

**DECISION OF THE AGENCY FOR THE COOPERATION OF ENERGY
REGULATORS No 04/2018**

of 24 April 2018

**ON ALL TRANSMISSION SYSTEM OPERATORS' PROPOSAL FOR
INTRADAY CROSS-ZONAL GATE OPENING AND INTRADAY
CROSS-ZONAL GATE CLOSURE TIMES**

THE AGENCY FOR THE COOPERATION OF ENERGY REGULATORS,

HAVING REGARD to the Treaty on the Functioning of the European Union,

HAVING REGARD to Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators¹, and, in particular, Article 8(1) thereof,

HAVING REGARD to Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management², and, in particular, Article 9(12) thereof,

HAVING REGARD to the outcome of the consultation with the concerned regulatory authorities and transmission system operators,

HAVING REGARD to the favourable opinion of the Board of Regulators of 24 April 2018, delivered pursuant to Article 15(1) of Regulation (EC) No 713/2009,

WHEREAS:

1. INTRODUCTION

- (1) Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (the 'CACM Regulation') laid down a range of requirements for cross-zonal capacity allocation and congestion management in the day-ahead and intraday markets in electricity. Chapter 6 of the CACM Regulation includes specific provisions for the single intraday coupling ('SIDC') and, particularly, for setting the intraday cross-zonal gate opening and intraday cross-zonal gate closure times ('IDCZGTs').

¹ OJ L 211, 14.8.2009, p. 1.

² OJ L 197, 25.7.2015, p. 24.

- (2) Pursuant to Articles 9(1), 9(6)(k) and 59(1) of the CACM Regulation, transmission system operators ('TSOs') are responsible for proposing the IDCZGTs. The IDCZGTs proposal shall be subject to consultation in accordance with Article 12 of the CACM Regulation and all TSOs shall submit it to all regulatory authorities for approval. Then, according to Article 9(10) of the CACM Regulation, the regulatory authorities receiving the proposal for the IDCZGTs should reach an agreement and take a decision on that proposal, in principle, within six months after the receipt of the proposal by the last regulatory authority. According to Article 9(12) of the CACM Regulation, if the regulatory authorities request an amendment to approve the IDCZGTs proposal, all TSOs shall submit an amended proposal within two months following the requirement from the regulatory authorities. All regulatory authorities shall decide on the amended IDCZGTs proposal within two months following its submission. Where all regulatory authorities are not able to reach an agreement or upon their joint request, the Agency becomes responsible for adopting a decision concerning the all TSOs' proposal.
- (3) The present Decision of the Agency follows from the regulatory authorities' request that the Agency adopts a decision on the proposal for the IDCZGTs (which the TSOs submitted to the regulatory authorities for approval), because the regulatory authorities were not able to reach an agreement on certain elements of the proposal. Annex I to this Decision sets out the IDCZGTs, as decided by the Agency, pursuant to Article 59(1) of the CACM Regulation.

2. PROCEDURE

2.1 Proceedings before the regulatory authorities

- (4) On 18 April 2016, the European Network of Transmission System Operators for Electricity ('ENTSO-E'), representing all TSOs responsible under Article 59(1) of the CACM Regulation, launched a public consultation on the IDCZGTs proposal, accompanied by an explanatory document. On 9 May 2016, a '*Stakeholders Webinar DAFD / IDCZGOT / IDCZGCT*' took place to give the opportunity to interested stakeholders and various organisations impacted by the IDCZGTs to raise questions and ask TSOs for clarifications. The consultation was closed on 18 May 2016.
- (5) By 20 December 2016, all TSOs submitted to the regulatory authorities the '*All TSOs' proposal for intraday cross-zonal gate opening and gate closure times in accordance with Article 59 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management*' dated 7 December 2016 (the 'Proposal').
- (6) On 14 June 2017, all regulatory authorities agreed, through the Energy Regulators' Forum³ ('ERF'), to request an amendment of the Proposal and sent the request to all TSOs. In this

³ The regulatory authorities' platform to consult and cooperate for reaching a unanimous agreement on NEMO's and TSOs' proposals

request for amendment, all regulatory authorities requested the TSOs to propose the earliest possible intraday cross-zonal gate opening time ('IDCZGOT') for each capacity calculation region ('CCR') and to set a future harmonised IDCZGOT at the earliest regional IDCZGOT. Moreover, they requested the TSOs to set the intraday cross-zonal gate closure time ('IDCZGCT') at most one hour before the start of the relevant market time unit. The last regulatory authority sent the decision to amend the Proposal on 3 August 2017.

- (7) By 6 September 2017, all TSOs submitted to the regulatory authorities the '*All TSOs' proposal for intraday cross-zonal gate opening and gate closure times in accordance with Article 59 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management*' dated 10 August 2017 (the 'Amended Proposal'), accompanied by a supporting document, which provides explanations of the chosen IDCZGTs and other details of the Amended Proposal.
- (8) All regulatory authorities were not able to approve the Amended Proposal, as in their view all TSOs have not sufficiently and properly taken into account the regulatory authorities' request for amendment.

2.2 Proceedings before the Agency

- (9) In a letter dated 24 October 2017 and received by the Agency on the same day, the Chair of the ERF, on behalf of all regulatory authorities, informed the Agency that all regulatory authorities agreed to request the Agency to adopt a decision on the Amended Proposal, pursuant to Article 9(12) of the CACM Regulation.
- (10) The letter stated that the TSOs have not sufficiently and properly taken into account the regulatory authorities' request for amendment of 14 June 2017. In particular, the TSOs did not address the issues of setting the IDCZGOT at the earliest possible time for each CCR and of duly justifying the proposed IDCZGOTs, did not set a future harmonised IDCZGOT at the earliest IDCZGOT at CCR level and did not set the IDCZGCT per bidding zone border at most one hour before the start of the relevant market time unit.
- (11) The letter acknowledged the possibility to set different IDCZGOTs in different CCRs and different IDCZGCTs per bidding zone border, especially for central-dispatch systems.
- (12) In the letter, the regulatory authorities asked the Agency to consider the following:
 - An early IDCZGOT, as proposed for some CCRs, is at this moment, according to regulatory authorities, more important than harmonisation and the Agency should keep all IDCZGOTs at least as early as they have been proposed by the TSOs.
 - The future harmonised IDCZGOT should be targeted at least 15:00 market time day-ahead.
 - Regarding the IDCZGCTs, some bidding zone borders can benefit from moving the IDCZGCT closer to real time than one hour, while other require the full 60 minutes.
 - The decision should include a concrete implementation plan.

- (13) On 7 December 2017, the Agency held a workshop to discuss the IDCZGTs with all regulatory authorities and all TSOs.
- (14) On 9 January 2018, the Agency launched a public consultation on the Amended Proposal, inviting all stakeholders, including regulatory authorities and TSOs, to submit their comments by 30 January 2018. The Agency asked six questions dealing with (i) the necessity of applying a transitional IDCZGOT, (ii) the level of ambition in setting the IDCZGOT in Baltic, Channel and Hansa CCRs, (iii) the possible further optimisation of IDCZGOTs before 22:00 market time day-ahead, (iv) the implementation timeline, (v) the possible different IDCZGOT implementation targets for different CCRs and (vi) the possible exceptions to a harmonised IDCZGCT. The summary and the evaluation of responses received are presented in Annex II to this Decision.
- (15) By email of 8 March 2018, followed by a telephone conference on 16 March 2018, the Agency consulted the regulatory authorities on its proposed draft amendments to the Amended Proposal.
- (16) By email of 10 March 2018, followed by a telephone conference on 15 March 2018, the Agency consulted the TSOs on its proposed draft amendments to the Amended Proposal.
- (17) On 21 March 2018, the Agency held another telephone conference with regulatory authorities and TSOs on the proposed draft amendments to the Amended Proposal.
- (18) By email of 26 March 2018, the Agency shared with all TSOs and regulatory authorities the latest proposed draft amendments to the Amended Proposal and all TSOs and regulatory authorities submitted additional comments to the Agency by 12 April 2018.
- (19) In the context of the above additional consultations, the discussion focussed on the same concerns as the ones raised in the public consultation. The only new concern was related to the clarification of the intraday market time unit on the bidding zone border that the Agency introduced in the version sent to all TSOs and all regulatory authorities on 26 March. The concern was that TSOs are not able easily to adapt to this clarification and thereby asked either to remove this clarification (all TSOs considered that the definition of market time unit as provided by Article 2(19) of Regulation (EU) No 543/2013 is sufficient) or provide sufficient transition period for adaptation.

3. THE AGENCY'S COMPETENCE TO DECIDE ON THE AMENDED PROPOSAL

- (20) Pursuant to Article 9(11) of the CACM Regulation, where the regulatory authorities have not been able to reach an agreement on the terms and conditions or methodologies within six months following the receipt of the proposal for such terms and conditions or methodologies by the last regulatory authority concerned, or upon the regulatory authorities' joint request, the Agency shall adopt a decision concerning the submitted proposal within six months and in line with Article 8(1) of Regulation (EC) No 713/2009. Pursuant to Article 9(12) of the

CACM Regulation, where the regulatory authorities have requested the relevant applicants (i.e. NEMOs or TSOs) to amend the proposal and have not been able to reach an agreement on the amended terms and conditions or methodologies within two months after their resubmission, or upon the regulatory authorities' joint request, the Agency shall adopt a decision concerning the amended terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 713/2009.

- (21) According to the letter of the Chair of the ERF of 24 October 2017, all regulatory authorities agreed to request the Agency to adopt a decision on the Amended Proposal pursuant to Article 9(12) of the CACM Regulation.
- (22) Therefore, under the provisions of Article 9(12) of the CACM Regulation, the Agency has become responsible to adopt a decision concerning the submitted Amended Proposal by the referral of 24 October 2017.

4. SUMMARY OF THE PROPOSAL

- (23) The Amended Proposal includes the following elements:
 - a) a '*Whereas*' section, which describes the expected impact of the IDCZGTs on the objectives set out in Article 3 of the CACM Regulation;
 - b) general provisions, including the scope of application and harmonised definitions, in Articles 1, 2 and 3;
 - c) provisions on the IDCZGOTs specified for each of the CCRs in Article 4, principles for establishment of the future default pan-European IDCZGOT in Article 5 and the setting of the IDCZGCTs in Article 6; and
 - d) final provisions, including publication, timeline for implementation and the applicable language in Articles 7 and 8.
- (24) The Amended Proposal provides that all TSOs should (i) publish the IDCZGOTs Amended Proposal without undue delay after all regulatory authorities' approval or the Agency's decision and (ii) implement the IDCZGTs immediately after implementation of the single intraday coupling in accordance with Articles 7(3), 17(3), 20, 27(2) and 37 of the CACM Regulation on the relevant bidding zone borders.

5. ASSESSMENT OF THE PROPOSAL

5.1 Legal framework

- (25) Article 2(37) of the CACM Regulation defines the intraday market timeframe as the time after the IDCZGOT and before the IDCZGCT, where for each market time unit, products are traded prior to their delivery.
- (26) Article 2(38) of the CACM Regulation defines the IDCZGOT as the point in time when cross-zonal capacity between bidding zones is released.
- (27) Article 2(39) of the CACM Regulation defines the IDCZGCT as the point in time where cross-zonal capacity allocation is no longer permitted.
- (28) Article 9(6)(k) of the CACM Regulation makes the proposal for the IDCZGTs subject to approval by all regulatory authorities.
- (29) Article 59 of the CACM Regulation establishes specific requirements for the proposal for the IDCZGTs.
- (30) According to Article 59(1) of the CACM Regulation, the proposal for the IDCZGTs shall be developed by all TSOs within 16 months after the entry into force of the CACM Regulation. Moreover, the proposal shall be subject to consultation in accordance with Article 12 of the CACM Regulation.
- (31) According to Article 59(2) of the CACM Regulation, the IDCZGCT shall maximise market participants' opportunities for adjusting their balances by trading in the intraday market timeframe as close as possible to real time and, at the same time, provide the TSOs and market participants with sufficient time for their scheduling and balancing processes in relation to network and operational security.
- (32) According to Article 59(3) of the CACM Regulation, one IDCZGCT shall be established for each market time unit for a given bidding zone border at the latest one hour before the start of the relevant market time unit and shall take into account the relevant balancing process in relation to operational security.
- (33) According to Article 59(4) of the CACM Regulation, intraday energy trading shall start at the latest at the IDCZGOT of the relevant bidding zone borders and shall be allowed until the IDCZGCT.
- (34) As a general requirement, Article 9(9) of the CACM Regulation demands that every proposal for terms and conditions or methodologies includes a proposed timescale for their implementation and a description of their expected impact on the objectives of Article 3 of

the CACM Regulation. Moreover, the proposal for the IDCZGTs should be in line with these objectives.

5.2 Public consultation

- (35) The draft Proposal was consulted Union-wide with stakeholders from 18 April to 18 May 2016 by ENTSO-E, representing all TSOs.
- (36) Therefore, the initial Proposal, on which the Amended Proposal is based, has been subject to a public consultation in accordance with Article 12 of the CACM Regulation and complies with Article 59(1) of the CACM Regulation.

5.3 Expected impact on the objectives of the CACM Regulation.

- (37) Recitals (12) to (16) of the Amended Proposal describe the expected impact on the objectives listed in Article 3 of the CACM Regulation.
- (38) In the Amended Proposal, the impact on the objectives of the CACM Regulation is mentioned explicitly for the provisions of Article 3(a), (c), (e), (h) and (j) of the CACM Regulation, while only implicitly for the provisions of Article 3(i) of that Regulation.
- (39) As the Amended Proposal does not specifically address all the objectives of the CACM Regulation, it does not fully comply with the requirement of Article 9(9) of that Regulation.
- (40) As regards the substance of the described impact, the Agency only partially agrees with the description in recitals (12) to (16) of the Amended Proposal. Most notably, the Agency disagrees that the proposed regionally-harmonised IDCZGOT facilitates the objective of promoting effective competition in the generation, trading and supply of electricity (Article 3(a) of the CACM Regulation) and the objective of providing non-discriminatory access to cross-zonal capacity (Article 3(j) of the CACM Regulation). The Agency thus deems it necessary to amend the description of the expected impact of the harmonised IDCZGOT on the objectives addressed in the Amended Proposal, as well as to add the description of the impact on the objectives that are not addressed in the Amended Proposal, i.e. Article 3(b), (d), (f) and (g) of the CACM Regulation.

5.4 Intraday cross-zonal gate opening time

- (41) Articles 4 and 5 of the Amended Proposal determine the IDCZGOTs at CCR level and pan-European level, respectively.
- (42) Therefore, the Amended Proposal complies with the requirement in Article 59(1) of the CACM Regulation of proposing IDCZGOTs.

- (43) As regards the substance, Article 4 of the Amended Proposal defines regionally (CCR) harmonised IDCZGOTs for all bidding zone borders ranging from 15:00 market time day-ahead to 22:00 market time day-ahead. Article 5 of the Amended Proposal aims to establish principles for the future harmonisation, by obliging TSOs to review the possibility further to harmonise the IDCZGOTs in the future. However, Article 5 of the Amended Proposal fails to address the request from all regulatory authorities that the future default IDCZGOT be set at the IDCZGOT of the CCR with the earliest IDCZGOT and that any deviation from this future default IDCZGOT be duly justified.
- (44) Although EU-wide harmonisation of IDCZGOTs is not explicitly required by Article 59 of the CACM Regulation, the Agency considers that the harmonisation is needed to meet the objectives of the CACM Regulation, in particular those referred to in Article 3(e), (h), and (j) thereof.
- (45) First, harmonisation of IDCZGOTs is essential to achieve fair and non-discriminatory treatment of market participants in accordance with Article 3(e) of the CACM Regulation, namely to avoid discrimination in the time of access to the network between, on the one hand, market participants trading across bidding zones and thus requesting access to cross-zonal capacity and, on the other hand, market participants trading inside bidding zones and thus requesting access to internal network. Since this discrimination will exist until all internal intraday gate opening times – which are not in the scope of this Decision – in all bidding zones are equal to the IDCZGOT, the Agency finds it important that the timeframe for cross-zonal trade should be aligned with the timeframe for trading inside bidding zones to the maximum extent possible⁴.
- (46) Second, harmonisation of the IDCZGOTs is also necessary to achieve non-discriminatory access to cross-zonal capacity in accordance with Article 3(j) of the CACM Regulation. By defining harmonised IDCZGOTs at regional (CCR) level only, the Amended Proposal *de facto* discriminates market participants in CCRs with late IDCZGOTs in accessing the cross-zonal capacity compared to market participants in CCRs with earlier IDCZGOTs.
- (47) Finally, the IDCZGOTs as proposed in the Amended Proposal would imply a difference of seven hours between the earliest IDCZGOT and the latest IDCZGOT in the various CCRs. This would, in the Agency's view, have a generally disruptive effect on the operation of the intraday market and would create a confusion among market participants to organise their activities and, in particular to understand price formation at a specific moment⁵. The IDCZGOT equal to 22:00 market time day-ahead would also not provide sufficient time to market participants to trade for the first few market time units of the delivery day⁶. For these reasons, the Amended Proposal does not meet the objective of respecting the need for a fair

⁴ See also paragraph 51.

⁵ For example, the merit order lists visible to market participants in some bidding zones would significantly change every time the gate opens on additional bidding zone borders.

⁶ For example, the intraday market for the first delivery hour of the delivery day (i.e. 00:00 – 01:00) would be open for one hour only (i.e. between 22:00 and 23:00).

and orderly market and price formation in accordance with Article 3(h) of the CACM Regulation.

- (48) In the referral letter of 24 October 2017, all regulatory authorities expressed the position that the future default IDCZGOT should be at the latest 15:00 market time day-ahead. The Agency understands that an IDCZGOT at 15:00 market time day-ahead represents a balance between the need for some market participants, on the one hand, to finalise the processes (e.g. portfolio optimisation, scheduling) resulting from the day-ahead market and, on the other hand, to adjust their day-ahead positions in the intraday market as soon as possible. The Agency considers that a gate opening at 15:00 market time day-ahead provides sufficient time for market participants to finalise their day-ahead processes. The Agency is, however, aware that an IDCZGOT at 15:00 market time day-ahead might cause an overlap between day-ahead and intraday timeframes in some bidding zones or regions due to existing scheduling rules. The flexibility available to TSOs in determining the volume of cross-zonal capacities at the IDCZGOT as described further below provides TSOs with sufficient time gradually to adapt these rules and phase out these overlaps.
- (49) While the harmonisation of IDCZGOTs is a key element of an efficient SIDC, the Agency understands that not all TSOs are in a position to meet this target already at the start of the SIDC implementation⁷. Namely, the explanatory document of all TSOs accompanying the Amended Proposal, as well as the information provided by all TSOs to the Agency during the formal and informal consultation undertaken by the Agency as part of its proceedings, indicate that: (i) not all TSOs agree with the objective to harmonise the IDCZGOT at 15:00 market time day-ahead and (ii) those TSOs that do agree with this harmonisation target have different views on when this target could be achieved.
- (50) TSOs stated different reasons for objecting to the harmonisation of IDCZGOTs at 15:00 market time day-ahead. TSOs in one CCR consider that cross-zonal capacities remaining after the day-ahead timeframe can be offered to the intraday timeframe at 15:00 and intraday capacity calculation as well as congestion management can be performed in parallel to continuous intraday trading within and between bidding zones. Nevertheless, most TSOs in Europe argue that offering the remaining cross-zonal capacities to the intraday timeframe as from 15:00 market time day-ahead onwards is not possible in their CCRs, claiming that:
- a) intraday capacity calculation cannot be performed during continuous intraday trading between bidding zones and therefore the intraday market within and/or between bidding zones should not open until the intraday capacity calculation is finished. According to current TSOs planning, the intraday capacity calculation could finish at 21:00 and therefore these capacities could be offered to the intraday market at 22:00;
 - b) TSOs' internal and cross-zonal congestion management, namely operational security analysis and (coordinated) redispatching and countertrading cannot be performed

⁷ The Agency considers that the implementation of the XBID project can reasonably be considered as the formal start of SIDC, although it will not be implemented on all bidding zone borders.

during continuous intraday trading within and/or between bidding zones and therefore the intraday market should not open until these congestion management processes are finalised. A specific case of this reason is the integrated scheduling process operated by TSOs with a central dispatching model. Completion of these processes is, according to these TSOs, essential for starting the intraday capacity calculation and this is the reason why the intraday capacity calculation takes such a long time;

- c) the cross-zonal intraday market cannot open before the scheduling and planning processes resulting from the day-ahead market are finalised. With this regard, TSOs mention that, in most markets, the deadline for delivering the day-ahead schedules to TSOs is 15:30 market time day-ahead⁸ and therefore the IDCZGOT at 15:00 market time day-ahead would cause an overlap of day-ahead and intraday timeframes.

- (51) In the Agency's opinion, the concerns raised by TSOs are not valid reasons to avoid the EU-wide harmonisation of IDCZGOTs at 15:00 market time day-ahead.
- (52) Indeed, the reasons stated by those TSOs who claim that they cannot offer cross-zonal capacities remaining after the day-ahead market at 15:00 market time day-ahead essentially relate to the complex interdependencies between regional (as well as national) congestion management, capacity calculation, scheduling and cross-zonal (as well as internal) intraday trading. The Agency acknowledges that those interdependencies may indeed affect both the amount of cross-zonal capacity and the time by when it can effectively be offered to the intraday market. Nevertheless, since these latter elements have to comply with operational security, the Agency considers that they can only be determined within the context of the intraday capacity calculation methodology in accordance with Articles 20 and 21 of the CACM Regulation⁹. In this framework, the IDCZGOT can, therefore, only be understood as a general rule for when TSOs have to release the available cross-zonal capacity to the market, whereas the rules on how much cross-zonal capacity TSOs have to offer and at which times during the intraday timeframe fall within the scope of the regional intraday capacity calculation methodology¹⁰. In that respect, the TSOs' concerns related to the intraday capacity calculation, internal and cross-zonal congestion management and scheduling could, if properly justified, be taken into account by defining, within the intraday capacity

⁸ Article 43(2) of the CACM Regulation defines 15:30 as the maximum deadline by which NEMOs need to deliver to the scheduled exchange calculator the information needed to calculate scheduled exchanges.

⁹ Article 14(2) of the CACM Regulation requires that "[F]or the intraday market time-frame, individual values for cross-zonal capacity for each remaining intraday market time unit shall be calculated." Since the intraday timeframe is, according to Article 2(37) of the CACM Regulation, defined as the timeframe between IDCZGOT and IDCZGCT, Article 14(2) of that Regulation therefore implies that any capacity offered by TSOs within the intraday market timeframe should be calculated or defined pursuant to the intraday capacity calculation methodology.

¹⁰ To the Agency's knowledge, regulatory authorities from all CCRs having received proposals for intraday capacity calculation methodologies in accordance with Articles 20 and 21 of the CACM Regulation have, at the moment of issuing this Decision, either decided to request amendments or are still deciding on the proposal. The status of these proceedings therefore allows for the intraday capacity calculation methodologies in all CCRs to be adapted to fit this purpose.

calculation methodology, the amount of capacity being made available at different times during the intraday market timeframe.

- (53) The Agency notes that the purpose of the IDCZGOT is also to define the time when the SIDC starts and therefore market participants can start bidding and trading within the SIDC solution. In that respect, an early EU-wide harmonised IDCZGOT at 15:00 market time day-ahead has the advantage, compared to the Amended Proposal, to facilitate trading and competition inside bidding zones, as well as competition between NEMOs inside bidding zones (i.e. sharing of order books and matching of products).
- (54) The Agency understands that TSOs will need some time to prepare the implementation of a harmonised IDCZGOT at 15:00 market time day-ahead. In particular, TSOs need sufficient time to be able to address their specific concerns within the intraday capacity calculation methodologies. To that end, the all TSOs' proposal for regionally harmonised IDCZGOTs could be accepted as a transitional solution applicable from the start of the SIDC solution and until the relevant intraday capacity calculation methodologies are approved. It can be expected that those methodologies will be adopted by 1 January 2019. Therefore, the harmonised IDCZGOT should be applied as of this date or, in case of delays in the approval of the relevant regional methodologies in a CCR, one month after the approval date in the respective CCR.
- (55) The Agency also considers it necessary to clarify that within the current legal framework of the CACM Regulation, the gate opening for intraday trading within a bidding zone and for complementary regional intraday auctions in accordance with Article 63 of the CACM Regulation are outside the scope of the Decision on IDCZGOTs. With this respect, where the TSOs of a CCR were to decide, in the context of the intraday capacity calculation methodology, to offer the cross-zonal capacities remaining after the single day-ahead coupling to the intraday market at 15:00 market time day-ahead, some TSOs of such CCR, could still in principle address their specific national concerns with local trading rules by which the intraday market within such bidding zones would open after 15:00 market time day-ahead.
- (56) The solution for harmonisation of the IDCZGOTs described above therefore provides for the EU-wide harmonisation of the IDCZGOTs, while allowing some flexibility to define (within different complementary rules) when and how much cross-zonal capacity the TSOs can offer to the market and when the intraday markets inside bidding zones open. Nevertheless, the Agency finds it important that TSOs and regulatory authorities strive towards full harmonisation of all related timelines such that internal and cross-zonal intraday gate opening times as well as the time when TSOs offer cross-zonal capacities remaining after the day-ahead market gradually converge towards the target solution of 15:00 market time day-ahead. This would imply that some TSOs need gradually to adapt their congestion management procedures, such that they can be applied in parallel to the operation of the intraday market. The Agency will monitor the future evolution and convergence of

IDCZGOTs (as well as IDCZGCTs) and make appropriate recommendations where necessary.

5.5 Intraday cross-zonal gate closure time

- (57) Article 6 of the Amended Proposal determines the IDCZGCTs for all bidding zone borders.
- (58) Therefore, the Amended Proposal complies with the requirement in Article 59(1) of the CACM Regulation of proposing the IDCZGCTs.
- (59) Article 6 of the Amended Proposal sets the IDCZGCT at 60 minutes for all bidding zone borders participating in the SIDC, except for the Estonia-Finland bidding zone border where the IDCZGCT is set to 30 minutes before the start of the relevant intraday market time unit.
- (60) The Agency understands that the proposed IDCZGCTs in the Amended Proposal are an attempt from TSOs to find a balance between two conflicting objectives defined by Article 59(2) of the CACM Regulation, i.e.:
- (a) to maximise market participants' opportunities for adjusting their balances by trading in the intraday market timeframe as close as possible to real time; and
 - (b) to provide TSOs and market participants with sufficient time for their scheduling and balancing processes in relation to network and operational security.
- (61) In the Agency's view, the balance between these two objectives proposed by TSOs is based on a rather conservative estimate of the time needed by TSOs and market participants for their scheduling and balancing processes in relation to network and operational security. In this respect, the Agency is unable to assess the possibility and the effort required by TSOs further to reduce these timings.
- (62) Nevertheless, these timings are also affected by the implementation of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (the "Electricity Balancing Regulation"). For this reason, the Agency finds the conservative approach proposed by TSOs as justified at this stage. Nevertheless, once the above uncertainties are resolved and sufficient experience is gained with the balancing processes in the context of the integrated electricity balancing market, TSOs should, in the Agency's view, further minimise the time needed for scheduling and balancing operations and thus further maximise market participants' opportunities for adjusting their balances by trading in the intraday market timeframe as close as possible to real time.
- (63) Article 59(3) of the CACM Regulation requires that the proposal establishes one IDCZGCT for each market time unit for a given bidding zone border. Article 6 of the Amended Proposal sets the IDCZGCT in relation to the start of the relevant intraday market time unit, but it fails to provide clarity on what the relevant market time unit on the bidding zone border is.

- (64) To address the lack of clarity, the Agency amended the Amended Proposal by providing further clarity in Recital (9) and Article 2 of Annex I to this Decision. Recital (9) of Annex I refers to the definition of the market time unit as provided by Article 2(19) of Regulation (EU) No 543/2013, i.e.: *“market time unit is the period for which the market price is established or the shortest possible common time period for the two bidding zones, if their market time units are different”*. As regards the market time unit within a bidding zone, the Agency understands that this unit corresponds (i.e. is equal) to the imbalance settlement period as defined in the Electricity Balancing Regulation. Recital (9) of Annex I further clarifies that, in the context of the intraday market time unit on a bidding zone border, this definition implies a comparison of two applicable market time units within the bidding zones on both sides of the border and the definition of the market time unit on the border between them as the longer of the two, since such unit is considered as the ‘shortest possible’ common unit on this border. For example, in case two bidding zones had market time units equal to 15’ and 30’, respectively, the shortest possible market time unit on their common border would be 30’. This is because the bidding zone with a market time unit of 30’ could not accommodate 15’ products if these products were to be traded across the border, whereas the bidding zone with a market time unit of 15’ could also accommodate 30’ products if the latter were to be traded across the border. Based on such clarification of Article 2(19) of Regulation (EU) No 543/2013, the Agency specifically clarified the intraday market time unit on a bidding zone border in Article 2 of Annex I to this Decision to the effect that the market time unit on the bidding zone border should be considered as the longer of the two imbalance settlement periods on either side of the bidding zone border.
- (65) The Agency also took into account the concerns of TSOs that the clarification of Article 2(19) of Regulation (EU) No 543/2013 implies a significant change to the existing practices, since currently all bidding zone borders specify the IDCZGCT in relation to the market time unit in the day-ahead timeframe (i.e. one hour) instead of the market time unit in the intraday timeframe (which can be 60’, 30’ or 15’). Since this clarification is essential for establishing legal clarity on the application of IDCZGCT, the Agency addressed TSOs concerns by providing for a transitional period during which TSOs may apply the IDCZGCT in relation to the delivery hour rather than in relation to the intraday market time unit on those borders. The Agency considers a transition period until 1 January 2021 as sufficient for the TSOs to prepare for the implementation of the newly established IDCZGCT specification, noting that this transition also corresponds to the time by which TSOs need to harmonise the imbalance settlement period in accordance with Article 53(1) of the Electricity Balancing Regulation. This will enable the TSOs to change at the same time the imbalance settlement period to 15 minutes and the IDCZGCT to 60 minutes (or 30 minutes where relevant) before each 15-minute intraday market time unit on the bidding zone border.

5.6 Proposed timescale for implementation

- (66) Article 7(2) of the Amended Proposal defines that all TSOs shall implement the provisions of Articles 4 and 6 of the Amended Proposal after the implementation of the single intraday coupling in accordance with Articles 7(3) and 37 of the CACM Regulation, of the common

grid model methodology in accordance with Article 17 of the CACM Regulation, of the capacity calculation methodology in accordance with Article 20 of the CACM Regulation and the establishment of the relevant coordinated capacity calculator in accordance with Article 27(2) of the CACM Regulation on the relevant bidding zone borders.

- (67) The Amended Proposal therefore complies with the requirement of proposing the implementation timescale in accordance with Article 9(9) of the CACM Regulation.
- (68) As regards the proposed implementation timescale, the Agency finds it reasonable and justified that the whole Amended Proposal (not just Articles 4 and 6) is implemented after the implementation of the SIDC. However, other conditions for its implementation (i.e. the implementation of the common grid model methodology, of the capacity calculation methodology and the establishment of the relevant coordinated capacity calculator) are, in the Agency's view, not relevant prerequisites. In the supporting document accompanying the original Proposal, all TSOs justify this proposal with the reasoning that these are the prerequisites for capacity allocation that is compliant with the CACM Regulation. The Agency notes, however, that the above conditions are related to capacity calculation rather than capacity allocation.
- (69) Since the Agency has amended the Amended Proposal such that the IDCZGOT is independent from the intraday capacity calculation (see paragraph 52 *et seq*), the conditions proposed in the Amended Proposal related to capacity calculation are no longer relevant. For this reason, the Agency removed these conditions from the rules on the IDCZGTs as adopted in Annex I. The Agency is of the opinion that the rules on the IDCZGTs should generally be implemented at the start of the SIDC operation and should apply for all bidding zone borders participating in the SIDC. This implementation timescale should equally apply to IDCZGOTs and IDCZGCTs, even though the initially applied IDCZGOTs and IDCZGCTs are considered as a transitional solution until the target solutions for both can be implemented.

5.7 Assessment of other points of the Proposal

- (70) In Article 5 of Annex I to this Decision, the Agency clarified that the IDCZGOT at the bidding zone border Estonia-Finland (EE-FI) should not be considered as an exception, but rather as a preferred solution since it maximises opportunities for market participants to adjust their balances as close as possible to real time, while still respecting the time needed for TSOs and market participants for their scheduling and balancing processes in relation to network and operational security.
- (71) Finally, the Agency introduced several additional editorial amendments. The most significant ones relate to the transformation of the document into a legal format which enables its enforceability. Further, the ordering of some chapters has been changed in order to improve readability and clarity.

5.8 Conclusion

- (72) For all the above reasons, the Agency considers the Amended Proposal in line with the requirements of the CACM Regulation, provided that the amendments described in this Decision are integrated in the Amended Proposal, as presented in Annex I to this Decision.
- (73) Therefore, the Agency approves the Amended Proposal subject to the necessary substantive amendments described in the previous sections and to the necessary editorial amendments. To provide clarity, Annex I to this Decision sets out the Amended Proposal as approved, including the above mentioned amendments.

HAS ADOPTED THIS DECISION:

Article 1

The intraday cross-zonal gate opening and intraday cross-zonal gate closure times, pursuant to Article 59 of Commission Regulation (EU) 2015/1222, shall be defined as set out in Annex I to this Decision.

Article 2

This Decision is addressed to all TSOs.

Done at Ljubljana on 24 April 2018.

For the Agency:


Alberto Pototschnig
Director

Annexes:

Annex I – Intraday cross-zonal gate opening and gate closure times in accordance with Article 59 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management

Annex Ia – Intraday cross-zonal gate opening and gate closure times in accordance with Article 59 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management - in track change compared to the Amended Proposal (for information only)

Annex II - Evaluation of responses to the public consultation on the Amended Proposal

In accordance with Article 19 of Regulation (EC) No 713/2009, the addressees may appeal against this Decision by filing an appeal, together with the statement of grounds, in writing at the Board of Appeal of the Agency within two months of the day of notification of this Decision.