

DECISION OF RAE UNDER NO. 1010/2021

Defining the Regulatory Parameters for Calculating the Non-Compliance Charge for the non legal submission of Sell Orders relating to the Available Capacity for the year 2022 subject to the provisions of sub-section 4.4.2.1 of the Day-Ahead and Intra-Day Markets Trading Rulebook and article 18 par. 4 of L. 4425/2016, as applying

The Regulatory Authority for Energy

During its ordinary meeting, at its headquarters, **on the 16th of December 2021**, and

Taking into account:

1. Chapter C' "*Stipulations coming under the competency of the Ministry for the Environment and Energy*" of L. 4425/2016 "*Urgent regulations of the Ministries of Finance, Environment and Energy, Infrastructure, Transport and Networks and the Ministry of Labor, Social Security and Social Solidarity, on the application of the agreement on fiscal targets and structural reforms and other stipulations*" (GG A' 185/30.09.2016), as amended by the L. 4512/2018 (GG A' 5/17.01.2018) as applying and in particular article 18 par. 4 of this law.
2. L. 4001/2011 "*On the operation of Energy Markets for Electricity and Natural Gas, for Research, Production and Hydrocarbon transfer networks and other regulations*" (GG A' 179/22.08.2011), as applying and in particular article 32 of this law.
3. The Day-Ahead and Intra-Day Markets Trading Rulebook, (Decision of RAE under the No. 1116/2018, GG B' 5914/2018, as applying following its modification by the RAE Decisions 820/2020, (GG B' 1941/21.05.2020), 1228/2020 (GG B' 4124/24.09.2020), 610/2021 (GG B' 3857/18.08.2021) 775/2021 (GG B' 4982/27.10.2021) and 987/2021 and in particular the provisions of sub-section 4.4.2.1.
4. The No. 1124/5.12.2019 Decision of RAE "*On defining the public limited company "HELLENIC ENERGY EXCHANGE S.A." and distinctive title "HEEx S.A." as "Nominated Electricity Market Operator/NEMO", in accordance with paragraph 2 of the article 8 of L. 4425/2016 (GG A' 185/30.09.2016), as applying*".
5. The No. 36/2020 Decision of RAE with the subject "*Approval, in accordance with par. 1 of article 9 of L. 4425/2016 and par. 1 of the article 117C of L. 4001/2011 as applying, of the operation of the public limited company operating under the name "HELLENIC ENERGY EXCHANGE S.A." and distinctive title "HEEx S.A." as Energy Exchange for the*

administration and operation of the Day-Ahead and Intra-Day Markets” (GG B’ 742/10.03.2020).

6. The No. 867/2020 Decision of RAE with the subject *“Definition of the Regulatory Parameters for Calculating the Non-Compliance Charge for the non legal submission of Sell Orders relating to the Available Capacity for year 2020 subject to the provisions of sub-section 4.4.2.1 of the Day-Ahead and Intra-Day Markets Trading Rulebook and par. 4 of the article 18 of L. 4425/2016, as applying” (GG B’2560/26.06.2020).*
7. The No. 1656/2020 Decision of RAE with the subject *“Definition of the Regulatory Parameters for Calculating the Non-Compliance Charge for the non legal submission of Sell Orders relating to the Available Capacity for year 2021 subject to the provisions of sub-section 4.4.2.1 of the Day-Ahead and Intra-Day Markets Trading Rulebook and par. 4 of the article 18 of L. 4425/2016, as applying” (GG B’6075/31.12.2020).*
8. The under Reg. No. RAE I-312819/03.11.2021 Proposal of HEnEx S.A. (HEnEx: 1593/02.11.2021) for the Definition of the Regulatory Parameters for Calculating the Non-Compliance Charge for the non legal submission of Sell Orders relating to the Available Capacity for year 2022.
9. The Public Consultation by RAE of the above mentioned HEnEx S.A. proposal, that took place from 11.11.2021 until 22.11.2021¹. It’s results²
10. The fact that the provisions hereof do not entail any charge on the State Budget.

Has come to the following conclusions:

I. Legal framework - duties

Because, in accordance with par.(a), of section (A), of par.2 article 7 L. 4425/2016 regarding the Day-Ahead Market:

*“The Participants in the Day-Ahead Market submit energy transaction orders with an obligation of physical delivery the day ahead (Delivery Day D). Energy quantities which have been nominated on Energy Financial Instruments and/or other wholesale energy products of the Rulebook (EU) No. 1227/2011 with the obligation of physical delivery are declared in the Day-Ahead Market. **The sell orders of the Producers must expend the remaining available capacity, which has not been allocated via trading on the aforementioned Energy Financial Instruments and/or other energy wholesale energy products with the obligation of physical delivery.**”*

Because, article 18 of the same law provides for, among other things, the following:

“[...]2. Energy Exchange Rulebook [...] defines the terms and conditions for the operation of the Day-Ahead and Intra-Day Markets [...]. The Rulebooks include transparent and non-discriminatory rules, which are based on objective criteria regarding

¹ <https://www.rae.gr/diavoulefseis/15735/>

² <https://www.rae.gr/diavoulefseis/17301/>

the access of the Participants to the Electricity Markets. The Participants and any other person to whom the Rulebooks relate must comply with their obligations arising from them. The Rulebook determines the consequences that occur in case of breach of its rules. The following are specifically specified: [...]

b) The obligations and rights of the Participants, [...]

g) The rules and procedures for trading [...]

ja) The imposition of measures and the consequences of breaching the Energy Exchange Rulebook [...]

jf) Any other regulation necessary for the smooth, transparent and efficient operation of each Energy Market. [...]

4. Methodologies, parameters and other special approvals provided by the Market Codes, are decided by RAE, following a suggestion of the Market Operators and are published in the Government Gazette. [...]

Because, in accordance with paragraphs 6 and 7 of the sub-section 4.2.5 “Validation of Orders” of the Day-Ahead and Intra-Day Markets Trading Rulebook (hereinafter referred to as “Rulebook”):

“6. In case the Sell Order quantity corresponding to a Generating Unit plus the quantity of the Priority Price-Taking Sell Order, submitted on behalf of the Producer by HEnEx, is less than the Available Capacity of the Generating Unit, then HEnEx shall impose Non-Compliance Charges to the respective Producer, as described in subsection 4.4.2.1 of the Rulebook.

7. In case of a Buy Order corresponding to a Generating Unit, if the quantity of the Priority Price-Taking Sell Order, submitted on behalf of the Producer by HEnEx, minus the Buy Order quantity, is less than the Available Capacity of the Generating Unit, then HEnEx shall impose Non-Compliance charges to the respective Producer, as described in subsection of the Rulebook.”

Because, in sub-section 4.4.2.1 "Non-Compliance Charge for unlawful submission of Sell Orders concerning Available Capacity" of the Rulebook, as applying, the following are provided for:

“1. In the event of unlawful submission of Sell Orders for Delivery Day D for a Generating Unit u registered in the Participant Account of a Participant p for which the Participant is obliged to submit an appropriate Sell Order to cover the Available Capacity of that Unit, after the publication of the Day-Ahead Market results, HEnEx shall calculate for that Participant and for that Delivery Day D the amount of $NCEO_{p,D}$ as follows:

$$NCEO_{p,D} = UNCEO \cdot (1 + A_{EO}) \cdot (NEO_p)^x \cdot \sum_{u \in p} NCAP_u$$

wherein:

UNCEO: *the unit charge for Non-Compliance Charges to Participants for failing to submit valid Sell Orders for their generating units by the Day-Ahead Market Gate Closure Time, in €/MWh*

A_{EO}: *the charge increase factor for Non-Compliance Charges to Participants for failing to submit valid Sell Orders for their generating units by the Day-Ahead Market Gate Closure Time;*

- NEO_p : a running counter of the Delivery Days in the current calendar year when a Participant p failed to submit valid Sell Orders for its generating units by the Day-Ahead Market Gate Closure Time;
- x : an exponent factor between 0 and 1, and
- $NCAP_u$: the Registered Capacity of a generating unit u (in accordance with its Registered Operating Characteristics) for which Participant p has not lawfully submitted Sell Orders for Delivery Day D , in MW. In case of lawful submission of Sell Orders for a Generating Unit u for Delivery Day D , the $NCAP_u$ in this equation equals zero.

2. The numerical values of the unit charge $UNCEO$, the exponent factor x and the charge increase factor A_{EO} as well as any other parameter and technical application detail, including HEnEx's periodical report data to RAE, shall be established for each calendar year by a RAE Decision, following a proposal of HEnEx. Such decision shall be taken at least two (2) months prior to the end of a calendar year, it shall be in force for the next calendar year and it cannot be modified within such year.

3. The $NCEO_{p,D}$ charges shall be notified to the Clearing House at a time and with a procedure that are to be defined by a relevant Technical Decision of HEnEx."

Because, by the RAE Decision 36/2020 (rel. 5) the operation of the public limited company operating under the name "HELLENIC ENERGY EXCHANGE S.A." and distinctive title "HEnEx S.A." as Energy Exchange for the administration and operation of the Day-Ahead and Intra-Day Markets, has been approved in accordance with par. 1 of article 9 of L. 4425/2016 and par. 1 of the article 117C of L. 4001/2011, as in force.

II. On the proposal of HEnEx S.A. regarding the definition of the Regulatory Parameters for Calculating the Non-Compliance Charge for the non legal submission of Sell Orders relating to the Available Capacity for the year 2022

Because, by the 867/2020 Decision of RAE (rel. 6), the Regulatory Parameters for Calculating the Non-Compliance Charge for the non legal submission of Sell Orders associated with the Available Capacity for the year 2020 were defined, as applying:

Parameter	Numerical price
$UNCEO$	$AvgMP_D$ €/MWh
A_{EO}	0
x	0.33

Accordingly, with the same decision (rel. 6) a procedure was established for Reporting Non-Compliance Charge, as follows:

"In case a Non-Compliance Charge is imposed for the non legal submission of Sell Orders by Producers for their Units, the Energy Exchange sends to RAE for the calendar month m and at the latest by the 10th work day of month $m+1$ a relevant monthly report which includes the following:

- a) the participating producers and the units for which Non-Compliance Charges are imposed;
- b) the remaining available capacity of the units, per Market Time Unit and Delivery Day D, for which no legal Sell Orders have been submitted in the Day-Ahead Market;
- c) the Clearing Price of the Day-Ahead Market and the Market Time Unit for the Market Time Units during which non-compliance is observed;
- d) the total calculated charges $NCEO_{p,D}$ as well as the details pertaining to the calculations;
- e) analysis of the effects of non-compliance on Clearing Prices including exploring opportunistic or coordinated market manipulation practices, and
- f) historical statistics on non-compliance charging.

The data of the monthly reports can be taken into account when formulating the proposal of the Energy Exchange regarding the definition of the parameters for the calculation of the non-compliance charge.”

Because, RAE by Decision 1656/2020 (rel. 7), and for the reasons mentioned in this decision, approved the maintenance of the numerical values of the UNCEO unit charge, the exponent factor x and the charge increase factor A_{EO} for the year 2021, as already approved by Decision 867/2020.

Because, with the No 8 relative document, HEnEx S.A., in accordance with the provisions of subsection 4.4.2.1 of the Rulebook, the HEnEx S.A. submitted a proposal to RAE for the definition of the numerical values of the UNCEO unit charge, the exponent factor x and the charge increase factor A_{EO} for the year 2022. In its proposal, HEnEx S.A., presented briefly the results of a relevant analysis carried out regarding the imposition of the Non-Compliance Charge for the non legal submission of Sell Orders relating to the Available Capacity, for the period 01.11.2020 (start of operation of the target model markets) until 30.09.2021. According to the results of the above mentioned analysis, the non-compliance charges (NCC) of subsection 4.4.2.1 of the Rulebook were imposed for ten (10) Physical Delivery Days from the total of three hundred and thirty four (334) of the examined period, ie in 2.99% of the total Physical Delivery Days, while in total they amounted to € 1,010,868.59 and concerned three (3) Participants. In addition, it is observed that in the majority of them the Sell Orders submitted to the market and were included in the Order Book, exceed the Buy Orders for the Physical Delivery Days that NCC were imposed. In conclusion, it is found that the numerical values of the calculation parameters of the examined NCC for the calendar year 2021 acted as a deterrent for the Participants as there are no intentional actions of power retention. Given the above remarks, HEnEx S.A. suggests the maintenance of the numerical values for the calendar year 2022, as they had been approved by the RAE decision 1656/2020.

Because, RAE raised the relevant suggestion of HEnEx S.A. in Public Consultation from 11.11.2021 to 22.11.2021, in the context of which no comments were submitted by the participants on this proposal (rel. 9).

Because, the above suggestion of HEnEx S.A. regarding the maintenance of the values of the Regulatory Parameters of Calculation of Non-Compliance Charge for the non legal submission of Sell Orders relating to the Available Capacity for the year 2022 at the level of the values

determined for the years 2020 and 2021, it is considered reasonable as to the purpose of its adoption.

Decides:

Within the framework of its responsibilities, according to article 18, par. 4 of L. 4425/2016, and subsection 4.4.2.1 of the Day-Ahead and Intra-Day Markets Trading Rulebook as in force, the determination of the Regulatory Parameters of Calculation of Non-Compliance Charge for the non legal submission of Sell Orders relating to the Available Capacity for the year 2022 as follows:

Parameter	Numerical price
<i>UNCEO</i>	AvgMP _D €/MWh
<i>A_{EO}</i>	0
<i>x</i>	0.33

This Decision is notified to the company "Hellenic Energy Exchange S.A.", posted on the official website of RAE and published in the Government Gazette (GG).

**Athens, December 16th,
2021**

The President of RAE

**Associate Prof. Athanasios
Dagoumas**