

**CONGESTION MANAGEMENT RULES ON THE ITALIAN  
INTERCONNECTION, PURSUANT TO ART. 7 OF ANNEX A OF  
THE DELIBERATION BY THE ITALIAN AUTHORITY FOR  
ELECTRICITY AND GAS ARG/elt 162/11**

Last update July 2016



### Definitions

For the purposes of interpreting the provisions included in this rules, the definitions applied are those indicated in:

- art. 1 of Annex A of the Deliberation No. 111/06 of 9 June 2006, as amended and integrated (hereinafter “Deliberation 111/06”);
- art. 2. of the **Allocation Rules for Forward Capacity Allocation** (hereinafter Long Term Auction Rules);
- art. 2. of **Allocation Rules for Intraday Capacity Allocation on France – Italy, Switzerland – Italy and Austria – Italy Borders** (hereinafter Intraday Auction Rules);
- art. 2 of **Daily Capacity Allocation on Swiss Borders and Italy – Greece Border** (hereinafter Daily Auction Rules);
- art. 2 of the **Shadow Allocation Rules** (hereinafter Shadow Auction Rules);
- art. 1 of Annex A of the Deliberation ARG/elt 162/11 of 24 November 2011 (hereinafter “Deliberation 162/11”) as well as the following;

Auction Rules	<p>Set of the rules included in the following list:</p> <ul style="list-style-type: none"> <li>– <b>Allocation Rules for Forward Capacity Allocation</b> (Long Term Auction Rules);</li> <li>– <b>Allocation Rules for Intraday Capacity Allocation on France – Italy, Switzerland – Italy and Austria – Italy Borders</b> (Intraday Auction Rules);</li> <li>– <b>Daily Capacity Allocation on Swiss Borders and Italy – Greece Border</b> (Daily Auction Rules);</li> <li>– <b>Shadow Allocation Rules</b> (Shadow Auction Rules);</li> </ul>
Border	A set of power lines interconnecting two countries
Capacity	A Physical Transmission Right of electricity, defined by a value, expressed in whole Megawatts (MW) over a Border in one direction.
Capacity Allowed for Nomination	The maximum amount of transmission Capacity which can be nominated by a UPV/UCV holder as Nomination Agent or assigner (or Counterpart) of reserved Capacity.
Capacity Holder	A Physical Transmission Rights Holder
CET	Central European Time

COT (Cut Off Time)	Specified time providing a deadline for TSOs' final matching of mismatching schedules by market parties. At this time, in case of mismatch or in case of exceeding the capacity right, the automatic measures are applied to the nominations.
Daily Auction	The explicit auction executed by the Joint Auction Office of Capacity covering a period of one day ruled by the Daily Auction Rules
Daily Auction Rules	The daily Capacity Allocation on Swiss Borders and Italy – Greece Border
EIC Code	ENTSO-E Energy identification code, known by the Joint Auction Office and the TSOs
Exchange Schedule	An exchange declaration established by a Nomination Agent that specifies the power, expressed in Megawatts (MW) per Hourly Period, exchanged over a TSO Border in one direction or the other
Gestore del Mercato Elettrico (GME):	Italian Market Operator responsible for the economic management of the electricity Market according to art 5 of the Legislative Decree 79/99.
Intraday Auction	The Auctioning by the Joint Auction Office of Capacity ruled by the Intraday Auction Rules.  For each delivery day, two (2) Intraday Auction are foreseen: <ul style="list-style-type: none"> <li>• XBID1 in D-1 dealing with 00:00 to 24:00 period</li> <li>• XBID2 in D dealing with 16:00 to 24:00 period</li> </ul>
Intraday Auction Rules	Allocation Rules for Intraday Capacity Allocation on France – Italy, Switzerland – Italy and Austria – Italy Borders
Long Term Auction Rules	Allocation Rules for Forward Capacity Allocation
Market Coupling	The coupling via certain Borders of day-ahead electricity markets in which simultaneously effects an implicit allocation of daily Physical Transmission Rights and a clearing of energy offers-demands.
Joint Auction Office (JAO)	The entity in charge, among other activities, of allocating the Offered Capacity and of managing the secondary capacity market, namely JAO S.A.
Margins (Step Down/UP):	Maximum/minimum quantity that can be specified in Bid/Offer with reference to the same offer point as defined in "Integrated Text of the Electricity Market Rules" published by the Gestore del Mercato Elettrico (GME)
MGP:	Day Ahead Energy Market managed by GME
ML	Merchant Line
ML Capacity	Physical Transmission Rights assigned to an holder of exemption from third party access or his Counterparties/Beneficiaries.
MI	Intra-Day Market managed by GME. There are five (5) sessions: MI1, MI2, MI3, MI4 and MI5.

Monthly Auction	The auctioning by the Joint Auction Office of Capacity covering a period from the first day to the last day of a calendar month ruled by the Long Term Auction Rules
Nomination	Notification of the use of Capacity by a Nomination Agent
Nomination Agent	Legal entity eligible to nominate Physical Transmission Rights by holding the relevant agreement(s) designated by the Transmission Rights Holder. On Italian side, the Nomination Agent is the UPV/UCV holder.
Periodic PTRs:	Yearly and monthly Physical Transmission Rights
PTRs	Physical Transmission Rights
Scheduling Tool - DAMAS	The Italian Scheduling Tool <a href="https://damas.terna.it">https://damas.terna.it</a> used by TERNA to manage the cross-border scheduling
TSO	Transmission System Operator.
UPV/UCV	UPV is a virtual production unit located in the foreign virtual bidding zone of the Italian market assigned to a market operator for selling the importing energy on a specific border and Capacity type  UCV is a virtual consumption unit located in the foreign virtual bidding zone of the Italian market assigned to a market operator for buying the importing energy on a specific border and Capacity type
Virtual bidding zone	Is the Point of Interconnection with a neighbouring country or a constrained bidding zone as defined in the “Integrated Text of the Electricity Market Rules” published by GME.
Working Days	The following days: Monday, Tuesday, Wednesday, Thursday and Friday (Week Days) excluding the Italian bank holidays.
Yearly Auction	Auctioning by the Joint Auction Office of Capacity covering a period from the first Day to the last Day of a calendar year ruled by the Long Term Auction Rules.

## SECTION I – INTRODUCTION

### *Article 1*

#### **General Provision**

- 1.1 These Congestion Management Rules, pursuant to Deliberation 162/11, describe the provisions governing congestions management on the Italian interconnection from 1<sup>st</sup> January 2016 and will be prolonged automatically on year to year basis unless any Regulatory change referring to the capacity allocation and congestion management on the Italian interconnection will occur. It includes also application procedures, terms and conditions to assign virtual production/consumption units to the owner of dispatching contract in order to import/export energy in/from Italy on the interconnection with France, Austria, Switzerland, Slovenia and Greece.
- 1.2 Congestion management on the Italian interconnection takes place through joint allocation via explicit auctions of the Capacity in form of yearly, monthly, daily and intraday Physical Transmission Rights (PTRs) carried out by the Joint Auction Office (JAO) on behalf of the concerned TSOs, but in its own name according to the Auction Rules.
- On the Borders in which the Market Coupling is in operation, Daily Auctions will be executed by JAO only in case of unavailability of Market Coupling as fall-back procedure according to Shadow Auctions Rules.
- On the interconnection with Slovenia, Intraday Auctions are not executed and the available Intraday Capacity is allocated through and Intraday Market Coupling process based on implicit auctions.
- In order to import/export electricity in/from Italy the operator must be a signer of a injection/withdrawal dispatching contract and:
- (i) a Capacity Holder or a Nomination Agent or
  - (ii) an assigner/counterparty of reserved Capacity on the Italian interconnection, according to the Deliberation n. 162/11 or
  - (iii) a ML Capacity Holder or his Counterparties/Beneficiaries of the exemption from Third Party Access according to the provisions of the Decree of the Ministry of Economic Development 21<sup>st</sup> October 2005.

## SECTION II – REGISTRATION PROCESS

### *Article 2*

#### **Application procedure for congestion management on the interconnection for the purpose of import/export energy in/from Italy**

2.1 The operators interested to import/export energy in/from Italy on the interconnection with France, Austria, Switzerland, Slovenia and Greece shall apply to TERNA for the access to Italian's Transmission system for imports and exports using the application form given in ANNEX 1 and ANNEX 2. The access to Italian Transmission system will allow the Operator to Nominate capacity on the Italian interconnection if the Operator has the requisites set at article 1.2.

The following points must be specified by the applicant:

- the interconnection on which they intend to import/export energy in/from Italy;
- the ID code of the signed dispatching contracts related to production units (import)/consumption units (export) pursuant to Art.4 of Deliberation 111/06;
- The indication that the applicant intend to participate to Yearly, Monthly, Daily and/or intraday auctions on French, Swiss, Austrian, Slovenian and Greek interconnection;
- the qualification of market operator on the offering system (IPEX), or on the “Piattaforma dei Conti Energia” (PCE);
- the qualification to operate in the market of neighbouring countries and to submit Nominations to neighbouring TSOs;
- the UPV/UCV requested with the indication of the counterparties in charge for the Nominations to the neighbour TSO.

2.2 TERNA shall check the eligibility of the applicant within five (5) working days from receipt of the application. If the application is incorrect or incomplete, TERNA shall inform the applicant of what actions/information are/is required in order to make valid or complete the application and shall also communicate the deadline by which the amended application must be returned. In case of a positive outcome, TERNA shall set up, within the next three (3) working days, the requested virtual production/consumption units (UPV/UCV). For the borders in which the Market Coupling is in operations, daily virtual production/consumption units are set up for the management of the fall back procedures (Shadow Auctions).

The Margins of the above virtual production/consumption units will be set to zero until the Operator is compliant with the requirement set in the article 1.2.

TERNA shall provide GME with a list of virtual production/consumption units, and the relative Margins. TERNA will update the margins of UPV/UCV provided to GME as set in the following art 6.6.

- 2.3 The UPV/UCV holder shall notify TERNA and updates/changes their counterparties according to the procedures set in the enclosed Annex 2. The counterparties designated shall be compliant with Section IV of these rules.

### **SECTION III – ITALIAN ENERGY MARKET**

#### *Article 3*

#### **Participation in the Italian Market**

- 3.1 The UPV/UCV holder for yearly, monthly, periodic, daily PTRs, reserved capacities and ML Capacity may sell/buy the energy for import/export in/from Italy in the Italian market through the MGP, MI1, MI2, MI3, MI4 and MI5 energy market.  
The above mentioned UPV/UCV sells/buys energy for import/export in/from Italy by submitting:
  - a. selling/buying offers referred to the Italian bidding zones;
  - b. injection/consumption schedules referred to Italian bidding zones in execution of contracts concluded outside the offering system. These are treated according to the procedures set by the Italian Regulator for dispatching activities.
- 3.2 The UPV/UCV holder of Capacity assigned in Intraday Auction may sell/buy the energy for import/export in/from Italy in the Italian market through MI2, MI3 and MI4 for the Capacity allocated in the XBID1 and through MI5 for the Capacity allocated in XBID2.
- 3.3 In order to submit selling/buying offers as set in sub-sections 3.1, letter a) and 3.2, the UPV/UCV holder shall apply to GME to be registered, directly or through a delegated subject, as Market Operator for admission to the Energy Market.
- 3.4 For the physical execution of energy purchases/sales concluded outside the offering system, and the related injection/consumption schedules, as set in sub-section 3.1, letter b), the UPV/UCV holders shall apply to GME to be registered, directly or through a delegated subject, as Operator admitted to the “Piattaforma Conti Energia” pursuant to art. 16 and 18 of Deliberation 111/06.
- 3.5 For each interconnection the sum of the accepted injection/consumption schedules set in sub-sections 3.1, letter b) and 3.2, and the accepted selling/buying offers as set in sub-section 3.1,

letter a) cannot exceed the total amount of Capacity Allowed for Nomination for each UPV/UCV and the Margins set by Terna.

## SECTION IV – NOMINATION RULES

The present section set the rules with regard to the notification of use of Physical Transmission Rights to Terna (Nomination Rules on the Italian borders).

### *Article 4* **Rights Document**

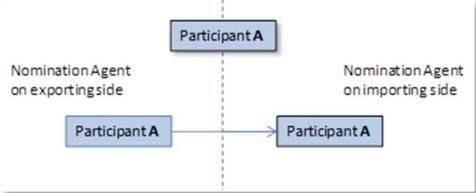
4.1 The Joint Auction Office notifies by electronic message the Rights Document of the yearly, monthly, daily, intraday and ML Capacity to the market participant and/or the Nomination Agent according to the relevant Auction Rules.

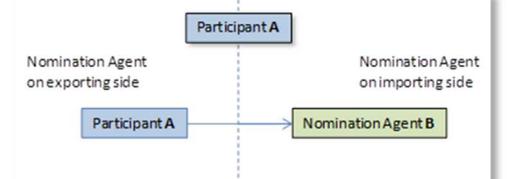
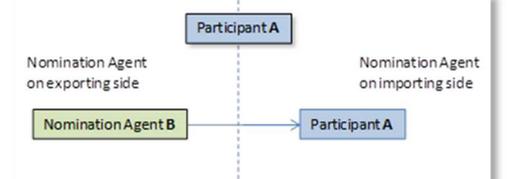
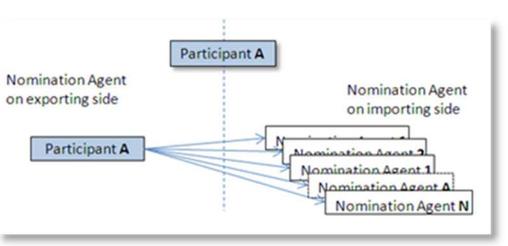
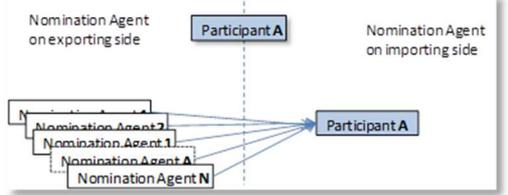
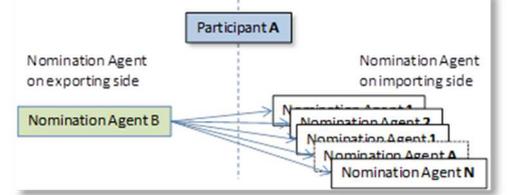
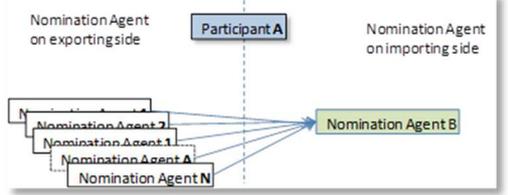
4.2 For all TSO Borders except France-Italy, the Rights Document are detailed per Auction ID.

- For the France – Italy Border:  
In the direction from France to Italy, the Rights Document is an aggregation of all yearly and monthly allocated Capacity (Periodic PTRs).
- In the direction from Italy to France, two Rights Document are sent by the Joint Auction Office for the same day, one aggregating all yearly and monthly allocated Capacity for the Nomination with RTE and one detailing allocated yearly and monthly Capacity per Auction ID for the Nomination with TERNA.

### *Article 5* **Nomination principles**

5.1 Depending on Border, direction and Capacity, the following combinations of Nomination Agents designation may be applied:

Type of Nomination	Principle	Diagram
A to A	The Participant A shall be the Nomination Agent on both sides of the concerned Border.	 <p>The diagram illustrates a vertical dashed line representing a border. On the left side, a box labeled 'Participant A' is positioned below the text 'Nomination Agent on exporting side'. On the right side, another box labeled 'Participant A' is positioned below the text 'Nomination Agent on importing side'. A horizontal arrow points from the 'Participant A' box on the left to the 'Participant A' box on the right, indicating the flow of nomination across the border.</p>

Type of Nomination	Principle	Diagram
A to B	The Participant A may appoint one legal entity B as Nomination Agent on the importing TSO side.	
B to A	The Participant A may appoint one legal entity B as Nomination Agent on the exporting TSO side.	
A to N	The Participant A may appoint several legal entities N as Nomination Agent on the importing side of the concerned Border.	
N to A	The Participant A may appoint several legal entities N as Nomination Agent on the exporting side	
B to N	The Participant A may appoint one legal entity, as Nomination Agent B on the exporting TSO and several legal entities N as Nomination Agent on the other side of the concerned Border.	
N to B	The Participant A may appoint several legal entities N as Nomination Agent on the exporting side and on legal entity on the importing side	

5.2 For yearly and monthly Capacities (coming from yearly and Monthly Auctions) following principles are applied:

Country Border	Principle applied	Designation of Nomination Agent
IT>FR	A to A	Not applicable
FR>IT	A to N	To the concerned TSO for N
CH>IT	A to N or N to A	To the concerned TSO for N
GR>IT	B to N or N to B	To the concerned TSO for B and N
AT<>IT, SI<>IT	B to N or N to B	To the Joint Auction Office for B To the concerned TSO for N
IT>CH, and IT>GR	B to N	To the Joint Auction Office for B To the concerned TSO for N

5.3 For daily Capacities (coming from Daily Auctions, Shadow Auctions) following principles are applied:

Country Border	Principle applied	Designation of Nomination Agent
IT>FR, AT<>IT	A to A	Not applicable
IT<>CH, IT<>SI, GR>IT and FR>IT	A to B	To the concerned TSOs
IT>GR	A to B, but B cannot be appointed by more than one company	To the concerned TSOs

5.4 For intraday Capacities following principle is applied:

Country Border	Principle applied	Designation of Nomination Agent
IT<>FR, AT<>IT, IT<>CH	A to A	Not applicable

**Submission of Nomination and matching rules**

6.1 Each PTRs Holder, each ML Capacity Holder, each owner of reserved capacities according to the Deliberation 162/11 and the correspondent Counterparties shall follow the Nomination Rules set in this Section.

6.2 The UPV/UCV holder shall Nominate to TERNA through the IT tool - DAMAS (<https://damas.terna.it>) the usage of the Capacity indicating the Capacity Agreement Identification, the responsible Counterparty and, the power expressed in integer value of MW. Modalities for Nominations are set in the DAMAS User Guide available on TERNA web site.

6.3 Nominations shall be sent to TERNA according to the following timing.

Direction from France, Switzerland, Austria, Slovenia and Greece to Italy and from Italy to France, Switzerland, Austria, Slovenia and Greece

- yearly PTRs, monthly PTRs, Periodic PTRs, reserved capacities and ML Capacity have to be nominated before 08:30 CET D-1;
- daily PTRs (only in case of explicit allocation) have to be Nominated from 12:55 CET till 14:30 CET D-1;
- XBID1 PTRs have to be nominated from 17:00 till 17:30 CET D-1;
- XBID2 PTRs have to be nominated from 12:00 till 12:30 CET D.

6.4 On France, Swiss and Greek borders, in case of mismatch between the Nomination made by the UPV/UCV holder to Terna and the Nomination made by the counterparty to the neighbour TSO, the following rules are applied:

- yearly, monthly, Periodic, reserved and ML Capacities: the Nomination made to the exporting TSO prevails;
- daily Capacity: the lower value prevails;
- intraday Capacity: the lower value prevails.

6.5 On Slovenian and Austrian borders, in case of mismatch between the Nomination made by the UPV/UCV holder to Terna and the Nomination made by the counterparty to the neighbour TSO, the following rules are applied:

- yearly, monthly Capacity Nomination:
  - The mismatch is communicated to the UPV/UCV Holder through the web access of DAMAS
  - Two correction cycles are given to the UPV/UCV Holder to correct the Nominations with mismatch between 8:30 and 9:00 D-1

- At 9:00 D-1 (COT) the following automatic measures are applied to the Nominations with mismatch or in case of exceeding the capacity right:
  - The Nominations are cut to the lower value
  - In case the sum of the Nominations related to the same Capacity Agreement Identification exceed the Capacity right, the Nominations are reduced pro-rata
- daily Capacity Nominations (only in case of explicit allocation):
  - The mismatch is communicated to the UPV/UCV Holder through the web access of DAMAS
  - Two correction cycles are given to the UPV/UCV Holder to correct the Nominations with mismatch between 14:55 and 15:25 D-1
  - At 15:25 D-1 (COT) the following automatic measures are applied to the Nominations with mismatch or in case of exceeding the capacity right:
    - The Nominations are cut to the lower value
    - In case the sum of the Nominations related to the same Capacity Agreement Identification exceed the Capacity right, the Nominations are reduced pro-rata
- intraday Capacity Nominations (only Austrian border):
  - No correction cycles are defined in the matching process. In case of mismatch or in case of exceeding the capacity right:
    - The Nominations are cut to the lower value
    - In case the sum of the Nominations related to the same Capacity Agreement Identification exceed the Capacity right, the Nominations are reduced pro-rata

The open-gate and the gate-closure of the correction cycles are communicated through messages into the web form of DAMAS. In exceptional cases, TERNAL can skip the correction cycles and apply directly the COT.

6.6 The hourly Nomination matched by TERNAL with the neighbouring TSO for each UPV/UCV corresponding to yearly PTRs, monthly PTRs, Periodic PTRs, reserved capacities and ML Capacity will be used to set the margins of these UPV/UCV and will be provided to GME after Nominations.

The margins of UPV/UCV related to daily and intraday PTRs will be set by TERNAL equal to the PTRs assigned in the relative Daily, Shadow or Intraday Auctions and will be provided by TERNAL to GME after the allocation.

6.7 Terna, for security reasons, can reduce the Capacity, including the ML Capacity and the reserved capacities identified in the Deliberation 162/11. These reductions will be communicated to the involved Parties by the Joint Auction Office in a way compliant with the

Auction Rules for Yearly, monthly, daily, intraday and ML Capacity and by the TSOs for reserved Capacity.

- 6.8 TERNAs, as a fallback procedure in case of its own or of other TSOs IT disturbance, has the right to set values of UPV/UCV margin higher than the one set according to the article 6.6.
- 6.9 If the UPV/UCV Exchange Schedule does not match with the injection/consumption schedule resulting after MI energy market, the imbalance charge shall be applied to the difference between the two programs. The imbalance charge is set by art. 40 of Deliberation 111/06. The imbalances are calculated separately for each unit.

## **SECTION IV – MISCELLANEOUS**

### *Article 7* **Suspension**

- 7.1 The UPV/UCV holder may be suspended by Terna in case of violation of the provisions included in these rules.
- 7.2 When a Participant fails to comply with one or more provisions of these rules, Terna notifies in writing by registered letter or by fax with acknowledgment of receipt, to the UPV/UCV holder, the obligation to remedy to any breach or non-compliance of the rules.

This Notification indicates:

- the reasons for the launch of the general procedure of suspension and,
- the necessary action(s) that should be taken by the UPV/UCV holder to remedy to the breach and/or non-compliance of its contractual obligations which is (are) the reason(s) for launching the general procedure of suspension and,
- a deadline of minimum ten (10) Working Days, starting on the date of receipt of the Notification, within which these action(s) should be taken.

- 7.3 If the UPV/UCV holder does not take the requested action(s) to remedy the situation, within the abovementioned deadline, the UPV/UCV holder may be suspended by Terna.

### *Article 8* **Reference**

- 8.1 For anything else not explicitly indicated in this regulation, reference shall be made to the provisions contained in Deliberation 111/06 and Deliberation 162/11.