

Joint statement of the TSOs regarding the public consultation comments on the drafts of “Allocation Rules for Forward Capacity Allocation on Swiss Borders” and “Rules for Daily Capacity Allocation on Swiss Borders”

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On behalf of the TSOs, JAO organised the public consultation on the proposed amendments of the “Allocation Rules for Forward Capacity Allocation on Swiss Borders” and “Rules for Daily Capacity Allocation on Swiss Borders” between 27th June and 29th July. This report presents the comments received during the consultation period, along with the corresponding responses from the TSOs.

Public consultation comment #1

MP’s comment:

“Dear Sir or Madam,

We thank you for the possibility to comment on the proposed amendments of the allocation rules for forward and daily capacity on Swiss border.

For the daily capacity on the Swiss-German, Swiss-Austrian, Swiss-French, and Swiss-Italian borders, we would like to remind you of some important considerations regarding the new Market Time Unit (MTU) for daily power exchanges in Germany, France, Austria, and Italy (60 minutes and 15 minutes) which will be introduced starting from 2025.

- *If the Swiss daily power exchange (SWISSIX) maintains an MTU of only 60 minutes, then the JAO daily auction should not introduce 15-minute granularity.*
- *If the Swiss daily power exchange (SWISSIX) adopts both 60-minute and 15-minute MTUs, then the JAO auction should also introduce both 60-minute and 15-minute auctions. If only one capacity product is be offered, the JAO should maintain the 60-minute auction and TSOs should allow nominations in 15-minute granularity.*

These considerations have already been stated in the past weeks, and we remind you that they take into account the goal of maximizing market flexibility in different countries and optimizing the various production units accordingly. ...”

Response of TSOs:

The new formulation in the auction rules use ‘MTU’ with the aim to keep the rules flexible and to allow for the adaptation of products per border, depending on the design of wholesale products of PX on both sides of the respective borders.

Used time units indeed shall be decided in coordination of Power Exchanges, TSOs and Market Participants and should not be restricted by the allocation rules, considering implementation timelines of relevant projects for changing MTUs in wholesale markets.

Independent to that the prices shall always be understood in EUR/MWh, to avoid confusion and possible errors for MTUs not equal to 1h units (e.g. the value of 10MW with a price of 50EUR/MWh for one 15” MTU time unit is then in total equal to 125EUR).

Public consultation comment #2

MP's comment:

"Dear All,

we are contacting you since we just have a minor request regarding the consultation on the proposed amendments of the Rules for Forward/Daily Capacity Allocation on Swiss Borders.

We noticed that the defined terms in the document have been changed from uppercase to lowercase. This alteration seems to create confusion rather than simplify the rules and we would suggest to return to the previous version.

Thank you for your consideration and Best Regards, ..."

Response of TSOs:

JAO and the TSOs aim to keep all allocation rules as harmonised as possible. In light of ACER's decision to change the capitalisation of defined terms in the Harmonised Allocation Rules (and in higher-level methodologies as well), this modification has been adapted in the *Rules for Forward/Daily Capacity Allocation on Swiss Borders*. TSOs agree to keep the proposed decapitalisation.

Public consultation comment #3

MP's comment:

"We are writing in response to the public consultation on Allocation Rules for Forward Capacity Allocation on Swiss Borders.

We would like to suggest a review of the document titled "LT_CH_Auction_Rules_2024" in order to make the process more transparent and economically efficient. Our attention is focused on the article 59.1, page 57 and entitled "Compensation for curtailments to ensure operation remains within operational security limits before the firmness deadline". We propose changing the article in the following way (written in red):

"In cases of curtailment to ensure operation remains within operational security limits before the firmness deadline (also after the firmness deadline for bidding zone border Switzerland – Germany according to Article 57) the compensation for each affected MTU and registered participant shall be calculated as the long-term transmission rights in MW corresponding to the difference between the allocated long-term transmission rights held by the registered participant before and after the curtailment multiplied by the MTU in hours, and multiplied by the following price (in EUR/MWh):

- marginal price of the daily auction, if the capacity submitted to the daily auction is greater than the curtailed quantity for the Long Term Capacity*
- the weighted average between the marginal price of the daily auction and marginal price of the initial auction, if the capacity submitted to the daily auction is lower than the curtailed quantity for the Long Term Capacity."*

Thank you for your attention,"

Response of TSOs:

The proposal for adjusting the compensation rule seems to be very balanced, therefore Swiss border TSOs discussed it intensively.

Curtailed of long-term transmission rights only occurs due to unforeseeable events and applies for all form of long-term products and regardless of their nomination status. In such cases TSOs do not reserve any capacity for day-ahead auctions – all capacities offered in day-ahead auctions, if any, come from LTTR holders who have not nominated/not returned their capacity (UIOSI). For the curtailed part LTTR holders are then compensated by 100%/110% of the marginal price of the initial long-term auction as per Article 59, and for the resold (UIOSI) part they receive the marginal price of the day-ahead auction based on the remuneration principles according to Article 48. So, there is no congestion income left for TSOs which they could use for higher compensation according to this proposal.

Therefore, TSOs have decided not to move forward with this proposal.