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**Proposal for nomination rules for Physical Transmission Rights for the bidding zone border(s) Italy NORD - France in accordance with Article 36 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation**

12 October 2017

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All TSOs of the bidding zone border(s) Italy NORD - France taking into account the following,

### **Whereas**

- (1) This document is the common proposal developed by the Transmission System Operators of the bidding zone border(s) Italy NORD - France (hereafter referred to as “TSOs”) for Nomination Rules for Physical Transmission Rights (hereafter referred to as the “Proposal”) in accordance with Article 36 of Commission Regulation (EU) 2016/1719 establishing a guideline on Forward Capacity Allocation (hereafter referred to as the “FCA Regulation”).
- (2) Article 31 of the FCA Regulation foresees that long-term cross-zonal capacity shall be allocated to market participants in the form of Physical Transmission Rights (PTRs) pursuant to the UIOSI principle or in the form of Financial Transmission Rights (FTRs) — options or FTRs — obligations. This Proposal only applies to the physical transmission rights acquired in forward capacity allocation. It lays down the rules for nomination of physical transmission rights for the bidding zone border(s) Italy NORD – France.
- (3) In accordance with Article 36(2) of the FCA Regulation, this Proposal is subject to consultation. Article 6 of the FCA Regulation requires that proposals submitted at bilateral or at multilateral level shall consult at least the Member States concerned and that the consultation shall last for a period not less than one month. Accordingly, this Proposal was consulted from 27 June 2017 until 18 August 2017.
- (4) This Proposal is submitted for the approval of all National Regulatory Authorities (hereafter referred to as the “NRAs”) of the bidding zone border(s) Italy NORD – France.
- (5) TSOs on the bidding zone border(s) Italy NORD - France consider that the FCA Regulation allows the submission of this Proposal on bidding zone border level, since proposals for nomination rules for Scheduled Exchanges between bidding zones are not listed in Article 4 of the FCA Regulation. They acknowledge that Article 36(3) of the FCA Regulation requires all TSOs to progressively harmonise the Nomination Rules on all bidding zone borders on which physical transmission rights are applied. The TSOs therefore undertake to progressively examine the potential and the need for harmonisation of these rules, taking into account their technical nature.
- (6) This Proposal generally contributes to the achievement of the objectives of Article 3 of the FCA Regulation. In particular, this Proposal serves the objective of promoting effective long-term cross-zonal trade with long-term hedging opportunities for market participants by promoting a transparent framework for the nomination rules for Physical Transmission Rights.
- (7) This Proposal contributes to the provision of non-discriminatory access to long-term cross-zonal capacity by detailing the process of nominating the Physical Transmission Rights already allocated in the long-term auctions (or the process of transferring those right in accordance with Article 44 of the FCA Regulation).
- (8) Furthermore, this Proposal ensures fair and non-discriminatory treatment of all affected parties, as it sets rules to be applied by all parties.
- (9) Regarding the objective of transparency and reliability of information on forward capacity allocation, this Proposal includes provisions on the necessary exchange of information between the holder of the transmission rights and the nomination platform for executing the nomination.
- (10) In conclusion, this Proposal contributes to the general objectives of the FCA Regulation to the benefit of all market participants and electricity end consumers.

**SUBMIT THE FOLLOWING PROPOSAL TO ALL REGULATORY AUTHORITIES OF THE BIDDING ZONE BORDER(S) Italy NORD-France**

## **TITLE 1**

### **General provisions**

#### **Article 1**

##### **Subject matter and scope**

1. This Proposal contains the terms and conditions for the nomination of Physical Transmission Rights on the bidding zone border(s) Italy NORD-France.
2. In accordance with the FCA Regulation and the applicable harmonised allocation rules for long-term transmission rights developed as per Article 51 of the FCA Regulation, this Proposal shall bind the holders of Physical Transmission Rights, their counterparties where applicable, and authorised third parties acting on their behalf.

#### **Article 2**

##### **Definitions and interpretation**

1. Capitalised terms used in this Proposal shall have the meaning given to them in Article 2 of Regulation (EC) 714/2009, Article 2 of Regulation (EC) 2013/543, Article 2 of Regulation (EC) 2015/1222, Article 2 of Directive 2009/72/EC, Regulation (EU) 2016/1719 and in the applicable harmonised allocation rules for long-term transmission rights.
2. In addition, the following definitions shall apply:
  - (a) ‘ECAN’ means the ENTSO-E standard protocol for Capacity Allocation and Nomination system;
  - (b) ‘ESS’ means the ENTSO-E standard protocol for Scheduling System;
  - (c) ‘HTTPS’ means HyperText Transfer Protocol over Secure Socket Layer;
  - (d) ‘ICMR’ means the 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 162/1 published on the web site of TERNA;
  - (e) ‘PTRs’ means physical transmission rights;
  - (f) ‘RTE’ means Réseau de Transport d’Electricité, the French system operator;
  - (g) ‘TERNA’ means TERNA S.p.A. Rete Elettrica Nazionale, the Italian system operator;
  - (h) ‘XML’ means the Extensible Markup Language;
  - (i) ‘IS Rules’ means applicable Information System Rules for the Nomination in RTE.

### **Article 3**

#### **Effective date and application**

This Proposal shall enter into force in accordance with the applicable national regulatory regimes. The rules described in this Proposal shall apply on the earliest possible date following the approval of the respective NRAs in Accordance with Article 4 of the FCA Regulation. This date will be published by the TSOs of the bidding zone border Italy NORD - France on their website.

## **TITLE 2**

### **Nomination rules**

#### **Article 4**

#### **Entitlement of a physical transmission rights holder to nominate Scheduled Exchanges**

1. In order to Nominate physical transmission rights to TERN, the holders of PTRs and/or their counterparties and eligible parties acting on their behalf must be a signer of an injection and/or withdrawal dispatching contract and be compliant with the ICMR.
2. In order to Nominate physical transmission rights to RTE, the holders of PTRs must be holder of a Balance Responsibility Contract agreed with RTE and a signer of the French Import/Export Rules in their last applicable version.

#### **Article 5**

#### **Minimum technical requirements to nominate**

1. The nomination tool of TERN is a web-based application, therefore the minimum technical requirement to nominate to TERN is to have an internet access and the MS Internet Explorer. The nomination tool gives the possibility to communicate also through a web services connection.
2. In order to Nominate its physical transmission rights to RTE, the holders of PTRs accesses the RTE Information System and uses the applications made available to him under the conditions defined by RTE in the IS Rules.
3. The nomination tool of RTE is a web-based application, therefore the minimum technical requirements to nominate to RTE is to have an internet access, a specific certificate provided by RTE and a compatible version of Internet Explorer or Firefox.

#### **Article 6**

#### **Description of the nomination process**

1. The PTRs must be Nominated to both TSOs.
2. The Allocation Platform notifies by electronic message the Rights Document of long term PTRs to the PTR holders according to the Allocation Rules.
3. In the direction from France to Italy NORD, the Rights Document is an aggregation of all long term allocated PTRs.
4. In the direction from Italy NORD to France, two Rights Documents are sent by the Allocation Platform for the same day, one aggregating all long term allocated PTRs for the Nomination to RTE

and one detailing allocated long term PTRs per each contract identification for the Nomination to TERNA.

5. For the PTRs allocated in direction from France to Italy NORD, the PTR holder shall submit the Nomination to RTE according to modalities described in IS Rules. The Nomination to TERNA shall be submitted by the PTR holder or by its counterparties (each PTR holder can designate several counterparties on Italian side) according to the modalities described in ICMR.
6. For the PTRs allocated in direction from Italy NORD to France, the Nomination has to be submitted by the PTR holder to both TSOs.
7. The Nominations submitted to TSOs shall not exceed the amount indicated in the Rights Documents.
8. Where the Nomination submitted exceeds the volume of its allocated rights, the submission will be rejected.
9. Where the Nomination gate is cancelled, Nomination submitted will not be considered and all Physical Transmission Rights will be treated as non nominated Physical Transmission Rights. The holders of Physical Transmission Rights will be compensated in accordance with applicable allocation rules as defined in Article 51 of FCA regulation.

#### **Article 7 Nomination timings**

1. Nominations shall be sent to both TSOs for both directions by 08:30 CET of the day preceding the delivery day
2. The Single Allocation Platform shall publish information on its website on the nomination deadline related to the nomination of long term PTR. In case of any discrepancy between the deadline published by the Single Allocation Platform and those of this valid and legally binding Proposal, the latter shall prevail and the Single Allocation Platform shall not be held liable for any damaged due to such a discrepancy.

#### **Article 8 Format of nomination and communication**

1. The nomination tool of TERNA supports two ways of communication:
  - (a) web form interface;
  - (b) web services communication of XML files through secure standard protocol HTTPS.

The format of XML file is defined by XSD charts available on the web site of TERNA , which make it possible to validate semantics of a XML message. The structure is based on the ESS standard provided by the ENTSO-E.

2. The nomination tool of RTE supports two ways of communication. Nominations can be:
  - (a) Uploaded manually or by email
  - (b) Or entered on the web form interface;

The format XML file is defined by XSD charts available on the web site of RTE, which make it possible to validate semantics of a XML message. The structure is based on the ECAN standard provided by the ENTSO-E.

### **TITLE 3**

#### **Miscellaneous**

#### **Article 9**

##### **Amendment of the nomination rules**

Any change of the 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 or of the French Import/Export Rules that has an impact on the present nomination rules, shall lead to an amendment of the present Proposal

#### **Article 10**

##### **Language**

The reference language for this Proposal shall be English. For the avoidance of doubt, where TSOs need to translate this nomination nrules Proposal into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with Article 4(13) of the FCA Regulation and any version in another language the relevant TSOs shall, in accordance with national legislation, provide the relevant NRAs with an updated translation of the Proposal