
DAFD Proposal

Explanatory note

27 October 2016

Disclaimer

This explanatory document is submitted by all TSOs to all NRAs for information and clarification purposes only accompanying the “All TSOs’ proposal for the day-ahead firmness deadline (DAFD) in accordance with Article 69 of the Commission Regulation (EU) No 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management”.

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I. Introduction

Article 69 of the Commission Regulation (EU) No 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (“CACM Regulation”) requires that by 16 months after the entry into force of the CACM Regulation all Transmission System Operators (“TSOs”) propose a single day-ahead firmness deadline (“DAFD Proposal”) to all National Regulatory Authorities (“NRAs”) for approval pursuant to Article 9(6)(1) of the CACM Regulation. According to Article 9(9) of the CACM Regulation the DAFD Proposal needs to be submitted to ACER as well, who may issue an opinion on the proposal only if requested by the NRAs.

This document is an explanatory document accompanying the DAFD Proposal. It is structured as follows. The legal requirements for the DAFD Proposal are presented in Chapter II. Chapter III provides a detailed description of the proposed single day-ahead firmness deadline (“DAFD”) and its justification. Finally chapter IV provides the assessment of the stakeholder comments received during the public consultation of the DAFD Proposal in accordance with Article 12 of CACM. The detailed comments received on the draft DAFD Proposal during the public consultation can be found in Annex I.

Terms used in this document are understood as defined in the CACM Regulation, Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity (“Regulation (EC) No 714/2009”) and Commission Regulation (EU) No 543/2013 of 14 June 2013 on submission and publication of data in electricity markets and amending Annex I to Regulation (EC) No 714/2009 of the European Parliament and of the Council.

II. Legal framework for the DAFD Proposal

The legal requirements for the DAFD Proposal are set by Article 69 of the CACM Regulation as follows:

“By 16 months after the entry into force of this Regulation, all TSOs shall develop a common proposal for a single day-ahead firmness deadline, which shall not be shorter than half an hour before the day-ahead market gate closure time. The proposal shall be subject to consultation in accordance with Article 12.”

The DAFD is defined by Article 2(35) of the CACM Regulation as *“the point in time after which cross-zonal capacity becomes firm”*.

The day-ahead market gate closure time (“DAMGCT”) is defined by Article 2(36) of the CACM Regulation as the *“point in time until which orders are accepted in the day-ahead market”*.

Article 9(9) of the CACM Regulation requires that the DAFD Proposal describes the expected impact on the objectives set in Article 3 of the CACM Regulation as well as a proposed timescale for the implementation:

“The proposal for terms and conditions or methodologies shall include a proposed timescale for their implementation and a description of their expected impact on the objectives of this Regulation. Proposals on terms and conditions or methodologies subject to the approval by several or all regulatory authorities shall be submitted to the Agency at the same time that they are submitted to regulatory authorities. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within three months on the proposals for terms and conditions or methodologies.”

It is also relevant, when determining the DAFD, to take into account the following provisions of the CACM Regulation:

- Article 47(2) determines the timing of the DAMGCT, with possible exceptions for the Central East Europe (“CEE”) region and its neighbouring countries:

“The day-ahead market gate closure time in each bidding zone shall be noon market time day-ahead. TSOs or NEMOs in the region based on the CEE region or its neighbouring countries may set a different gate closure time until this region has joined the single day-ahead coupling.”

- Article 70 determines the firmness of day-ahead capacity and allocation constraints after the DAFD:

“1. Prior to the day-ahead firmness deadline, each coordinated capacity calculator may adjust cross-zonal capacity and allocation constraints provided to relevant NEMOs.

2. After the day-ahead firmness deadline, all cross-zonal capacity and allocation constraints shall be firm for day-ahead capacity allocation unless the requirements of Article 46(2) are met, in which case cross-zonal capacity and allocation constraints shall be firm as soon as they are submitted to relevant NEMOs.

3. After the day-ahead firmness deadline, cross-zonal capacity which has not been allocated may be adjusted for subsequent allocations.”

- Article 46 sets requirements for the submission of cross-zonal capacities and allocation constraints to nominated electricity market operators (“NEMOs”):

“1. Each coordinated capacity calculator shall ensure that cross-zonal capacity and allocation constraints shall be provided to relevant NEMOs in time to ensure the publication of cross-zonal capacity and of allocation constraints to the market no later than 11.00 market time day-ahead.

2. If a coordinated capacity calculator is unable to provide for cross-zonal capacity and allocation constraints one hour prior to the day-ahead market gate closure time, that coordinated capacity calculator shall notify the relevant NEMOs. These NEMOs shall immediately publish a notice for market participants. In such cases, cross-zonal capacity and allocation constraints shall be provided by the coordinated capacity calculator no later than 30 minutes before the day-ahead market gate closure time.”

- Article 72(1) entitles TSOs to curtail allocated cross-zonal capacities in case of force majeure or emergency situations:

“1. In the event of force majeure or an emergency situation referred to in Article 16(2) of Regulation (EC) No 714/2009, where the TSO shall act in an expeditious manner and redispatching or countertrading is not possible, each TSO shall have the right to curtail allocated cross-zonal capacity. In all cases, curtailment shall be undertaken in a coordinated manner following liaison with all directly concerned TSOs.”

- Article 72(3) sets down requirements for the reimbursement or compensation of curtailed allocated cross-zonal capacity:

“3. If allocated capacity is curtailed because of force majeure or an emergency situation invoked by a TSO, the TSO shall reimburse or provide compensation for the period of force majeure or the emergency situation, in accordance with the following requirements:

(a) if there is implicit allocation, central counter parties or shipping agents shall not be subject to financial damage or financial benefit arising from any imbalance created by such curtailment;

(b) in the event of force majeure, if capacity is allocated via explicit allocation, market participants shall be entitled to reimbursement of the price paid for the capacity during the explicit allocation process;

(c) in an emergency situation, if capacity is allocated via explicit allocation, market participants shall be entitled to compensation equal to the price difference of relevant markets between the bidding zones concerned in the relevant time-frame; or

(d) in an emergency situation, if capacity is allocated via explicit allocation but the bidding zone price is not calculated in at least one of the two relevant bidding zones in the relevant time-frame, market participants shall be entitled to reimbursement of the price paid for capacity during the explicit allocation process.”

It is finally relevant, when determining the DAFD, to take into account the general principles of congestion management set in Article 16 and Annex I of Regulation (EC) No 714/2009.

The DAFD Proposal fulfils and takes into account the above mentioned requirements as presented in Chapter III.

III. Proposal for the DAFD

The DAFD Proposal complies with the requirements set out by Articles 69 and 9(9) of the CACM Regulation. It sets the DAFD ahead of the minimum requirement set in Article 69 of the CACM Regulation, with a DAFD of sixty (60) minutes before DAMCGT. It also includes a timeline for implementation and clarifies the expected impact it has on the objectives of the CACM Regulation.

Finally, the DAFD Proposal was submitted for public consultation for one month in accordance with the requirements of Article 12 of the CACM Regulation.

1. Timing of the DAFD

The proposal sets the DAFD at sixty (60) minutes before DAMCGT. This timing takes into consideration and balances the following:

- the benefits for market participants to have the DAFD set as early as possible to have sufficient time to adjust their bids and positions in case of curtailment;
- from an operational point of view there is a difference in curtailing cross-zonal capacity before and after the DAFD:
 - o TSOs can adjust cross-zonal capacities and allocation constraints for day-ahead allocation before the DAFD according to Article 70(1) of the CACM Regulation. In such case the adjusted amount of cross-zonal capacity will be implicitly allocated in the day-ahead market coupling;
 - o cross-zonal capacities and allocation constraints become firm after the DAFD according to Article 70(2) of the CACM Regulation. TSOs are entitled to curtail allocated cross-zonal capacities in case of force majeure or emergency reasons (Article 72(1) of the CACM Regulation). TSOs have to hold central counter parties or shipping agents harmless against imbalances resulting from such curtailments (Article 72(3)(a) of the CACM Regulation). Hence, market participants have only limited incentives to adjust their physical positions. Therefore TSOs must deploy mitigating measures to reduce the cross-zonal flows. This might have a negative effect on operational security in case insufficient mitigating measures are available to the TSO to reduce the cross-zonal flows accordingly.

The earlier the DAFD is set, the higher is the risk for TSOs to have to curtail already allocated cross-zonal capacities (with the above potential impacts). The proposed DAFD of sixty minutes before DAMGCT allows TSOs to adjust cross-zonal capacities and allocation constraints until the latest point in time before coordinated capacity calculators (“CCCs”) submit these to NEMOs. Therefore the proposed DAFD contributes to operational security;

- a DAFD of more than sixty (60) minutes before DAMGCT implies that CCCs:

- have less time to calculate the cross-zonal capacities and allocation constraints for day-ahead allocation;
 - need to base their calculations on less recent information, thereby increasing the uncertainty on the input parameters for the capacity calculation and hence the uncertainty on the calculated cross-zonal capacity; and
 - have implicitly a stricter deadline than the one mentioned under Article 46(1) of the CACM Regulation to provide cross-zonal capacities and allocation constraints for day-ahead allocation to the relevant NEMOs;
- the capacity calculation methodologies to be developed pursuant to Article 20 of the CACM Regulation will be more complex than existing methodologies. It is anticipated they will require more time than today's practice (e.g. larger regional scope, introduction of flow-based methodologies, etc.). As a result, CCCs are expected to require more time to calculate capacities and allocation constraints. This needs to be taken into account in the determination of the DAFD;
 - irrespective of the DAFD, market participants should foresee that the operational processes allow to exceptionally adjust bids and net positions within a timespan of (minimum) thirty (30) minutes before DAMGCT pursuant to Article 70(2) of the CACM Regulation where the CCCs are unable to submit cross-zonal capacities and allocation constraints for day-ahead allocation to the relevant NEMOs one hour before DAMGCT, as foreseen by Article 46(2) of the CACM Regulation;
 - the DAFD must be determined as the point in time where cross-zonal capacities and allocation constraints for the day-ahead allocation become firm. This should not interfere with firmness of long-term rights. The Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation ("FCA Regulation") does not foresee a specific long-term firmness deadline (as opposed to the existing situation in some regions). It foresees that long-term rights can be curtailed to ensure that operation remains within operational security limits prior to the DAFD. It is therefore contradictory to set a DAFD earlier than the last point in time where CCCs need to submit the cross-zonal capacities for day-ahead allocation to the relevant NEMOs in accordance with Article 46(1) of the CACM Regulation to enhance firmness of the long-term rights;
 - a DAFD of more than sixty (60) minutes before DAMGCT creates legal uncertainty on which firmness regime applies in case the CCC is unable to provide cross-zonal capacities and allocation constraints for day-ahead allocation before the DAFD. Articles 46(2) and 70(2) of the CACM Regulation only apply in case the CCCs are unable to provide the cross-zonal capacity one hour before DAMGCT;

Taking into consideration the above elements, all TSOs propose to set the DAFD at sixty (60) minutes before the DAMGCT¹. This timing is without prejudice to the application of Article 70(2) of the CACM Regulation, so that market participants have a full hour (in case the conditions of Article 46(2) of the CACM Regulation do not apply) to adjust their bids and position in case of curtailment to decrease the risk their side.

Setting the DAFD sixty (60) minutes before the DAMGCT has for consequence that the deadline for firmness of cross-zonal capacities and allocation constraints for day-ahead calculation and the latest point in time for their submission to the relevant NEMOs in accordance with Article 46(1) of the CACM Regulation coincide. The DAFD Proposal therefore enhances transparency and reliability of information towards market participants.

2. Proposed timescale for implementation

¹ As opposed to the draft DAFD Proposal that was published for public consultation and which set the DAFD at thirty (30) minutes before DAMGCT.

The DAFD Proposal will be implemented on a bidding zone border when both the day-ahead capacity calculation methodology developed in accordance with Article 20 of the CACM Regulation and the day-ahead market coupling operator (“MCO”) function developed in accordance with Article 7(3) of the CACM Regulation are implemented on this bidding zone border.

This timeline provides sufficient flexibility until the implementation of the target solutions set by the CACM Regulation. This flexibility is justified by the existing interim situations:

- absence of harmonized DAMGCT (e.g. TSOs of the CEE region or neighbouring countries may set a different DAMGCT until joining the single day-ahead market coupling);
- no implicit allocation currently on all relevant bidding zone borders in the day-ahead timeframe; and
- flow-based or coordinated net transmission capacity calculation methodologies still have to be proposed by TSOs and approved by NRAs at the capacity calculation regions (“CCRs”) level in accordance with Article 20 of the CACM Regulation.

The cross-zonal capacity and allocation constraints for the day-ahead allocation can only be firm when they are calculated. It is thus essential to link the implementation of the DAFD with the implementation of the capacity calculation methodologies to be developed pursuant to Article 20 of the CACM Regulation. These capacity calculation methodologies will be able to accommodate the proposed DAFD since Article 46(1) of the CACM Regulation requires the cross-zonal capacity and allocation constraints to be submitted to the relevant NEMOs at the latest one hour before DAMGCT.

The link to the implementation of the MCO function, which is currently being developed, is necessary since the single day-ahead market coupling function must accommodate the proposed DAFD. This is ensured by the requirements of Article 46 of the CACM Regulation. Furthermore, the implementation of the MCO function, in combination with the capacity calculation methodology, allows for the implementation of a harmonized DAMGCT (being noon market time day-ahead in accordance with Article 47(2) of the CACM Regulation).

As such it can be concluded that the proposed implementation timeline takes into account current interim situations (e.g. regarding the DAMGCT) as well as the need to fix a general principle which will be applied in a harmonised way to all bidding zone borders where the single day-ahead market coupling will be introduced.

3. Expected impact of the DAFD Proposal on the objectives of the CACM Regulation

The general objectives laid out in Article 3 of the CACM Guideline are:

- “(a) *Promoting effective competition in the generation, trading and supply of electricity;*
- (b) *Ensuring optimal use of the transmission infrastructure;*
- (c) *Ensuring operational security;*
- (d) *Optimizing the calculation and allocation of cross-zonal capacity;*
- (e) *Ensuring fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants;*
- (f) *Ensuring and enhancing the transparency and reliability of information;*
- (g) *Contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union;*
- (h) *Respecting the need for a fair and orderly market and fair and orderly price formation;*

- (i) *Creating a level playing field for NEMOs;*
- (j) *Providing non-discriminatory access to cross-zonal capacity.”*

The proposed DAFD generally contributes to the achievement of the objectives of Article 3 of the CACM Regulation. More particularly the proposed DAFD:

- allows TSOs to adjust cross-zonal capacities and allocation constraints for day-ahead allocation until the latest point in time where CCCs should provide this information to the NEMOs. Therefore the proposed DAFD contributes to the objective of Article 3(b) of the CACM Regulation;
- provides a harmonized DAFD for all market participants. Hence the proposal enables to provide market participants with the same reliable information on cross-zonal capacities and allocation constraints for day-ahead allocation, at the same time and in a transparent way. It also ensures that all market participants have the same (minimum) time to adjust their bids and positions in case of curtailment. Furthermore, the DAFD Proposal ensures that the cross-zonal capacity and allocation constraints become firm at the latest point in time where they should be provided to the relevant NEMOs. This provides market participants sufficient time to adjust their bids and positions in case of curtailment, and therefore contributes to an efficient allocation and use of cross-zonal capacity and ensures a simple and transparent firmness regime. Therefore the proposed DAFD contributes to the objectives of Article 3(a), (b), (d), (f) and (j) of the CACM Regulation;
- allows the CCCs to incorporate the most recent information (e.g. information on renewables, network status, etc.) in capacity calculation, thereby reducing uncertainty on the calculated capacities. The reason for this is that the DAFD corresponds with the latest point in time where the CCCs need to provide cross-zonal capacities and allocation constraints to the NEMOs. Therefore the proposed DAFD contributes to the objectives of Article 3 (b), (c) and (d) of the CACM Regulation;
- does not interfere with the processes for the submission of cross-zonal capacities and allocation constraints to the relevant NEMOs (Article 46 of the CACM Regulation) and complies with the minimum requirements of Article 69 of the CACM Regulation. Therefore the proposed DAFD contributes to the objective of Article 3(h) of the CACM Regulation; and
- provides a general and harmonised principle for DAFD, sufficiently flexible to support the progressive convergence of existing interim situations in the day-ahead market. Therefore the proposed DAFD contributes to the objective of Article 3(i) of the CACM Regulation.

The whereas of the DAFD Proposal contains a description of the expected impacts of the DAFD Proposal on the objectives of Article 3 of the CACM Regulation.

IV. Assessment of stakeholders' comments

1. Introduction

According to the CACM Regulation, the deadline for the development and submission of the DAFD Proposal is sixteen months after the entry into force of the CACM Regulation. In line with the CACM Regulation a public consultation was organised for one month, from 18 April 2016 to 18 May 2016. Through this public consultation each interested party has been able to submit comments on the draft DAFD Proposal. On 9 May 2016, ENTSO-E organised a public workshop where the participants received general information on the draft DAFD Proposal and could provide their comments as well as ask questions.

During the public consultation comments from 17 different respondents were received. They have been duly considered by all TSOs. Annex I of this document includes all of these comments, while this chapter describes

how they have been assessed and how the relevant parts of the DAFD Proposal have been adjusted where appropriate.

The references made in this chapter correspond to the draft DAFD Proposal in its version of 18 April 2016, as published for public consultation.

2. Summary of the assessment of stakeholders' comments

a) Setting of the DAFD at 30 minutes before DAMGCT

Stakeholders concern:

Most stakeholders indicated that a DAFD of thirty (30) minutes before DAMGCT leaves insufficient time for market participants: a) to adjust their bids and position in case of curtailment; and b) to efficiently react on curtailment of long-term rights (e.g. nominated physical transmission rights (“PTRs”). Furthermore they highlight that a re-calculation of their assets portfolio within 30 minutes will lead to unavoidable mistakes and accordingly costs.

Some stakeholders expressed that the harmonization of the DAFD should focus on the average level of the DAFD and not the shortest DAFD in operation (e.g. the latest point in time where the CCCs, only in exceptional cases, can submit cross-zonal capacity and allocation constraints to the relevant NEMOs).

Some stakeholders proposed to set the DAFD at sixty (60) minutes before DAMGCT, whereas other proposed to set it at ninety (90) minutes before DAMGCT.

All TSOs' evaluation:

As indicated under Chapter III of this explanatory note, there are multiple aspects to be considered for the determination of the timing of the DAFD. Taking into account stakeholders' comments during the public consultation and the arguments of Chapter III, the TSOs propose to extend the DAFD to sixty minutes before the DAMGCT². This proposal is in line with the recommendation of some of the stakeholders and provides market participants more time to adjust their bids and position compared to the consultation document.

Finally, all TSOs would like to highlight that under exceptional conditions (i.e. the conditions mentioned under Article 46(2) of the CACM Regulation), market parties will need to foresee processes to adjust their bids and position within thirty (30) minutes, regardless of the defined DAFD.

b) Regional differentiation of the DAFD

Stakeholders concern:

Some stakeholders required the (permanent or transitory) possibility of regional differentiation of the DAFD instead of a European wide harmonization.

All TSOs' evaluation:

Article 69 of the CACM Regulation requires all TSOs to define a unique DAFD and hence does not allow regional differentiation. Having a unique DAFD contributes to a level playing field for market participants in the single day-ahead market coupling.

The DAFD Proposal only focuses on the target solution, thereby leaving regional flexibility for the transitory period.

c) Publication of cross-zonal capacities

Stakeholders concern:

² Without prejudice to the application of Article 70(2) of the CACM Regulation.

Some stakeholders expressed concerns that the proposed DAFD of half an hour before the DAMGCT would result in late(r) publication of the cross-zonal capacities. One market participant indicated the need for publication of cross-zonal capacities under harmonized, importable format given the late DAFD.

All TSOs' evaluation:

The scope of the DAFD Proposal limits itself to the determination of the DAFD in accordance with Article 69 of the CACM Regulation and neither interferes with nor allows to postpone in any way the timely publication of cross-zonal capacities and allocation constraints pursuant to Article 46(1) of the CACM Regulation. The DAFD only indicates when the cross-zonal capacities and allocation constraints for day-ahead allocation become firm. This is clarified in the recitals of the DAFD Proposal.

All TSOs consider that the definition and description of a standardized data format for publication of cross-zonal capacities and allocation constraints fall outside the scope of the DAFD Proposal.

d) Impact of the DAFD on the curtailment of long-term rights

Stakeholders concern:

Some stakeholders expressed their concerns that the definition of the DAFD of half an hour before the DAMGCT affects the firmness of long term rights and particularly the firmness of nominated PTRs. They highlighted that the impact of the DAFD on long-term rights is limited only to the level of financial compensation of long-term rights and strived for an earlier DAFD to increase the firmness and ensure better compensation in case of curtailment.

All TSOs' evaluation:

All TSOs highlight that according to Article 70(2) of the CACM Regulation, the DAFD is the point in time where cross-zonal capacities and allocation constraints become firm for day-ahead allocation. Therefore, all TSOs believe that the definition of the DAFD must focus on aspects related to day-ahead cross-zonal capacities and allocation constraints and should not be set on the basis of considerations of firmness of long term rights. Furthermore, all TSOs highlight that the setting of the DAFD has operational impacts as shown under Chapter III of this document and does not only relate to the level of compensation of curtailed long-term rights.

The CACM Regulation and FCA Regulation do not foresee a so-called long-term firmness deadline as is the case right now on some bidding zone borders. The FCA Regulation only refers to the DAFD, as set under the CACM Regulation.

Irrespective of this, on the basis of the stakeholders' comments analysed under point a) of this section, all TSOs propose to set the DAFD at sixty (60) minutes before the DAMGCT, with the indirect effect of also increasing the firmness of long-term rights.

e) Operational impact of the DAFD Proposal on market coupling processes

Stakeholders concern:

Some stakeholders asked to further clarify the impact of the DAFD Proposal on operational procedures of the single day-ahead coupling, especially the impact on the procedures for provision of cross-zonal capacities and allocation constraints to the relevant NEMOs (and according back-up procedures).

All TSOs' evaluation:

All TSOs highlight that the DAFD Proposal does not impact in any way the obligations for the CCCs to provide cross-zonal capacities and allocation constraints for day-ahead allocation to the relevant NRAs in accordance with Article 46 of the CACM Regulation, i.e.:

- at the latest one hour before the DAMGCT under normal conditions; and

- no later than thirty (30) minutes before DAMGCT in case the CCCs cannot calculate the capacity and allocation constraints one hour before DAMGCT (back-up solution).

All TSOs clarified in whereas 12 of the DAFD Proposal that the DAFD has no impact on the obligations under Article 46 of the CACM Regulation and hence does not interfere with the operational procedures of the MCO function.

Annex I: detailed comments received on the DAFD proposal during public consultation

This section provides a list of the detailed stakeholders' comments that were given on the five questions raised in the public consultation on the draft DAFD Proposal.

Organisation	Comments on question 1: Does the DAFD proposal satisfy the needs for harmonization and simplicity?
Österreichs E-Wirtschaft, Association of Austrian Electricity Companies	The proposal is a good starting point. But we do suggest allowing more regional differentiation like it is provided in the "Intraday cross-zonal gate opening and gate closure times" proposal. Harmonisation should aim to match at least on average level! The proposed way of harmonisation expresses the tendency to match at the lowest level as the latest border sets the provision for all other borders. It would be of disadvantage and the wrong signal if progress already achieved was punished by contrary harmonisation targets.
Nordenergi	We support the introduction of clear targets for harmonisation, but have views on the introduction of additional uncertainty as the results of late changes to released information. See response to question 3.
Energieallianz Austria GmbH	Harmonisation should match at least on average level and not the lowest level to achieve success.
TIWAG-Tirolerwasserkraft AG - Dispatching	The proposal is a good starting point. But we do suggest allowing more regional differentiation like it is provided in the "Intraday cross-zonal gate opening and gate closure times" proposal. Harmonisation should aim to match at least on average level! The proposed way of harmonisation expresses the tendency to match at the lowest level as the latest border sets the provision for all other borders. It would be of disadvantage and the wrong signal if progress already achieved was punished by contrary harmonisation targets.
Swedenergy	We support the introduction of clear targets for harmonisation, but have views on the introduction of additional uncertainty as the results of late changes to released information. See response to question 3.
bne - German Association of Energy Market Innovators	On first sight, the needs for harmonization and simplicity seem to be addressed by the DAFD proposal. However, we are disappointed that there is very slow progress visible with respect to the implementation of joined single day-ahead coupling.
European Federation of Energy Traders - EFET	We generally welcome the proposal for a harmonised day-ahead firmness deadline. However, the DAFD being set only 30 minutes before the day-ahead market gate closure time leaves very little time to market participants to readjust their orders in case of last minute curtailment. We suggest moving the DAFD to 60 minutes before the DA CGT.

Vattenfall AB	We support the introduction of clear targets for harmonisation, but have views on the introduction of additional uncertainty as the results of late changes to released information. See response to question 3.
GEN-I, d.o.o.	Yes
Enel S.p.A.	<p>Enel welcomes the opportunity to express its views on one of the cornerstone elements of the future short-term European electricity market.</p> <p>In order to achieve its 2020 and 2030 decarbonization goals, the European Union must introduce long term price signals, now absent, and improve the efficiency of the current short-term electricity markets.</p> <p>In the implementation of efficient short-term electricity markets, the introduction of a pan-European algorithm for day-ahead market has been a fundamental step in order to increase security of supply, decarbonization and competitiveness in Europe.</p> <p>In addition, with the introduction of Regulation 2015/1222, the European Union is moving towards the harmonization of the details that together will bring a level playing field between technologies and operators. For this reason, we welcome a consultation on the definition of a common Day-ahead firmness deadline (DAFD).</p> <p>In fact, an adequate DAFD will allow TSOs to operate a secure electricity system and market operators to offer their capacity in the most efficient way. In the definition of cross-zonal operational constraints, it must be recognized that there is greater interaction between TSOs, also through the improvements brought by Regional Security Cooperation Initiatives. In addition, in order to place correct bids, market operators need to factor in possible curtailments and security limitations. Considering these elements, we think that the proposal is too conservative and DAFD should be moved at 10:30 day-ahead.</p>
EURELECTRIC	The DAFD proposal seems to satisfy the needs for harmonization and simplicity as foreseen by Article 69 of the CACM Regulation, notably the obligation to propose a single DAFD.
VERBUND Trading GmbH	<p>We generally welcome the proposal for a harmonised day-ahead firmness deadline.</p> <p>However, on a transitory basis, we could also agree to a more regional approach as provided in the "ICZGO and ICZGCT" proposal.</p> <p>Generally the DAFD being set only 30 minutes before the day-ahead market gate closure time leaves very little time to market participants to readjust their orders in case of last minute curtailment. We suggest moving the DAFD to 60 minutes before the DA CGT.</p>
GAS NATURAL FENOSA	Yes, it does. It fulfills the requirement and provides a common criteria for all the market participants.
EDF Group	The DAFD proposal seems to satisfy the needs for harmonization and simplicity as foreseen by Article 69 of the CACM Regulation, notably the obligation to propose a single DAFD. Nevertheless, only the progressive extension of the single day-ahead coupling will guarantee the convergence towards a single DAFD in the whole Europe.
Interim All NEMO Committee (and answers also supported by Europex)	It is positive that the proposed DAFD is harmonized for all Cross Zonal Borders that will be part of the Single Day Ahead Coupling (SDAC). However, while it is expressed with simplicity it lacks needed precision, or reference to the operational impact of this deadlines. For example, to explain that this does not have an impact on the normal procedures for TSOs to provide Cross Zonal DA (ATC and/or FB) capacities to relevant NEMOs.

Organisation	Comments on question 2: How does the DAFD proposal affect your internal, market-related processes (if applicable)? Please explain.
Österreichs E-Wirtschaft, Association of Austrian Electricity Companies	The different confirmed day ahead capacities (at firmness deadline) may each result in the necessity to completely recalculate the asset scheduling. These processes are very time intensive and could not be thoroughly managed within 30 min. A significant number of unavoidable mistakes will occur and thereby lead to additional costs for market participants.
Nordenergi	A potential risk for the market related processes is if and when the day ahead capacities are revised only 30 minutes before gate closure. The implementation of new information into processes with such short deadlines increase the risk of mistakes and failures in the infrastructure.
Energieallianz Austria GmbH	It's near impossible to calculate the output of asset-portfolios within 30 min as a result of different confirmed day-ahead capacities.
TIWAG-Tirolerwasserkraft AG - Dispatching	The different confirmed day ahead capacities (at firmness deadline) may each result in the necessity to completely recalculate the asset scheduling. These processes are very time intensive and could not be thoroughly managed within 30 min. A significant number of unavoidable mistakes will occur and thereby lead to additional costs for market participants.
Swedenergy	A potential risk for the market related processes is if and when the day ahead capacities are revised only 30 minutes before gate closure. The implementation of new information into processes with such short deadlines increase the risk of mistakes and failures in the infrastructure.
bne - German Association of Energy Market Innovators	Not applicable.
Energie AG Oberösterreich Trading GmbH	The different confirmed day ahead capacities (at firmness deadline) may each result in the necessity to completely recalculate the asset scheduling. These processes are very time intensive and could not be thoroughly managed within 30 min. A significant number of unavoidable mistakes will occur and thereby lead to additional costs for market participants.
European Federation of Energy Traders - EFET	The DAFD being set only 30 minutes before the day-ahead market gate closure time leaves very little time to market participants to readjust their orders in case of last minute curtailment. We suggest moving the DAFD to 60 minutes before the DA CGT.
Vattenfall AB	A potential risk for the market related processes is if and when the day ahead capacities are revised only 30 minutes before gate closure. The implementation of new information into processes with such short deadlines increase the risk of mistakes and failures in the infrastructure.

EURELECTRIC	<p>The current DAFD proposal does not allow market participants to efficiently react to possible curtailments of long term rights decided by TSOs. A time period of only 30 minutes between the DAFD and the day-ahead market gate closure time is too short for market participants to amend their orders with the aim to efficiently adjust their positions in case of curtailment or rights that had committed to buy previously. The later the DAFD, the longer market parties engaged with LTR must consider that those rights are subject to uncertainties. Furthermore, it should also be considered that the deadline for nomination of long term physical transmission rights is set on most of the bidding zones' borders early in the morning of D-1. This implies that, according to the Forward Capacity Allocation Regulation (FCA), nominated capacity can be curtailed by TSOs to ensure the respect of operational security limits in the period from the nomination deadline to the DAFD. Hence, according to the current DAFD proposal, the full physical firmness (unless in case of Force Majeure) of nominated PTRs cannot be ensured until only 30 minutes before the day-ahead market gate closure time. EURELECTRIC wants to stress also that the only implication of DAFD is related with the level of compensation in case of curtailment of long term rights. It is therefore inappropriate that TSOs claim that shifting the DAFD earlier would have implications on operational security or on the amount of XB capacity that can be allocated to the markets. They would still have the possibility to curtail rights, but would then have to compensate this at its effective costs. This would be a financial transfer between parties of the electricity sector that would not penalize consumers (EURELECTRIC considers they would even benefit from more confident operation decisions by market parties after the DAFD).</p>
VERBUND Trading GmbH	<p>The DAFD being set only 30 minutes before the day-ahead market gate closure time leaves very little time to market participants to readjust their orders in case of last minute curtailment. We suggest moving the DAFD to 60 minutes before the DA CGT.</p>
GAS NATURAL FENOSA	<p>Until now, in Spain, the agents receive the information regarding the cross-border capacity before 10:30. With the CACM implementation the availability of the data is going to be moved to the 11:00 (art 46.1) but the firmness is not going to occur until 11:30 (as proposal). Understood that the agents are going to have less time to adjust their cross-border position, at least from that time it should be firm.</p>

<p>EDF Group</p>	<p>The current DAFD proposal does not allow market participants to efficiently react to possible reductions of cross-border capacity decided by TSOs. A time period of only 30 minutes between the DAFD and the day-ahead market gate closure time is too short for market participants to amend their orders with the aim to efficiently adjust their positions to cope with the reduction of day-ahead cross-border capacity.</p> <p>Furthermore, it should also be considered that the deadline for nomination of long term physical transmission rights is set on most of the bidding zones' borders early in the morning of D-1. This implies that, according to the Forward Capacity Allocation Regulation (FCA), nominated capacity can be curtailed by TSOs to ensure the respect of operational security limits in the period from the nomination deadline to the DAFD. Hence, according to the current DAFD proposal, the full physical firmness (unless in case of Force Majeure) of nominated PTRs cannot be ensured until only 30 minutes before the day-ahead market gate closure time.</p> <p>For these reasons, TSOs should duly consider that the later the DAFD is set, the longer LTRs' holders must support additional uncertainties concerning the firmness of their rights.</p> <p>In particular, EDF Group wishes to question the positions expressed by TSOs during the Webinar of May 9th 2016 concerning the necessary consistency between the DAFD proposal and the timing for the provision of input data to NEMOs according to Article 46 of the Regulation CACM.</p> <p>Article 46.2 allows coordinated capacity calculators (CCC) to send to NEMOs cross-zonal capacity and allocation constraints up to 30 minutes before the day-ahead market gate closure time (11.30 am) if some problems occur preventing the compliance with the original deadline (11.00 am D-1). Hence, this provision already enables TSOs to adjust cross-border capacity closer to the day-ahead market gate closure time in order to ensure that the capacity offered matches the operationally available capacities according to the most updated information. Moreover, in these situations, Article 70.2 of the CACM Regulation provides that the full firmness of cross-zonal capacity is ensured only after the submission by the CCC of cross-border capacity volumes and allocation constraints to NEMOs (i.e. at 11.30 am).</p> <p>Thus, the DAFD only affects the level of compensation in case of curtailment of long term transmission rights and the operational processes of market participants. It is therefore inappropriate that TSOs claim that an earlier DAFD would have implications on operational security or on the amount of cross-border capacity that can be allocated to the market. Moreover, TSOs would still have the possibility to curtail capacities after the DAFD (Force Majeure and Emergency Situations) and their financial position is already sufficiently protected by the CACM Regulation. This means that an earlier DAFD would only imply a financial transfer between actors of the electricity market (TSOs and market participants) that would not penalize consumers (EDF Group considers that consumers would even benefit from more efficient operational decisions of market participants after the DAFD).</p>
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<p>Interim All NEMO Committee (and answers also supported by Europex)</p>	<p>It affects the orderly and timely operation of the DA MCO Function that we as NEMOs are responsible for, and therefore it is crucial that clarity is given not only about how long before the SDAC GCT (which is set at 12:00 noon CET in CACM GL) the DAFD will be, but also (a) how much earlier CZ capacities normally at the latest shall be provided, and (b) clarity on backup procedures if such submission of CZ capacities is delayed.</p> <p>We understand that the proposed DAFD corresponds to the current 11:45 deadline in DA Multi Regional Coupling (MRC), which represents the final deadline for TSOs to submit CZ capacities to NEMOs for day-ahead market coupling. With implementation of the DAFD this deadline will move to 11:30. Today in MRC there are backup procedures to manage situations when operational deadlines are missed, and we expect that we will be able to maintain such arrangements under SDAC.</p>
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Organisation	Comments on question 3: Would you suggest any modifications to the proposal? If so, please provide a justification for the changes (please refer to specific articles).
<p>Österreichs E-Wirtschaft, Association of Austrian Electricity Companies</p>	<p>Article 3: Gate closure time to firmness deadline is too short! Due to the necessity to recalculate and to re-optimize the asset scheduling, each region face the requirement of changing the planning under time pressure with increased error rate and additional costs as mentioned in question 2.</p>
<p>Nordenergi</p>	<p>According to the article 46 in GL CACM cross-zonal capacity and allocation constraints shall be provided to relevant NEMOs in time to ensure the publication of cross-zonal capacity and of allocation constraints to the market no later than 11.00 market time day-ahead.</p> <p>It must be ensured that an interpretation of the DAFD cannot be used as an excuse for delaying the publication and delivery of capacity to the market.</p> <p>Therefore we suggest the following addendum: “Normally Cross Zonal (ATC/Flow Based) DA capacities should be delivered and published by 10:00 CET and as an exception at the very latest 11:00 CET.”</p> <p>The information of capacity to NEMOs should be sent no later than 10:00 AM within the whole internal market, so that the information could be published at the latest 10:30 AM. The DAFD should then only comprise of corrections in earlier information, or in case of incidents that with great probability would restrict the available capacity also D+1.</p>
<p>Energieallianz Austria GmbH</p>	<p>gate closure time (30min) is insufficient especially for asset-portfolios.</p>
<p>TIWAG-Tirolerwasserkraft AG - Dispatching</p>	<p>Article 3: Gate closure time to firmness deadline is too short! Due to the necessity to recalculate and to re-optimize the asset scheduling, each region face the requirement of changing the planning under time pressure with increased error rate and additional costs as mentioned in question 2.</p>

Swedenergy	<p>Article 46 in CACM guidelines prescribes that cross-zonal capacity and allocation constraints shall be provided to relevant NEMOs in time to ensure the publication of cross-zonal capacity and of allocation constraints to the market no later than 11.00 market time day-ahead.</p> <p>The current proposal must ensure that interpretation of the DAFD is not used as an excuse for delay the publication and delivery of capacity to the market. We therefore propose that the proposal specifically say that day-ahead capacities should be delivered and published by 10:00 CET.</p>
Energie AG Oberösterreich Trading GmbH	<p>Article 3:</p> <p>Gate closure time to firmness deadline is too short! Due to the necessity to recalculate and to re-optimize the asset scheduling, each region face the requirement of changing the planning under time pressure with increased error rate and additional costs as mentioned in question 2.</p>
European Federation of Energy Traders - EFET	<p>The DAFD being set only 30 minutes before the day-ahead market gate closure time leaves very little time to market participants to readjust their orders in case of last minute curtailment. We suggest moving the DAFD to 60 minutes before the DA CGT.</p>
Vattenfall AB	<p>Article 46 in CACM guidelines prescribes that cross-zonal capacity and allocation constraints shall be provided to relevant NEMOs in time to ensure the publication of cross-zonal capacity and of allocation constraints to the market no later than 11.00 market time day-ahead.</p> <p>The current proposal must ensure that interpretation of the DAFD is not used as an excuse for delay the publication and delivery of capacity to the market which in that case would introduce an unnecessary risk of for example IT failures due to short deadlines for market participants to adopt to late changes. We therefore propose that the proposal specifically say that day-ahead capacities should be delivered and published by 10:00 CET.</p>
GEN-I, d.o.o.	<p>The DAFD should be set earlier, i.e. it should be set at the day-ahead market gate opening time at the latest (11:00 market time according to Article 47 (1)), for the following reasons:</p> <ul style="list-style-type: none"> • The likelihood of significant differences and improvements between data available to TSOs (and hence coordinated capacity calculators) at e.g. 10:00 market time, 11:00 market time, and 11:30 is low • A DAFD half an hour before the day-ahead market gate closure time (at 11:30) does not provide nearly enough time for market participants to adjust their positions and strategy, in particular if they are active on several markets <p>NC CACM itself requires coordinated capacity calculators to submit cross-zonal capacity and allocation constraints to the relevant NEMOs in order to ensure publication thereof to the market no later than 11:00 market time day-ahead (Article 46 (1)) and that cross-zonal capacity and allocation constraints may be published no later than 30 minutes before the day-ahead market closure time in case the coordinated capacity calculator is unable to provide this information one hour prior to the day-ahead market gate closure time (Article 46 (2)). This suggests that publication thereof at 11:30 should be an exception, not the rule; however, in the present DAFD proposal, the DAFD is at the same time as the provision deadline in Art. 46 (2) (the 'exceptional' case).</p>

	<p>In light of the above, in order to enable market participants sufficient time to adjust their positions and for the DAFD to be harmonised with other day-ahead deadlines in NC CACM, the DAFD should therefore be set at the day-ahead market gate opening time (11:00 market time) at the latest.</p>
Enel S.p.A.	See answer to question 1
EURELECTRIC	<p>When defining the DAFD, TSOs should take in due account the following elements:</p> <ul style="list-style-type: none"> • The need for market participants to have firm commitments and to have enough time to adjust their positions after a potential curtailment of their long term rights (if not compensated at the market spread); • The impact on firmness of long term transmission rights, especially nominated physical transmission rights (PTR); <p>EURELECTRIC is convinced that the current TSOs proposal does not meet all these requirements. As mentioned above, a 30 minutes period is too short for market participants to adapt their positions in reaction of a curtailment. EURELECTRIC believes that an earlier DAFD is necessary to strike the right balance between the needs of market participants and the ones of TSO and, therefore, we propose to fix this deadline one hour and a half before the day-ahead market gate closure time. At this moment in time, TSOs have a good picture of the operation conditions and further changes seem unlikely before the day-ahead gate closure.</p> <p>EURELECTRIC believes that this new deadline would allow market participants to have a reasonable time period to adjust their positions following a reduction of cross-zonal capacity, and there is no reason that a change in financial regime for compensating curtailments of LTRs 90 minutes before day-ahead market gate closure affects neither operational security nor cross-border exchange capabilities delivered to the markets.</p> <p>EURELECTRIC proposes thus the following amendment to Article 4 of the TSOs' proposal:</p> <p>Article 4 "Day-ahead firmness deadline"</p> <p><i>"The DAFD shall be one hour and a half before the day-ahead market gate closure time."</i></p>
VERBUND Trading GmbH	<p>The DAFD being set only 30 minutes before the day-ahead market gate closure time leaves very little time to market participants to readjust their orders in case of last minute curtailment. We suggest moving the DAFD to 60 minutes before the DA CGT.</p>
GAS NATURAL FENOSA	<p>As answered in previous question, in order to improve the efficiency of the adjustments that the agents could make, we propose that the firmness should be firm at least from one hour before to the day ahead gate closure.</p>

EDF Group	<p>When defining the DAFD, TSOs should take in due account the following elements:</p> <ul style="list-style-type: none"> • The need of market participants to have firm orders and to have enough time to adjust their positions after a reduction of the offered capacity; • The impact on firmness of long term transmission rights, especially nominated physical transmission rights (PTRs). <p>EDF Group is convinced that the current TSOs’ proposal does not meet all these requirements. As mentioned above, a 30 minutes period is too short for market participants to adapt their positions in reaction of a curtailment, whereas the day-ahead capacity calculation process has already been concluded before this deadline. EDF Group is convinced that an earlier DAFD is necessary to strike the right balance between the needs of market participants and the ones of TSO and, therefore, we propose to fix this deadline one hour and a half before the day-ahead market gate closure time. At this moment in time, TSOs have a good visibility on operational conditions and further changes in cross-border capacity volumes available for allocation seem unlikely before the day-ahead market gate closure.</p> <p>EDF Group believes that this new deadline would allow market participants to have a reasonable time period to adjust their positions following a reduction of cross-zonal capacity and we do not see any reason why a shift towards a stricter financial regime for the compensation of curtailments of LTRs occurring 90 minutes before day-ahead market gate closure time would affect operational security or the amount of cross-border capacities offered to the market.</p> <p>EDF Group proposes the following amendment to Article 4 of the TSOs’ proposal: Article 4 “Day-ahead firmness deadline” <i>“The DAFD shall be one hour and a half before the day-ahead market gate closure time.”</i></p>
Interim All NEMO Committee (and answers also supported by Europex)	<p>At least two additions to the DAFD proposal are in our view needed, namely an explanation of the operational impact:</p> <p>(1) Add an explanation in the recitals about backup procedures if normal delivery of CZ capacities is delayed, thus causes a risk that the DAFD cannot be kept. Under SDAC we expect to be able to maintain backup procedures to handle situations where operational deadlines have been missed.</p> <p>(2) Add an explanation in the recitals that we do not expect the DAFD proposal to impact normal procedures and timelines for TSOs to submit capacity (and subsequent publication times) in Multi Regional Coupling (MRC), the deadlines defined in Article 46 of CACM GL shall be respected.</p>

Organisation	Comments on question 4: Are there any relevant provisions missing from the DAFD proposal? If so, please provide a justification for the comment.
Nordenergi	No
Swedenergy	No
bne - German Association of Energy Market Innovators	No comment.

European Federation of Energy Traders - EFET	No.
Vattenfall AB	No
EURELECTRIC	EURELECTRIC did not identify any missing provisions in the DAFD proposal.
VERBUND Trading GmbH	No
GAS NATURAL FENOSA	No, we don't think so.
EDF Group	EDF Group did not identify any missing provisions in the DAFD proposal.
Interim All NEMO Committee (and answers also supported by Europex)	See answer to question 3, and in addition note that the additions we propose are in-line with since long established and approved practice across the countries part of DA MRC, and such recognition of existing well-functioning practices is recommended in CACM GL.

Organisation	Comments on question 5: Do you have any other comments on the proposal and/or consultation process?
Nordenergi	No
Swedenergy	No
bne - German Association of Energy Market Innovators	No comment.
European Federation of Energy Traders - EFET	Art. 46 CACM prescribes that cross-zonal capacity and allocation constraints shall be provided to relevant NEMOs in time to ensure the publication of cross-zonal capacity and of allocation constraints to the market no later than 11.00 market time day-ahead. The current proposal must ensure that interpretation of the DAFD is not used as an excuse for delays in the publication and delivery of cross-border capacities to the market.
Vattenfall AB	No
GEN-I, d.o.o.	In light of the aforementioned strict deadlines, we strongly suggest that a standardised and harmonised format (which is importable) be prescribed by ENTSO-E for the cross-zonal capacity and allocation constraints data that is to be published by NEMOs, in order to ensure consistency across capacity calculation regions and NEMOs. This is essential to enable market participants' import of the data and consequent positioning/strategy formation in the markets in which they are active.
EURELECTRIC	We would like to stress that one month is quite short to consult the membership in European and national associations and to come to well deliberated and exhaustive comments.

<p>VERBUND Trading GmbH</p>	<p>Art. 46 CACM prescribes that cross-zonal capacity and allocation constraints shall be provided to relevant NEMOs in time to ensure the publication of cross-zonal capacity and of allocation constraints to the market no later than 11.00 market time day-ahead. The current proposal must ensure that interpretation of the DAFD is not used as an excuse for delays in the publication and delivery of cross-border capacities to the market.</p>
<p>GAS NATURAL FENOSA</p>	<p>No, we don't.</p>
<p>EDF Group</p>	<p>GENERAL COMMENTS</p> <p>EDF Group welcomes the opportunity to answer this public consultation on the TSOs common draft proposal for the day-ahead firmness deadline (DAFD). The involvement of stakeholders in the implementation process of the CACM Regulation is of paramount importance, given the potential impact that TSOs proposals may have on market participants and network users.</p> <p>EDF Group supports the definition of a single DAFD as foreseen by Article 69 of the CACM regulation with the aim to introduce a unique firmness deadline for the whole European Union both for the capacity allocated in the long term and in the day-ahead timeframe. Yet, full harmonization will be reached only when all European countries will join the single day-ahead coupling with a single day-ahead market gate closure time.</p> <p>EDF Group considers that ENTSO-Es' proposal for a DAFD of half an hour before the day-ahead gate closure time does not take in due consideration the potential impact of this decision on market participants' business processes and on the level of firmness ensured to long term transmission capacity rights' holders. A DAFD set at the latest one hour and a half before day-ahead gate closure time seems to be more suitable to guarantee a well-functioning and competitive electricity market while ensuring operational security.</p>
<p>IFIEC Europe</p>	<p>IFIEC has no specific comments to formulate on this proposal. No response on a particular question/ issue does not necessarily mean IFIEC agrees with the statement.</p>
<p>Interim All NEMO Committee (and answers also supported by Europex)</p>	<p>The DAFD has clear impact on the timely submission of DA orders by market participants to the NEMO's respective DA markets, and the subsequent operation by operational NEMOs of the DA MCO Function that delivers the SDAC. The All NEMO Committee would have welcomed the opportunity to discuss proposal with TSOs before the consultation was launched. We believe that the further development of operational arrangements and procedures for SDAC should be managed under the joint governance of TSOs and the All NEMO Committee.</p>