

DECISION OF RAE UNDER NO. 870/2020

Definition of the Maximum and Minimum Clearing Price Thresholds for the Day-Ahead Market, for which HEnEx examines the possibility of conducting a Second Auction, according to the provisions of sub-sections 4.5.1 and 4.5.2 of the Day-Ahead and Intra-Day Markets Trading Rulebook and article 18 par. 4 of the L. 4425/2016, as in force

The Regulatory Authority for Energy

During its ordinary meeting, at its headquarters, **on the 20th of May 2020**, which continued on the **21st, 22nd and 25th of May 2020** and

Taking into account:

1. The provisions of 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), and in particular article 18 par. 4, as in force.
2. The stipulations of L. 4001/2011 *"On the operation of Energy Markets for Electricity and Natural Gas, for Research, Production and Hydrocarbon transmission networks and other regulations"* (GG A' 179/22.08.2011), as applying.
3. The Day-Ahead and Intra-Day Markets Trading Rulebook, (decision of RAE under the No. 1116/2018, GG B' 5914/31.12.2018, as applying following its modification by the No. 820/2020 Decision of RAE, GG B' 1941/21.05.2020), and in particular the sub-sections 4.5.1 and 4.5.2 of section 4.5.
4. The provisions of the Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal electricity market (restatement) (EU L 158 dated as of 14.06.2019 p. 54).
5. The provisions of the Regulation (EC) 714/2009 of the European Parliament and of the Council of 13th of July 2009 on network access conditions for cross-border trading in electricity and repealing the Regulation (EC) No. 1228/2003 (EU L 211 dated as of 14.08.2009 p. 15).

6. The stipulations of the Regulation (EU) 2015/1222 of the Committee dated as of July 24th, 2015 establishing a guideline on capacity allocation and congestion management (EEL 197 dated as of 25.07.2015, p. 24 sqq.) (hereinafter "Regulation (EU) 2015/1222").
7. No. 4/2017 dated as of 14.11.2017 Decision of ACER *"on the nominated electricity market operators' proposal for harmonised maximum and minimum clearing prices for single day-ahead coupling"*.¹
8. The Decision of the Deputy Minister of Environment and Energy *Setting a schedule for the date of commencement of the Day-Ahead, Intra-Day and Balancing Markets of L. 4425/2016 (A' 185), as applying"* (ΥΠΕΝ/ΔΗΕ/7083/112, GG B' 172/30.01.2020).
9. The No. 1124/2019 Decision of RAE *"On defining the public limited company "HELLENIC ENERGY EXCHANGE S.A." and distinctive title HEnEx 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"*.
10. The No. 36/2020 Decision of RAE *"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 "HEnEx S.A." as Energy Exchange for the administration and operation of the Day-Ahead and Intra-Day Markets"* (GG B'742/10.03.2020).
11. The under Reg. No. RAE I-258026/02.04.2019 proposal of HEnEx S.A. regarding the identification of Maximum and Minimum Clearing Price Thresholds for the Day-Ahead Market, for which, HEnEx S.A. considers the possibility to conduct a Second Auction subject to the provisions of section 4.5 of the Day-Ahead and Intra-Day Markets Rulebook, as approved and in force.
12. The Public Consultation of RAE on the above mentioned proposal of HEnEx S.A, that took place 10.04.2019 until 17.05.2019² and on which remarks have been submitted as follows:
 - (a) The under Reg. No. RAE I-261063/17.05.2019 letter of the Hellenic Association of Independent Power Producers³.
13. The press release of NEMOs and TSOs of Austria, Germany, Poland and the 4M MC countries (Czech Republic, Hungary, Romania and Slovakia), which are responsible for the application of DE-AT-PL-4M MC project ("Interim Coupling") dated as of

¹ http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Individual%20decisions/ACER%20Decision%2004-2017%20on%20NEMOs%20HMMCP%20for%20single%20day-ahead%20coupling.pdf

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http://www.rae.gr/site/categories_new/about_rae/activity/global_consultation/history_new/2019/1004.csp
http://www.rae.gr/site/categories_new/about_rae/factsheets/2019/maj/0705_1.csp

³ http://www.rae.gr/site/categories_new/about_rae/factsheets/2019/maj/0406.csp

- 11.06.2019 and having as subject *"The High-Level Market Design of the DE-AT-PL-4M MC Project is finalized for implementation"*⁴.
14. The under Reg. No. RAE I-265927/08.08.2019 electronic message of ANRE with regard to clearing price limits, which were adopted as target parameters in the framework of DE-AT-PL-4M MC project ("Interim Coupling") and for which the respective NEMOs consider the possibility of conducting a Second Auction.
15. The under Reg. No. RAE I-267409/10.09.2019 letter of HEnEx S.A. (No./DATE./HEnEx: 2096/09.09.2019) with the subject *"Indexing of the public consultation comments - Regulation methodologies - views"*.
16. The under Reg. No. RAE O-79222/14.10.2019 letter of RAE with the subject: *"Proposals of HEnEx S.A. on issuing decisions by RAE, based on the Day-Ahead and Intra-Day Market Rulebook"*.
17. The under Reg. No. RAE I-269698/17.10.2019 letter of HEnEx S.A.. (No./DATE./HEnEx: 2394/16.10.2019) with the subject: *"Proposal of HEnEx S.A. on the amendment of provisions of the Day-Ahead and Intra-Day Markets Rulebook and the Proposals and Decisions issued subject thereto"*.
18. The under Reg. No. RAE I-271456/13.11.2019 letter of HEnEx S.A.. (No./DATE./HEnEx: 2592/13.11.2019) with the subject: *"Amendment of Provisions of the Day-Ahead and Intra-Day Market Rulebook (GG B' 5914/31.12.2018)"*.
19. The under Reg. No. RE I-275984/31.01.2020 letter of HEnEx S.A.. (No./DATE./HEnEx: 203/31.01.2020) with the subject: *"Submission of Proposals, Methodologies and Draft Technical Decisions based on the Day-Ahead and Intra-Day Market Rulebook of the Hellenic Energy Exchange S.A.."*.
20. The RAE Public Consultation on the aforementioned proposals of HEnEx S.A.. (relevant document 19), that took place from 05.02.2020 up until 28.02.2020⁵ and about which the following remarks have been posted in its website ⁶:
- (a) The under Reg. No. RAE I-277077/18.02.2020 letter of UNICEN.
 - (b) The under Reg. No. RAE I-277724/28.02.2020 letter of Public Power Corporation.
 - (c) The under Reg. No. RAE I-277805/28.02.2020 letter of Hellenic Association of Independent Power Producers.
 - (d) The under Reg. No. RAE I-277876/03.03.2020 letter of Natural Gas - Hellenic Energy Company.
 - (e) The under Reg. No. RAE I-277879/03.03.2020 letter of HERON.
21. The under Reg. No. O-81505/17.03.2020 letter of RAE with subject *"Proposals of HEnEx S.A. on the amendment of Day-Ahead and Intra-Day Market Rulebook as well as the relevant Methodologies and Technical Decisions in the frame of its application"*.

⁴ <https://www.tscnet.eu/high-level-market-design-finalised/>

https://www.tscnet.eu/wp-content/uploads/Joint-press-release_Interim-Coupling_HLMD-finalization_June-2019_fin.pdf

⁵ http://www.rae.gr/categories_new/about_rae/activity/global_consultation/current/2020/0502_2.csp

http://www.rae.gr/site/categories_new/about_rae/factsheets/2020/maj/2102_3.csp

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http://www.rae.gr/categories_new/about_rae/activity/global_consultation/history_new/2020/0503_liv_0502_1.csp

22. The under Reg. No. RAE I-279139/24.03.2020 letter of HEnEx S.A.(No./DATE/HEnEx: 716/23.03.2020), with subject *"Transfer of planned proposals of HEnEx S.A. on the amendment of Day-Ahead and Intra-Day Market Rulebook as well as the relevant Methodologies and Technical Decisions in the frame of its application"*.
23. The under Reg. No. RAE I-279630/01.04.2020 letter of HEnEx S.A. (No./DATE./HEnEx: 762 /31.03.2020) with the subject: *"Transfer of proposals of HEnEx S.A. on the amendment of Day-Ahead and Intra-Day Market Rulebook as well as the relevant Methodologies and Technical Decisions in the frame of its application"*.
24. The information document of NEMOs and TSOs of Austria, Germany, Poland and the 4M MC countries (Czech Republic, Hungary, Romania and Slovakia), which are responsible for the application of DE-AT-PL-4M MC project ("Interim Coupling") dated as of 27.03.2020 and having as subject *"DE-AT-PL-4M MC Project (Interim Coupling)"*⁷.
25. The fact that in accordance with the provisions of par. 1 of article 32 of L. 4001/2011, the regulatory acts issued by RAE are published in the Official Gazette.
26. The fact that the provisions hereof do not entail any charge on the State Budget.

Has come to the following conclusions:

I. On the legislative and regulatory framework

Because, in article 18 ***"Preparation and amendment of the Rulebooks and Codes of the Markets"*** of L. 4425/2016, as applying, the following are provided:

"1. The Rulebook of Energy Exchange [...] as issued based on the current law, comply with the provisions of Union law. [...]"

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

a) The Participants, the conditions and the process of registration and participation, as well as the type and time of submission of trading orders.

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

7

[https://hupx.hu/uploads/h%C3%ADrek/Information%20paper Interim%20Coupling March%202020 fin.pdf](https://hupx.hu/uploads/h%C3%ADrek/Information%20paper%20Interim%20Coupling%20March%202020%20fin.pdf)

e) *The framework of cooperation between the Energy Exchange and the HTSO with other entities, particularly with regard to data exchange requirements and related market interfaces. [...]*

g) *The rules and procedures for transaction conducting [...]*

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. [...]

9. *The Rulebook of Energy Exchange defines and specializes furthermore the Day-Ahead Market, in particular the following: [...]*

b) *The procedures followed by the NEMO and the TSO in order to achieve the coupling of the single day-ahead market, according to the provisions of the Regulation (EU) 2015/1222.[...]"*

Because, the Day-Ahead Market and Intra-Day Markets Trading Rulebook (hereinafter the "Rulebook") that has been approved by the Decision 1116/2018 of RAE (rel. 3) and subsequently amended by the RAE Decision 820/11.05.2020 and in particular section 4.5 the following are provided for as regards the Second Auction Procedure:

*"1. The Second Auction procedure is provided in cases where **the Market Clearing Price**, as derived from the Day-Ahead Market Coupling Algorithm solution, **is equal to or exceeds a predetermined Maximum or Minimum Price Threshold**, for one or more Market Time Units for one or more Bidding Zones. The Second Auction procedure allows HEnEx to open the Local Order Book for a short period of time, which HEnEx announces by any appropriate means. Participants have the option to modify their bids, **to improve the outcome** of the Day-Ahead Market Matching Algorithm solution.*

*2. The procedure of the Second Auction may be activated **also in the non-coupled operation** of the Day-Ahead Market. "*

In this regard, in accordance with sub-section 4.5.1 **"Second Auction Procedure in the non-coupled operation of the Day-Ahead Market"** of the Rulebook, as applying:

"1. HEnEx completes the control of the Market Clearing Price directly after the settlement of the Day-Ahead Market and the receipt of the Results. In case HEnEx finds an equality or exceeding a predetermined Maximum or Minimum Price Threshold, for one or more Market Time Units, for one or more Bidding Zones, HEnEx rejects the Day-Ahead Market Results.

2. HEnEx sets the Local Order Book available to the Participants.

3. HEnEx notifies the Participants of the Local Order Book opening time and provides the Participants with any other information deems necessary for their right participation in the Order re-submission procedure.

4. HEnEx performs all necessary actions for the successful completion of the Second Auction.

5. No further Auction is held in case following the Second Auction the Market Clearing Price equals to or is higher than a certain predefined Upper or Lower Price Threshold for one or more Market Time Units.

6. The predefined Maximum or Minimum Price Thresholds of the Clearing Price for the non-coupled operation of the Day-Ahead Market for which HEnEx examines the possibility of conducting a Second Auction, are defined on a basis by a RAE Decision, upon HEnEx's recommendation."

Because, in accordance with sub-section 4.5.2 "**Second Auction Procedure in the coupled operation of the Day-Ahead Market**" of the Rulebook, as applying:

"1. HEnEx checks the Market Clearing Price during the process of Preliminary Market Coupling Results evaluation. In the event that the Market Clearing Price is equal to or exceeds a predetermined Maximum or Minimum Price Threshold for one or more Market Time Units in one or more Bidding Zones, it shall immediately notify the MCO and reject the Preliminary Market Coupling Results.

2. If, as part of the MCO function, a Second Auction is decided to be executed, HEnEx has the right to open the Local Order Book to Participants. No Second Auction can be executed if the Market Clearing Price is equal to or exceeds a predetermined Maximum or Minimum Price Threshold for one or more Market Time Units for one or more Bidding Zones, if partial Decoupling has preceded.

3. If HEnEx decides to open the Local Order Book, it shall inform Participants of the opening of the Local Order Book and provide them with any other information it deems necessary for their proper participation in the resubmission of Orders.

4. If HEnEx decides to open the Local Order Book, it shall send to the MCO the amended Local Order Book and perform all necessary actions for the successful execution of the Second Auction in coordination with other NEMOs as part of the MCO Plan.

5. No further Auction is held in case following the Second Auction the Market Clearing Price equals to or is higher than a certain predefined Upper or Lower Price Threshold for one or more Market Time Units.

6. In the event that the MCO has not completed the Global Confirmation of the Second Auction Results by the prescribed Full Decoupling period, HEnEx shall operate the Day-Ahead Market in Full Decoupling mode.

7. The pre-defined Maximum or Minimum Clearing Price Market Thresholds in coupling operation, for which HEnEx examines the possibility of conducting a Second Auction are defined annually by a RAE Decision, upon HEnEx's recommendation."

II. On the proposal of HEnEx S.A. as regards the definition of Maximum and Minimum Clearing Price Thresholds for the Day-Ahead Market, for which, HEnEx considers the possibility to conduct a Second Auction

Because, with decision of RAE (rel. 3) and in application of paragraph 4 of article 18 of L. 4425/2016, a schedule has been set for the submission on behalf of HEnEx S.A. of proposals to be approved by RAE, which included the methodology for the definition of Maximum and Minimum Clearing Price Thresholds for the Day-Ahead Market, for which, HEnEx S.A. considers the possibility to conduct a Second Auction. With a letter (rel. 11), HEnEx S.A. submitted to RAE a proposal regarding the definition of Maximum and Minimum Clearing Price Thresholds for the Day-Ahead Market, for which HEnEx S.A. examines the possibility of conducting a Second Auction in accordance with the provisions of section 4.5 of the Rulebook.

RAE has submitted the relevant proposal of HEnEx S.A. in Public Consultation from 10.04.2019 until 03.05.2019, which was extended until 17.05.2019 (rel. 12). Within the frame of the public consultation the Hellenic Association of Independent Power Producers submitted views. With the rel. 15 letter, HEnEx S.A. submitted to the Authority its views on the remarks of the Participants in the aforementioned Public Consultation, as well as the relevant documentation on the acceptance or not of the comments of the Public Consultation.

Because, from the analysis of the proposals as a whole of HEnEx S.A., as well as from the results of the relevant proposals, the need for further elaboration of the submitted methodologies and amendment of the Rulebook was identified (rel. 16-18).

Because, by the dated as of 23.01.2020 decision of the Deputy Minister of Environment and Energy (rel. 8) the schedule was set for the date of commencement of the Day-Ahead, Intra-Day and Balancing Markets of L. 4425/2016, as in force. In particular, according to point A:

"The expiry date for the submission of the proposals required subject to the stipulations of L. 4425/2016, as applying, on Rulebooks, Codes, Manuals, methodologies, as well as technical decisions to the Regulatory Authority for Energy, is the 31st of January, 2020,[...]"

Because, with the dated as of 31.01.2020 document (rel. 19), HEnEx S.A. timely submitted, among other things, its modified proposal pertaining to the definition of Maximum and Minimum Clearing Price Thresholds for the Day-Ahead Market, for which, HEnEx S.A. considers the possibility to conduct a Second Auction. This amendment

concerns the application of the above Thresholds during the non coupled operation of the Day-Ahead Market.

Subsequently, RAE raised again the relevant proposal of HEnEx S.A. in Public Consultation (rel. 20). The results of the Public Consultation did not provide any comment leading to the need to amend the proposal of HEnEx S.A. (ref. 23).

Because, the possibility that a NEMO has to run a Second Auction with a reopening of the Local Order Book and re-submission of Orders for a time period of 10 minutes, in a coupled Day-Ahead Market in case the Clearing Price in the Bidding Zone they are deploying their activity, exceeds the aforementioned Clearing Price Thresholds is, **optional**.

Because, in case the NEMO decides to open the Local Order Book, it shall inform Participants of the time of the opening and provide them with **any other information it deems necessary** for their proper participation in the resubmission of Orders.

Because, in the event that after the carrying out of the Second Auction, the Market Clearing Price of one or more Market Time Units is once again outside the predefined limits, then **no other** auction is carried out in the Day-Ahead Market.

Because, based on the proposal of HEnEx S.A., in all European Day-Ahead Markets (Central and Western Europe, Great Britain, Ireland and Slovenia), participating in the area Multiregional Market Coupling (MRC) and in which there is the possibility of carrying out a Second Auction, the Clearing Price Thresholds for conducting a Second Auction are harmonized and amount to **-150/+1500 €/MWh**. Only the area 4M MC (Markets in the Czech Republic, Slovakia, Hungary and Romania) keeps as Clearing Price Thresholds for conducting a Second Auction, the prices of **-150/+500 €/MWh**.

Because, however, within the frame of DE-AT-PL-4M MC project ("Interim Coupling") (rel. 13, 14 and 24), which started late 2018 and aims to link the markets of the area 4M MC, Poland and the Multiregional Market Coupling (MRC) area through NTC indirect capacity distribution, so as to create a single day-ahead coupling (SDAC), the relevant High-Level Market Design was finalized to be applied, in which **the harmonized limits of MRC are adopted, i.e. -150/+1500 €/MWh, for all Bidding Zones** participating in Interim Coupling.

Because, in order to meet the need for alignment of Clearing Price Thresholds to conduct a Second Auction with what applies in the other markets of the EU, HEnEx S.A. suggested the use of harmonized limits of the Bidding Zones of MRC, meaning **-150/+1500 €/MWh**, in case the Clearing Price of the Bidding Zone in Greece equals to or exceeds the aforementioned limits, both during the non coupled operation and during the coupled operation of the Day-Ahead Market.

Because, the purpose for conducting a Second Auction is to improve the Clearing Prices of the Day-Ahead Market in the direction of maximizing the social surplus, as

its participants have the opportunity to re-submit improved buy and sell orders and therefore to modify the Clearing Price. The harmonized Clearing Price Thresholds suggested by HEnEx S.A. for the activation of the Second Auction procedure are judged sufficiently high, are not a restriction on the electricity trade and are harmonized with the corresponding price thresholds applied in most other EU markets.

Decides:

Within the frame of its duties, subject to article 18, par. 4 of L. 4425/2016, and the provisions of sub-sections 4.5.1 and 4.5.2 of the Day-Ahead and Intra-Day Market Rulebook, as applying:

1. The definition of the Maximum and Minimum Clearing Price Thresholds for the Day-Ahead Market during the non coupled and the coupled operation, for which HEnEx examines the possibility of conducting a Second Auction, as follows:
 - Maximum Price Threshold: one thousand five hundred Euros per Megawatt Hour (+1500 €/MWh).
 - Minimum Price Threshold: minus one hundred fifty Euros per Megawatt Hour (-150 €/MWh).
2. The entry into force of this decision from the day of commencement of operation of the Day-Ahead Market

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, May 25th, 2020

The President of RAE

Dr. Nikolaos G. Boulaxis