

## DECISION OF RAE UNDER NO. 1656/2020

**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 2021 subject to the provisions of sub-section 4.4.2.1 of the Day-Ahead and Intra-Day Rulebook and article 18 par. 4 of L. 4425/2016, as applying**

### The Regulatory Authority for Energy

At its regular meeting, at its headquarters, **on the 23<sup>rd</sup> of December 2020**, and

#### Taking into account :

1. *Chapter C' "Stipulations coming under the competency of the Ministry for the Environment and Energy" 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 mainly article 32.*
3. The Day-Ahead and Intra-Day Market Trading Rulebook, (Decision of RAE under the No. 1116/2018, GG B' 5914/2018), as applying following its modification by the No. 820/2020 Decision of RAE (GG B' 1941/21.05.2020) and the No. 1228/2020 Decision of RAE (GG B' 4124/24.09.2020), and in particular the sub-sections 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 "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.*
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 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 Market" (GG B' 742/10.03.2020).*
6. *The No. 867/2020 Decision of RAE with subject "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 2021 subject to the provisions of sub-section 4.4.2.1 of the Day-Ahead and Intra-Day Rulebook and article 18 par. 4 of L. 4425/2016, as applying" (GG B' 2560/26.06.2020).*
7. *The No. 1298/2020 RAE Decision with subject "As regards the day of commencement of the Day-Ahead and Intra-Day Market coupled operation in accordance with the provisions of article 9 of L. 4425/2016 (GG A ' 185), as applying, and the provisions of Chapter 7 of the Day-Ahead and Intra-Day Market Trading Rulebook, as applying" (GG B' 4415/07.10.2020).*
8. The under Reg. No. RAE I-292789/07.12.2020 proposal of HEnEx S.A. (HEnEx: 2457/04.12.2020) on the definition of the Regulatory Parameters for Calculating the Non-Compliance Charge for the non legal submission of Sell Orders associated with the Available Capacity for the calendar year 2021:
9. The under Reg. No. RAE I-293231/15.12.2020 letter of HEnEx S.A. (HEnEx: 2504/14.12.2020) with the subject: "*Reporting of non-compliance charges for November 2020*".

10. The Public Consultation of RAE on the above mentioned proposal of HEnEx S.A, that took place on 15.12.2020 up until 18.12.2020<sup>1</sup>, as well as the results of the same<sup>2</sup>.
11. 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

*Whereas*, 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 Date 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.**"*

*Whereas*, 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 Market [...]. The Regulations 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 Regulations 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: [...]"*

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<sup>1</sup> [http://www.rae.gr/site/categories\\_new/about\\_rael/factsheets/2020/gen/1512.csp](http://www.rae.gr/site/categories_new/about_rael/factsheets/2020/gen/1512.csp)

<sup>2</sup> [http://www.rae.gr/site/categories\\_new/about\\_rael/factsheets/2020/gen/1712\\_3.csp](http://www.rae.gr/site/categories_new/about_rael/factsheets/2020/gen/1712_3.csp)

<sup>2</sup> [http://www.rae.gr/site/categories\\_new/about\\_rael/factsheets/2020/maj/231220.csp](http://www.rae.gr/site/categories_new/about_rael/factsheets/2020/maj/231220.csp)

*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. [...]"***

*Whereas*, in accordance with 6 and 7 of the sub-section 4.2.5 "Validation of Orders" of the Day-Ahead and Intra-Day 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."*

*Whereas*, 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,  $NCAP_u$  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.  $NCEO_{p,D}$  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."

*Whereas*, 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 Market, has been approved in accordance with par. 1 of article 9, of L. 4425/2016 and par. 1 of article 117C of L. 4001/2011, as in force.

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

*Whereas*, by the RAE Decision 867/2020 (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 as applying were defined:

<b><i>Parameter</i></b>	<b><i>Numerical price</i></b>
$UNCEO$	$AvgMP_D \text{ €/MWh}$
$A_{EO}$	$0$
$x$	$0.33$

Likewise, by the same decision (rel. 6) a procedure for Reporting Non-Compliance Charge was established, 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 Date 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 of the calculated charges  $NCEO_{pD}$  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.*

*Whereas*, with a relevant letter (rel. 8), HEnEx S.A. in application of the provisions of sub-section 4.4.2.1 of the Rulebook, submitted to RAE a proposal on defining the numerical values of the unit charge UNCEO, of the exponential factor  $x$  and of the charge increase factor  $A_{EO}$  for the year 2021. With its proposal, HEnEx S.A. proposes the maintenance of prices, as approved by the RAE decision 867/2020, because a short time has passed since the start of the new markets and the implementation of this Non-Compliance Charge and therefore there is a limited amount of data to draw safe conclusions about the potential impact of non legal submissions of Sell Orders at the clearing price of the Day-Ahead Market and in order to assess the need to revise the calculation parameters. RAE has submitted the relevant proposal of HEnEx S.A. in

Public Consultation from 15.12.2020 until 18.12.2020, within the frame of which, no comments were submitted by the participants on this proposal.

*Whereas*, the aforementioned proposal of ως άνω εισήγηση της EXE A.E as regards the maintenance of of 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 2021 at the level of prices set for 2020 is considered reasonable as to the purpose of its establishment.

### **Decides:**

Within the frame of its duties, subject to article 18, par. 4 of L. 4425/2016, and sub-section 4.4.2.1 of the Day-Ahead and Intra-Day Rulebook, as applying, 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 2021, as follows:

<b><i>Parameter</i></b>	<b><i>Numerical price</i></b>
<i>UNCEO</i>	AvgMP <sub>D</sub> €/MWh
<i>A<sub>EO</sub></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, 23 December 2020**

**The President of RAE**

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**Ass. Prof. Athanasios Dagoumas**