 3.2. The Harmonised Minimum Clearing Price Limit for SDAC shall be -500.00 Euro/MWh

4. Harmonised Minimum and Maximum Clearing Price Limits for SIDC

- 4.1. The Harmonised Maximum Clearing Price Limit for SIDC shall be [+3000 or +9999] Euro/MWh
- 4.2. The Harmonised Minimum Clearing Price Limit for SIDC shall be [-500 or -9999] Euro/MWh

5. Timeline for implementation

- 5.1. NEMOs shall adopt the Harmonised Clearing Price Limits with the implementation of SIDC and SDAC. A NEMO shall apply, in its role as NEMO, the Harmonised Minimum and
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Maximum Clearing Price limits from the point at which the NEMO joins the operational SDAC or SIDC solution respectively.

6. Criteria and Process for establishing and amending Harmonised Clearing Price Limits

- 6.1. All NEMOs shall adopt the Harmonised Minimum and Maximum Clearing Prices for SDAC and SIDC respectively, unless a clearly justified derogation has been agreed for given Bidding Zones by all active NEMOs, in coordination with relevant TSOs, and approved by the relevant NRAs of the Bidding Zones for which the derogation will apply. In such a decision due considerations of the impact on the objectives of the regulation should be taken into account.
 - 6.2. In case a derogation has been approved, all NEMOs active in the given MS and Bidding Zone(s) to which the derogation applies shall adopt the Minimum and Maximum Clearing Price Limits specified in the derogation.
 - 6.3. In exceptional circumstances, where in the judgement of the NEMO Committee there is a significant risk that the Harmonised Maximum and Minimum Clearing Price Limits will be repeatedly reached, the NEMO Committee may decide for a temporary period of time to apply Temporary Maximum and Minimum Clearing Price Limits. In such case, the NEMO Committee shall act in coordination with TSOs, notify NRAs and publish its decision. The decision shall specify at least the agreed Temporary Maximum and Minimum Clearing Price Limits, the bidding zones to which they apply, and the start and end date for which they will apply. In such a decision due considerations of the impact on the objectives of the regulation should be taken into account. The agreed Temporary Maximum and Minimum Clearing Price Limits shall be adopted by all NEMOs active in the relevant bidding zones. The Harmonised Maximum and Minimum Clearing Price Limits will apply on expiration of the Temporary Maximum and Minimum Clearing Price Limits.
 - 6.4. A NEMO Committee decision to apply Temporary Maximum and Minimum Clearing Price Limits may also trigger a review of the Harmonised Maximum and Minimum Clearing Price Limits.
 - 6.5. The NEMOs shall at least every two years reassess the Harmonised Minimum and Maximum Clearing Price Limits, and share that assessment with all market participants and review it in the MESG (Market European Stakeholder Committee),
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