

Shadow Auction Guide

January 2024

What are shadow auctions?

Shadow auctions are day-ahead explicit auctions performed in case of failure of market coupling (implicit allocations). Only capacity rights are auctioned, electricity is to be purchased directly through power exchanges.

Shadow auctions are managed by JAO in cooperation with the TSOs and are performed in the eCAT system (<https://ecat.jao.eu/ca/web/pages/login.jsp>).

When are they triggered?

Shadow auctions are activated in case the market coupling session experiences severe issues and cannot be completed. In the event of a partial or full decoupling situation, JAO is responsible for organizing the fallback allocation of day-ahead capacity (in the form of shadow auctions) for the borders on which the implicit allocation failed.

On what borders do shadow auctions apply?

<i>List of all the shadow auctions currently managed by JAO (all corridors are bi-directional)</i>				
AT-CZ	D2-DE	ES-FR	HU-SK	PL-SK
AT-DE	D2-DE	FR-BE	IT-AT	RO-BG
AT-HU	DE-AT	FR-ES	IT-FR	RO-HU
AT-IT	DE-BE	FR-IT	IT-SI	CZ-PL
AT-SI	DE(50Hz)-PL	GR-BG	NL-BE	SI-AT
BE-DE	DE-CZ	GR-IT	NL-DE	SI-HR
BE-FR	DE-D1	HR-HU	NL-DK	SI-HU
BG-GR	DE-D2	HR-SI	NL-NO	SK-CZ
BG-RO	DE-FR	HU-AT	NO-DE	SK-HU
CZ-DE	DE-NL	HU-HR	NO-NL	SK-PL
CZ-AT	DE-NO	HU-RO	PL-CZ	
CZ-SK	DK-NL	HU-SI	PL-DE(50Hz)	

How do shadow auctions work?

Unlike other daily auctions organized by JAO S.A, shadow auctions do not have a delimited timeframe for placing bid(s).

Shadow auctions bid(s) can be placed at any time until the TSOs and power exchanges trigger partial or full decoupling and request JAO to start shadow auctions. JAO will inform market participants on the deadline(s) to place/update their shadow bids and then “close” the bidding period of the shadow auctions and start computation of the allocation results. Once the results have been distributed, JAO will send to every participant who was awarded capacity the right document(s) to be used for nomination purposes.

How can I participate in shadow auctions?

The participation in Shadow Auctions requires the market participant to conclude a valid and effective Participation Agreement or Amendment of the Participation Agreement. These agreements shall indicate on which Bidding Zone borders a registration for Shadow Auctions is desired in accordance with Articles 6 to 13 of the relevant Shadow Allocation Rules as well as it is compliant with the specific provisions per TSO Border where applicable per direction as listed in the relevant Annex of the allocation rules.

The Participant must ensure that he has accepted the relevant Shadow Allocation Rules in the Attachment 1 under section 3- *Declarations for other processes and Additional Rules* of the Participation Agreement or its latest Amendment. The participant shall also select the Bidding Zone border(s) for which he wishes to be registered in the Attachment 6 of the Participation Agreement or its latest Amendment.

The allocation rules for shadow auctions contain the pre-requisites (agreements are needed with the TSOs), which a Participant has to meet in order to have the necessary entitlements. These can be found on our website (<http://www.jao.eu>) under Support/Resource center/2. Auction rules (*Shadow Rules - List of agreements per Bidding Zone border needed with the concerned TSOs or other legal entities depending on the relevant national legislation to be entitled to nominate the allocated Transmission Rights*).

Prior to sending the registration documents by postal mail to JAO, the electronic version of the completed documents should be sent through our ticketing system (<https://servicedesk.jao.eu>) in order to be verified.

It is required to provide the registration documents no later than 7 working days before the auction in which participants intend to participate.

How can I bid on shadow auctions?

Only “default bidding” is available for shadow auctions. Participants are invited to place or update their default bids for shadow auctions at any time before the auctions are triggered (at the time indicated in the information email sent by JAO helpdesk team).

Default bids are permanent, which means that they will stay valid until modified or cancelled. If not, they will be used every time the auction is triggered.

Once a shadow auction is run (when JAO closes the bidding period), it is no longer possible to update nor to cancel a default bid.

After the expiration of the bidding period for a shadow auction, the system shall determine the shadow auction results. The shadow auction results are calculated using the methodology described in the shadow auction rules published on the JAO website.

If the bid quantity of a set of bids is exceeding the offered capacity, these bids, starting with the Bid with the lowest Bid Price, shall be one by one excluded, until the bid quantities do not breach the allocation constraint.

In order to modify a default bid, you can watch our video “eCAT Introduction – Bidding” → https://www.youtube.com/channel/UCfraWtRfObrkCoLLrdCNwdA/videos?disable_polymer=1

How would I be informed in case there is a risk of decoupling?

Prior shadow auctions are triggered, JAO S.A will communicate towards its registered users the following information:

- The cause of the risk of decoupling
- The affected borders and interconnectors
- The deadline to update or place shadow bids

Several e-mails containing the latest update on the situation will be sent out in order to allow participants enough time to modify their shadow bids. E-mails samples can be found in the Annex 1 of this document.

The messages are also published in the news section of our website:

<http://www.jao.eu/news/messageboard/overview>


To get the latest news we recommend to register to our RSS feed.

How are auction results and rights documents distributed?

After a shadow auction has been run, the eCAT system will generate allocation results files for every participant. These files will be distributed to the user’s email address and available for download through the eCAT interface.

In addition, every participant which is awarded capacity will receive capacity rights document (also called programming authorizations). These files will be distributed to the user’s email address and available for download through the eCAT interface. The capacity rights documents are to be used for nomination purposes.

APENDIX 1 – Email sample



helpdesk
[ExC_03a]: Risk of Partial Decoupling

To helpdesk

i This message was sent with High importance.

Dear All,

Due to technical reasons or market issues, the following area is decoupled from the Market Coupling:

EPEX CWE	DK1-DE FR-ES IT-AT IT-FR AT-SI NO2-NL (NorNed)
GME EXAA CWE	None
EMCO Nord Pool CWE	DK2-DE SE4-DE
OMIE	FR-ES

As a consequence of the Partial Decoupling, the NEMO order books for the areas remained coupled will reopen at HH:MM for exactly 10 minutes.

For the areas that remain coupled, please follow the market coupling rules as usual.
For the decoupled area, please follow the local auction rules.

Therefore, if relevant, we advise you to update your shadow bids at JAO eCAT platform before 15:40. Please refer to the website of JAO to get the results of the Shadow Auctions.

Disclaimer: *The Timings are expressed as CET timings.*

Please be aware that for the areas remaining coupled no Second Auction will be triggered if price thresholds are reached following the Partial Decoupling.
This measure aims at avoiding a Full Decoupling due to insufficient time left to perform the Second Auction.

Therefore, please use the opportunity of adjusting your orders during the 10 minutes communicated above, considering that decoupling situations are likely to determine the occurrence of extreme prices.

APENDIX 2 – Results and rights documents samples



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