

Summary of responses on Shadow Allocation Rules consultation

1. Introduction

The consultation of the Shadow Allocation Rules was held from the 8th of May 2015 till the 8th of June.

2. Comment

Only one comment received. No adaptation was introduced due to this comment since it was related to national nomination rules in Spain. Some modifications were introduced to be in line with the adaptation introduced in the framework of the public consultation process of the EU HAR.

3. Detailed comment received regarding the Shadow Allocation Rules during the public consultation held from 8th of March 2015 till 8th of June 2015

IBERDROLA'S RESPONSE TO THE CONSULTATION ON
SHADOW ALLOCATION RULES

08th June, 2015

IBERDROLA welcomes the provision of a set of harmonized Shadow Allocation Rules as a step forward to achieve the completion of the Internal Energy Market.

Although the fall-back daily capacity allocation on the France-Spain border will be harmonised with CWE borders (shadow auctions), however submission of bids to the Spanish Power Exchange

(OMIE) and nomination of cross border flows to Spanish TSO (REE) won't be harmonized with CWE.

In Spain, in case of decoupling, the procedure is a fast sequence of complex unusual processes which increases error possibility: the submission of bids to OMIE implies the use of generic units before gate closure of the daily market and the nomination of bilateral contracts between generic units and border units no later than 30 minutes after the market results publication. The publication of markets results is delayed as a consequence of the reopening of the market.

OMIE has to supply to REE the position of the generic units after the market and CASC has to supply to REE the results of the shadow auctions so that REE is able to accept the bilateral contracts of market participants no later than 30 minutes after market results.

In CWE Markets (including France), in case of decoupling, market participants don't have to use different units than the daily used (portfolio units) and don't have to do bilateral contracts between units. Daily cross border nominations are allowed until 15:30. CASC have to send the results of shadow auctions to CWE TSOs so that they are able to accept the cross border nominations.

Different units, more processes, more exchanges of information, tighter deadlines do the

operation on the Spanish side more complex than in CWE. Our operational team participated on the shadow auctions tests performed for the France-Spain border on 16th and 17th of March and have experienced the complexity of the operational process (especially in case of total decoupling in Europe when they would have to perform the fall-back procedure on all borders in which we participate).

Moreover, market participants have only 30 minutes after the market results publication to the nomination of bilateral contracts in Spain. Daily cross border nominations are allowed until 15:30 in CWE Markets. This is a clear disadvantage for market participants in Spain. We support the harmonization of nominations at 15:30.

As decoupling of markets is an exceptional and unexpected situation that involves a lot of processes, some of them with a tight deadline, it is crucial to assure the simplicity, robustness and harmonization of all operation processes in Europe (including nomination rules) in order to avoid mistakes that could lead to undesirable consequences (both operational and economic).

Therefore we ask for the harmonization of Spanish market with CWE markets, by introducing portfolio orders and balance responsible parties.

REPLY TO THE MARKET PARTICIPANT
10th June, 2015

Dear All,

Thank you for your comment.

Based on your response to the consultation on Shadow Allocation Rules, we understand that you support the Harmonization of the nomination rules. Because the nomination rules are into a different scope than the Shadow allocation rules, we will not be able to integrate your comments. Back to your response and as you know, each market may have their own rules. This rules are done accordingly to each specificities than a market may face, and are also adapted as per the effective constraint occurring on their border.

Because the structure of a market may be different from a country to another one, the application of the same procedure can be challenging.

The Spanish market is a physical market that is based in some programming units per market subject instead a unique balance perimeter per market subject such like in CWE.

Another point is that the TSO REE performs a market security analysis on a daily basis that is done at 2 pm, just after nominations. Due to this security constraint, physical nomination would needs to be known prior the CWE nomination deadlines.

It is understandable that you qualify this as a clear disadvantage for market participants in Spain, however, please be assured that the rules are made in order to ensure the safest process through capacity allocation, and applied impartially.

Please note that such process is foreseen as a fallback of the regular daily market coupling and is not reflecting a regular day to day process.