



**ACCESS RULES TO FRANCE-ITALY, SWITZERLAND-ITALY,  
AUSTRIA-ITALY, SLOVENIA-ITALY, GREECE-ITALY  
INTERCONNECTIONS  
(Capacity Allocation Auction Rules)**

**2011**

**with Joint Auction Office**

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# Section I. Introduction

## Article 1.01 General Context

In accordance with Regulation (EC) n° 1228/2003 and Regulation (EC) n° 714/2009 of the European Parliament and of the Council, on conditions for access to the network for cross-border exchanges in electricity as well as Commission decision n°2006/770/CE of 9<sup>th</sup> November 2006 amending the appendix to the Regulation and for the Swiss border in accordance with the relevant Swiss law, the Auction Rules set out the terms and conditions governing the allocation of available Interconnection Capacity via Auctions in both directions on the Interconnections between Italy and France, Switzerland, Austria, Slovenia and Greece.

In view of improving the harmonization of Auction Rules and in order to give to the Participant a single point of contact, the Transmission System Operators operating on the Italian borders have decided to outsource their task of capacity allocation to a Joint Auction Office in charge of carrying out, on behalf of the TSOs but in its own name, the joint Allocation of the Available Capacity, by the means of explicit Auctions, on a yearly, monthly and daily basis.

The Joint Auction Office shall therefore, on behalf of the TSOs but in its own name, perform registration process, handle necessary risk management instruments, prepare and conduct the Auctions, manage the Secondary Capacity Market, provide all necessary information to the Participants and TSOs and collect payments and/or pay according to Section IX of these Auction Rules.

CASC S.A. is jointly appointed by the TSOs as the Joint Auction Office. The ATC on each interconnection is offered by the Joint Auction Office in form of Physical Transmission Rights (PTRs). The auctioning of Interconnection Capacity is not a commercially motivated activity but one aimed at providing a transparent market based method of congestion management. The importance of the interconnections for the liberalization of the electricity market requires a strict policy with regard to the collection of payments and default consequences.

## Article 1.02 Auction Procedure

For the explicit Allocation of ATC the Joint Auction Office operates, the explicit Auctions and the Secondary Market of PTRs for all borders in both directions on the France-Italy Interconnection, Switzerland-Italy Interconnection, Austria-Italy Interconnection, Slovenia-Italy Interconnection and Greece-Italy Interconnection for the, starting from 01st /April 2011 as Day of Execution.

All relevant information is made available on the specific Auction Website of the Joint Auction Office according to the Auction procedures.

## Article 1.03 Definitions

In these Auction Rules (including any Annexes, Appendices, Attachments and Forms) the terms defined below (where appropriate in plural) shall, for all purposes of these Auction Rules have the meanings specified in this article (unless the context requires otherwise).

<b>Annex:</b>	Document attached to these Auction Rules valid for all Interconnections.
<b>Appendix:</b>	Document attached to these Auction Rules specific for each Interconnection.
<b>APG:</b>	Austrian Power Grid AG ("APG") with registered office in A-1220 Wien, Wagramer Straße 19, IZD-Tower and with the number of the commercial register FN 177696 v.

<b>Allocated PTRs:</b>	Capacity (MW) that the Participant gains by notification of the auction results in form of Physical Transmission Rights.
<b>Allocation:</b>	The process by which the Joint Auction Office attributes Capacity to the Participant in response to a Bid Notified by the Participant.
<b>Attachment:</b>	Documents attached to the Appendices of these Auction Rules.
<b>Auction:</b>	Yearly, Monthly and/or Daily Auction held under these Auction Rules. The mechanism used to allocate Capacity via explicit Yearly, Monthly and/or Daily Auctions.
<b>Auction Rules:</b>	These Auction Rules valid for the access to France-Italy, Switzerland-Italy, Austria-Italy, Slovenia-Italy, Greece-Italy Interconnections comprise: <ul style="list-style-type: none"> <li>a. Article 1 to Article 10</li> <li>b. Annexes applying to all Interconnections</li> <li>c. Specific Appendices per Interconnection and their Attachments which are: <ul style="list-style-type: none"> <li>– Appendix I for the Auctions on French-Italian border;</li> <li>– Appendix II for the Auctions on Swiss-Italian border;</li> <li>– Appendix III for the Auctions on Austrian-Italian border;</li> <li>– Appendix IV for the Auctions on Slovenian -Italian border;</li> <li>– Appendix V for the Auctions on Greek-Italian border.</li> </ul> </li> </ul>
<b>Auction Specification:</b>	Information on a specific Auction provided on the Auction Website.
<b>Auction Tool:</b>	IT system used by Joint Auction Office
<b>Auctioning Day:</b>	All Calendar Days, on which Auctions take place. Bids can be submitted till a specific deadline on this day.
<b>Austria-Italy Border</b>	A tie-line and/or set of tie-lines interconnecting the Austrian and Italian transmission networks.
<b>Available Transmission Capacity (“ATC”):</b>	Part of the NTC available, for each phase of the allocation procedure, for further commercial activity and which shall be offered in the Yearly, Monthly and Daily Auction procedures.
<b>Beneficiary:</b>	Participant that acquires a PTR as a result of a PTR Transfer.
<b>Bid:</b>	An offer submitted by a Participant to purchase rights to use capacity pursuant to and in compliance with these Auction Rules; such an offer consists of two values per product: a capacity in MW and a price in Euro (€) per MWh.
<b>Bid File:</b>	Set of Bids submitted to the Joint Auction Office by a Participant for a given Auction in electronic form.
<b>Block:</b>	A quantity of MW made available at Daily Auction over one hour.
<b>Business Account:</b>	The dedicated business account opened by the Joint Auction Office on its own name and for its own account from which the valuation amounts related to the Allocated Capacities will be automatically collected by the Joint Auction Office after having been credited by the Participant
<b>Calendar Day</b>	Calendar day includes the Working and non-Working Days.
<b>Capacity Price:</b>	Price expressed in Euro (€) payable by a PTR Holder as a result of the successful Bid in the Auction, being Clearing Price times Allocated PTR times number of hours the PTR refers to.

<b>Capacity Contract ID</b>	A unique identifier assigned by the Joint Auction Office to capacity awarded to a specific participant through explicit auctions and/or Secondary Market.
<b>Capacity Usage Authorisation:</b>	Formal sending from Joint Auction Office in order to give to PTR holders the exact amount of periodic and daily PTR for their periodic and daily nomination; Periodic Capacity Usage Authorisation takes into account results of periodic auctions, secondary PTR market and possibly curtailments.
<b>CASC S.A.</b>	CASC SA Capacity Allocation Service Company S.A. with registered office LU-1273, Luxembourg Hamm, 2, rue de Bitbourg
<b>Clearing Price:</b>	Price expressed in Euro (€) per MWh resulting from an Auction.
<b>Competent Authorities</b>	Any NRA and/or any local, national or supra-national agency, authority, department, inspectorate, minister, ministry, court official or public or statutory person (whether autonomous or not) of, or of the government of, Austria, France, Greece, Italy, Slovenia, Switzerland, Luxembourg or the European Union.
<b>Congestion Management Rules on the Italian Interconnection:</b>	Rules describing the provisions governing congestion management on the interconnection grid, including also application procedures, terms and conditions to assign virtual production/consumption units to the signatory of Dispatching Contract. These rules are issued by TERNA and displayed on its website.
<b>Counterparty:</b>	Legal entity, which has been designated by the PTR Holder as its counterparty regarding nomination of schedules according to the Auction Rules.
<b>Credit Limit</b>	The disposable balance on the Business Account of the Participant, the disposable balance being the funds in the Business Account minus the aggregate amount of debts payable to the Joint Auction Office, as blocked by the Joint Auction Office in accordance with Article 9.02, and released in accordance with Article 9.03(a), regardless whether or not these debts have been invoiced yet.
<b>Curtailment:</b>	Reduction of already Allocated PTRs as described in Article 2.04.
<b>Daily Auction:</b>	PTR auctioning for the respective following day.
<b>Day of Execution:</b>	Day on which electricity transports using the Allocated PTRs take place.
<b>Daily ATC:</b>	Part of ATC to be allocated in the Daily Auction as described in relevant Articles.
<b>Dispatching Contract:</b>	Contract which sets out rights and obligations related to the dispatching service according to the Italian Regulatory Authority (AEEG).
<b>Declaration of Acceptance (DoAA) for Allocation Process:</b>	Declaration by the Participant to comply with all the provisions contained in these Auction Rules, related to the allocation process, relevant for the specific Interconnection and direction.
<b>Declaration of Acceptance (DoAN) for Nomination Process:</b>	Declaration by the Participant to comply with all the provisions contained in these Auction Rules, related to the nomination process, relevant for the specific Interconnection and direction.
<b>Exchange schedule:</b>	The accepted Nomination according to the provisions set in these Auction Rules and the matching process made by TSOs.
<b>EIC-Code:</b>	ENTSO-E identification code, which univocally identifies Participants in a cross-border trade (see

	<a href="https://www.entsoe.eu/fileadmin/user_upload/edi/library/eic/cds/area.htm">https://www.entsoe.eu/fileadmin/user_upload/edi/library/eic/cds/area.htm</a>
<b>ELES:</b>	ELEKTRO-SLOVENIJA, d.o.o. ("ELES") with registered office in Hajdrihova 2, 1000 Ljubljana, Slovenija.
<b>Equivalent Day:</b>	100% Curtailment for 24 hours. Details described in Art. 2.04
<b>ENTSO-E ("European Network of Transmission System Operators for Electricity"):</b>	International Association with membership of European Transmission System Operators with the aim to promote the reliable operation, optimal management and sound technical evolution of the European electricity transmission system in order to ensure security of supply and to meet the needs of the Internal Energy Market.
<b>Force Majeure:</b>	As defined in Article 10.07.
<b>French Import/Export Rules («Règles d'Accès au RPT pour des Importations et des Exportations»):</b>	Rules describing the conditions to access RTE's Transmission System for exports and imports. The French Import/Export Rules are published on RTE's website.
<b>France-Italy Border:</b>	A set of power lines interconnecting the French and Italian transmission networks.
<b>Greece-Italy Border:</b>	A set of power lines interconnecting the Greek and Italian transmission networks.
<b>Held Capacity:</b>	The balance, for a given Product, at a given moment in time, between the Capacities acquired at the Auction and/or via the Secondary Capacity Market and the Capacities ceded via the Secondary Capacity Market and taking into account any Reductions in Held Capacities.
<b>HTSO:</b>	Hellenic Transmission System Operator S.A. with registered office at 72 Kastoros Street, 18545 Piraeus, Greece.
<b>Individual Block:</b>	Bid submitted by a Participant in the Daily Auction. It refers to multiple, consecutive hourly blocks, which have been defined by the Joint Auction Office. The price in Euro (€) per MWh applies to every hour of the defined Individual Block.
<b>Interconnection:</b>	Set of single and/or double circuit lines between the Italian and neighbouring countries' transmission systems which connects the control areas of each TSO synchronously or through a DC link in the Greek-Italy border.
<b>Joint Auction Office:</b>	CASC S.A., the entity in charge, among others, of allocating the Available Capacity and of managing the Secondary Capacity Market
<b>Joint Auction Office's Website or Auction Website:</b>	The Internet site of the Joint Auction Office.
<b>Maintenance Period:</b>	Period of time during which a Product has to be adjusted due to planned maintenance.
<b>Monthly Auction:</b>	PTR auctioning for the respective following month.
<b>Monthly ATC:</b>	Part of ATC to be allocated in the Monthly Auctions as described in the relevant Articles.
<b>National Regulatory Authorities (NRA):</b>	E-Control, CRE, RAE, AEEG, Agen-RS, EICom.
<b>Net Transfer Capacity</b>	Maximum exchange program between two control areas compatible with

<b>("NTC"):</b>	security standards applicable in both areas and taking into account the technical uncertainties on future network conditions. The Net Transfer Capacity on the northern Italian border is determined jointly by the French, Italian, Swiss, Slovenian and Austrian Transmission System Operators. The Net Transfer Capacity can be reduced due to security problems. In this case a common procedure is applied on the whole northern Italian border.
<b>Nomination:</b>	Notification to the TSOs by a PTR Holder and its Counterparty of his schedules relating to the power expressed in integer value of MW which he wants to use within the capacity defined by the PTRs awarded to him.
<b>Payment Account</b>	The bank account of the Participant on which the Joint Auction Office will credit the valuation amounts related to the Reductions in Held Capacities, the Resale of Capacity and/or the "Use it or sell it".
<b>Participant:</b>	A legal entity which has signed the Declaration of Acceptance for Allocation Process (DoAA) and Declaration of Acceptance for Nomination Process (DoAN).
<b>Participant's Financial Agreement:</b>	The agreement between the Joint Auction Office and a Participant, setting forth their respective rights and obligations concerning the Business Account.
<b>Party:</b>	Designates the Joint Auction Office or a Participant.
<b>Physical Transmission Right (PTR):</b>	Right to use Interconnection capacity for electricity transports expressed in MW.
<b>Periodic:</b>	Yearly and Monthly.
<b>Product:</b>	Whole or part of the Yearly, Monthly or Daily ATCs offered in an Auction with reference to a specific period of time.
<b>PTR Holder:</b>	Participant that has obtained a PTR in the Auction or via Secondary PTR Market.
<b>PTR Transfer:</b>	Mechanism by which a PTR Holder may transfer a PTR to a Beneficiary.
<b>PTR Resale:</b>	Mechanism by which a PTR Holder may resell a PTR back to the Joint Auction Office.
<b>Reseller:</b>	PTR Holder that resells PTR to Monthly Auctions in respect of a Resale Notification.
<b>RTE:</b>	RTE ("RTE EDF Transport S.A.") with registered office at Tour Initiale, 1, terrasse Bellini, TSA 41 000, 92919 La Défense Cedex, and commercial register number 44619 258 RCS Nanterre.
<b>Resale Notification:</b>	Information about a PTR Resale submitted to the Joint Auction Office by a Reseller in electronic form.
<b>Secondary Market Notification File:</b>	File transmitted to Joint Auction Office by a PTR Holder in the context of Secondary PTR Market.
<b>Secondary PTR Market:</b>	Mechanism that permits transfer and resale by a PTR Holder of the PTRs acquired at Yearly and/or Monthly Auctions according to these Auction Rules.
<b>Slovenia -Italy Border</b>	A set of power lines interconnecting the Slovenian and Italian transmission networks.
<b>Swissgrid:</b>	Swissgrid with registered office at Werkstrasse 12, 5080 Laufenburg

	Switzerland and commercial register number CH-400.3.026.187-4 –.
<b>Switzerland-Italy Border:</b>	A set of power lines interconnecting the Swiss and Italian transmission networks.
<b>TERNA:</b>	TERNA with registered office at Viale Egidio, Galbani 70 00156 Roma Italy and commercial register number 05779661007.
<b>Transfer Notification:</b>	Information about a PTR Transfer submitted to the Joint Auction office by a Transferor in electronic form.
<b>Transferor:</b>	PTR Holder that executes a PTR Transfer to a Beneficiary in respect of a Transfer Notification.
<b>Transmission System Operators (TSOs):</b>	APG, TERNA, RTE, HTSO, Swissgrid, ELES.
<b>Working Day:</b>	Every day except for Saturdays, Sundays.
<b>Yearly Auction:</b>	PTR auctioning for the following year.
<b>Yearly ATC:</b>	Part of ATC to be allocated in the Yearly Auctions in form of PTRs.

## Article 1.04 General aspects of the Auction Rules

The Auction Rules comprise:

- a. Article 1 to Article 10
- b. Annexes applying to all Interconnections
- c. Specific Appendices per Interconnection and their Attachments which are:
  - Appendix I for the Auctions on French-Italian border;
  - Appendix II for the Auctions on Swiss-Italian border;
  - Appendix III for the Auctions on Austrian-Italian border;
  - Appendix IV for the Auctions on Slovenian -Italian border;
  - Appendix V for the Auctions on Greek-Italian border.

Each Appendix supplements, amends or details specific provisions regarding a single Interconnection. These Appendices are to be used exclusively for the relevant border.

In case of discrepancies between points a) and c), the Appendices prevail.

These Auction Rules describe (among other aspects) the requirements that Participants must fulfil to participate in the Yearly, Monthly and Daily Auctions, the Auction proceedings, the awarding of PTRs, the conditions to access Secondary PTR Market and the utilisation of Allocated PTRs.

The Auction Rules make reference to the Congestion Management Rules on the Italian Interconnection published on TERNA's website. Any changes in the Congestion Management Rules on the Italian Interconnection or any changes on the congestion management rules issued by the TSOs, which can impact the Interconnection congestion management and these Auction Rules, will be subject to prior agreement between the relevant TSOs.

For the sake of clarity, since the Auction Rules refer to both Allocation and Nomination processes.

- For all the tasks and obligations described related to the Allocation process, the Joint Auction Office has the responsibility and shall bear a contractual liability towards the Participants and Article 10.02a) shall apply in case of any claim related to the performance of such obligations;

- For all the tasks and obligations related to the Nomination process, the concerned TSOs have the responsibility shall bear a contractual liability towards the Participants and Article 10.02b) shall apply in case of any claim related to the performance of such obligations. This shall apply to all the TSOs, except RTE as set forth in chapter 7 of Appendix 1.

### **Article 1.05 Legal qualification of the awarding of PTRs pursuant to an Auction**

The auctioning and the Secondary PTR Market are in respect of Interconnection Capacity only. The auctioning, Secondary PTR Market and awarding of PTRs and the financial settlement of the Auction results do not involve electricity transports or any rights, liabilities or financial aspects pertaining to electricity transports.

A successful Bid for Interconnection capacity binds the Joint Auction Office for that Auction and the Participant to fulfil their respective duties. TSOs make ATC for electricity transports available to the PTR Holder while the PTR Holder is under the obligation to pay the Capacity Price to the Joint Auction office as well as to comply with the Participant Financial Agreement and all necessary financial guarantees described thereto.

### **Article 1.06 Recovery of Payments**

Payments in respect of the Allocated Capacities will be collected automatically in accordance with Section IX.

The Joint Auction Office has a mandate from the TSOs to recover Auctions payments.

If such payment is due, the Participant is only officially released from its obligations once it has credited the Business Account with the appropriate amount and the Joint Auction Office has collected it from the Business Account.

A claim made by the Participant against a TSO and/or the Joint Auction Office does not relieve the Participant from the obligation to settle Auction payments owing to the Joint Auction Office. No set-off may be made between the amounts owed by/to the Participant and the amounts owed by/to the Joint Auction Office.

## Section II. General

### Article 2.01 Yearly, Monthly and Daily Auctions

Separate Auctions are held for PTRs in each direction for each Interconnection, that means from Austria, France, Greece, Slovenia, and Switzerland to Italy and from Italy to each border (Austria, France, Greece, Slovenia and Switzerland).

The following Auctions take place for each Interconnection in each direction:

- a. Yearly Auctions in respect of PTRs for Yearly ATC from 1<sup>st</sup> of January through 31<sup>st</sup> of December.
- b. Monthly Auctions in respect of PTRs for Monthly ATC from the first day through the last day of a calendar month within the year;
- c. Daily Auctions in respect of PTRs for Daily ATC for each hour of a Calendar Day of the year.

### Article 2.02 NTC and ATC for Yearly, Monthly and Daily Auctions

1. The NTCs which are the basis for auctioning in form of PTRs are agreed between:
  - Austria, France, Slovenia, Switzerland and Italy according to the criteria defined by ENTSO-E;
  - Italy and Greece according to the criteria defined by ENTSO-E, applicable laws and regulations;
2. The NTCs are published at the relevant TSOs' Website and ATCs for the respective Interconnection and direction are published at the Joint Auction Office website.

### Article 2.03 Basis on which ATC is offered for Auction

1. PTRs are offered in units of 1 MW;
2. For Yearly, Monthly and Daily Auctions, PTRs are offered as Products defined, by the relevant TSOs. The Products can be offered according to the following definitions:
  - a. Yearly Base: flat 00:00-24:00 from 1<sup>st</sup> January to 31<sup>st</sup> December.
  - b. Yearly Base with Maintenance Period: flat 00:00-24:00 from 1<sup>st</sup> January to 31<sup>st</sup> December 2011 with Maintenance Period.
  - c. Monthly Base: flat 00:00-24:00 from 1<sup>st</sup> Day of the Month to the last Day of the Month.
  - d. Monthly Peak: 08:00-20:00 from Monday to Friday of the first Day of the Month to last Day of the Month
  - e. Monthly Off Peak: 00:00-08:00 and 20:00-24:00 from Monday to Friday; 00:00-24:00 on Saturday and Sunday, from the first Day of the Month to the last Day of the Month.
  - f. Daily product: hourly Blocks.

The products c, d, e, could have maintenance periods as well, communicated through the Auction Specification.

All Products(\*)<sup>1</sup> are published in the Auction Specifications at the Joint Auction Office Website in accordance with these Auction Rules.

### Article 2.04 Firmness of PTRs

1. Yearly and Monthly PTRs are offered on a firm basis except for cases where Curtailments are necessary due to circumstances that constitute Force Majeure as defined in Article 10.07 or due to the network security reasons and after all other available measures according to relevant national and European legislation have been taken.

In case of PTR Curtailments for network security reasons, the PTR Holder is compensated at 100% of the Clearing Price paid corresponding to the hours of curtailed PTRs. However, PTR Curtailment

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<sup>1</sup> (\*)Note: The Peak and Off-peak on Greece-Italy border have the following shape:

- peak: 06:00-22:00 from Monday to Saturday

- off-peak 00:00-06:00 and 22:00-24:00 from Monday to Saturday and 00:00-24:00 on Sunday

for network security reasons is allowed up to 35 Equivalent Days. Beyond this limit, the PTRs are guaranteed. This limit is calculated for each border and direction. The equivalent day is evaluated each month and month by month as the average of Long-term (Yearly + Monthly) PTRs allocated in one day:

Equivalent day  $_{(MONTH M)}$  = (Total Yearly and Monthly PTRs of month M) / (numbers of days of Month M)

Example:

Month M = 31 days

Yearly Base = 100 MW valid all days

Monthly Base = 50 MW valid 30 days (1 day of set to zero for maintenance period and defined in the auction specification)

Monthly Peak = 20 MW valid 23 days

Total PTRs =  $100 \cdot 31 \cdot 24 + 50 \cdot 30 \cdot 24 + 20 \cdot 23 \cdot 12 = 115.920$  MWh

Equivalent day  $_{(MONTH M)}$  =  $115.920 / 31 = 3.739,4$  MWh

So, in case of 70 MW of reduction for 2 days with effects at least in one of the already allocated products, the evaluation of the Equivalent days used is:

Capacity Curtailed  $_{MONTH M}$  =  $70 \cdot 24 \cdot 2 = 3.360$  MWh

Equivalent days Curtailed  $_{MONTH M}$  = Capacity Curtailed  $_{MONTH M}$  / Equivalent day  $_{MONTH M}$  =  $3.360 / 3.739,4 = 0.9$  days

PTRs acquired through Yearly and Monthly Auctions are curtailed on a 'pro rata' basis. The curtailed share for a PTR Holder is calculated separately for each product based on the amount of PTRs he has acquired of that product.

2. Daily PTRs are offered on a firm basis except for cases where Curtailments are necessary due to circumstances that constitute Force Majeure.
3. In the event of a failure to make Capacity available to the extent of PTRs offered firm, the Joint Auction Office shall only be obliged to pay a refund in accordance with paragraph (1) or (2); it shall not be liable to a PTR Holder for any incidental, indirect or consequential damages caused by such failure.

## Article 2.05 Guarantee of schedules

TSOs guarantee the realisation of the Exchange Schedules corresponding to firmly Allocated PTRs, except Force Majeure.

For the sake of clarification the following provisions will be applied by the Joint Auction Office to curtail PTRs:

- a. before the deadline for binding nominations of Yearly and/or Monthly PTRs, the Joint Auction Office is permitted to perform these curtailments (of Yearly and/or Monthly PTRs).
- b. after the deadline for nominations of Yearly and/or Monthly PTRs and before the publication of the Daily ATC the Joint Auction Office cannot curtail Yearly and/or Monthly PTRs. The Joint Auction Office could additionally publish a reduced Daily ATC on the basis of information sent by TSOs.
- c. After the publication of the Daily ATC curtailments are not possible; PTRs are offered on a firm basis except Force Majeure.

## **Article 2.06 Publication**

The Joint Auction Office operates and maintains, as part of its website, an Auction Website. On these Auction Websites the following publications are made:

- a. Auction Rules, and any alterations thereof;
- b. Announcements pursuant to these Auction Rules;
- c. Auction Specifications;
- d. Names, fax and telephone number(s), e-mail address(es) of Joint Auction Office or relevant TSOs' contact persons;
- e. Formats of documents related to the Auction to be downloaded and used by Participants;
- f. Auction Results (bidding curve , clearing Price, allocated quantity for all products,);
- g. Number of Participants with successful Bids and overall number of Participants;
- h. The name of the PTR Holder (Yearly and Monthly Auction, Transfer) in respect of Annex I;
- i. Planned Curtailments;
- j. Calendars for Yearly and Monthly Auctions promptly updated in case of modifications;
- k. Other relevant information.

## **Article 2.07 Conduct of Participants**

1. Prior to, during and after an Auction, Participant must refrain from any action or behaviour which adversely affects or threatens to adversely affect competition in the bidding proceedings or which aims at gaming or which in any other way disrupts or threatens to disrupt the Auction proceedings, or the transparency, cost-effectiveness or fairness thereof.
2. the Joint Auction Office shall report data to the TSOs so they can inform Competent Authorities and take appropriate measures against those who act or behave or have acted or behaved in violation of the first paragraph, who misuse any right or position obtained pursuant to an Auction or who do not comply with any other provision of these Auction Rules.
3. The Participant is under the obligation to closely monitor the Auctions. In the case of any other irregularities occurring that have no impact on the Auction results, the Participant may announce these irregularities to the Joint Auction Office within the deadline as set out in Article 5.02.
- 4.

## **Article 2.08 Currency**

Financial securities, price settlement and payments in respect of the Auctions as well as financial information are in Euro (€).

## **Article 2.09 Timing**

All timings set in these Auction Rules make reference to the Central European Time [CET].

## **Section III. Participation requirements**

### **Article 3.01 Registration requirements**

In order to participate in the Auctions at a specific Interconnection the applicant has to fulfil the requirements specified in Articles 3.01, 3.02 and 3.03 below..

#### **(a) Declarations of Acceptance**

Prior to an Auction, a Transfer or a Resale, the legal entity wishing to participate on a specific border in an Auction or in the Secondary Capacity Market shall register with the Joint Auction Office, by submitting:

- two (2) duly completed and signed copies of the Declaration of Acceptance for allocation process (DoAA); it will be returned to applying legal entity, countersigned by the Joint Auction Office, thereby certifying that the legal entity is registered as a Participant.
- one (1) duly completed and signed copy of the Declaration of Acceptance for nomination process (DoAN).

Legal entities wishing to be compliant with the Auction Rules may not hold more than one (1) Declaration of acceptance for allocation process (DoAA) with one EIC code.

In order to facilitate Transfers on the Secondary Market, the Participant agrees that its name is included in the list of PTRs Holder and possible Beneficiaries accessible only to PTRs Holders.

For the avoidance of any doubt, in the Declaration of Acceptance for allocation process (DoAA), the Participant shall identify the border(s) on which it wishes to participate.

#### **(b) Participant commitments**

By signing DoAA and DoAN , the Participant shall comply with all the provisions contained in the Auction Rules.

The Participant shall keep the information contained in its Declaration of Acceptance, including its agreement or disagreement on the publication of its name,]\* up to date, and Notify the Joint Auction Office of any changes in this information no later than five (5) Working Days before they take effect.

### **Article 3.02 Financial guarantees**

For each party seeking for Entitlement to Participate in Auctions, a dedicated Business Account will be opened at the bank selected by the Joint Auction Office, allowing the Joint Auction Office to withdraw money in respect of the Allocated Capacities directly from that Business Account. The Business Account remains the property of the Joint Auction Office.

At all times, the Business Account shall contain a positive disposable balance, the disposable balance being the funds in the Business Account minus the aggregate amount of debts payable to the Joint Auction Office, as blocked by the Joint Auction Office in accordance with Section IX, regardless whether or not these debts have been invoiced yet.

The Participant must credit the appropriate amount on the Business Account in accordance with Section IX. Any bank charges or interests relative to the Business Account are to be borne by or credited to the Participant on the Business Account.

As is indicated in more details in the Participant's Financial Agreement, which will set forth all of the rights and obligations of the Parties with respect to the Business Account, the funds on the Business Account are blocked, which means that the Participant shall make a request to the Joint Auction Office if the Participant wishes to withdraw money from the Business Account. The agreement of the Joint Auction Office following such request will depend in particular on the disposable balance of the Participant.

The Participant's Financial Agreement is available on the Joint Auction Office's Website.

In order to be only a Beneficiary of a Transfer, a dedicated Business Account is not necessary.

### **Article 3.03 Requirements in respect of grid access**

In order to participate in the Auctions, the Participant must be compliant with the provisions set in:

- Appendix I for the Auctions on French-Italian border;
- Appendix II for the Auctions on Swiss-Italian border;
- Appendix III for the Auctions on Austrian-Italian border;
- Appendix IV for the Auctions on Slovenian-Italian border;
- Appendix V for the Auctions on Greek-Italian border.

### **Article 3.04 Entitlement**

For the avoidance of any doubt, the entitlement shall be valid only on the border(s) duly identified by the Participant in its Declaration of Acceptance for Allocation process (DoAA).

In order to be entitled to participate in the Auctions and/or in the Secondary Capacity Market, the Participant shall:

- meet the conditions set out in Article 3.01, Article 3.02 and Article 3.03 and
- have an EIC Code; and
- undertake to behave as a professional, preventing from any action which may lead to the damaging or reduction in effectiveness of the Auction Tool and/or Information System (it being understood that such an action is deemed to happen in case of any behavior that can be assimilated to an attack on the Information System such as, but not limited to, deny of service, spam, virus, brute forcing, trojan horse attack, DoS attack, ping of death attack, sniffing and spoofing, dictionary attack, ...); and
- not be under a Payment Incident as set out in Article 9 d)

Entitlement is effective on the date indicated in the Declaration of Acceptance for allocation process (DoAA) countersigned by the Joint Auction Office.

Entitlement is granted for the period of validity of these Auction Rules and may be suspended or withdrawn in accordance with the provisions of Article 3.05.

### **Article 3.05 Suspension and Withdrawal of Entitlement**

#### **(a) Suspension of Entitlement by the Joint Auction Office (temporary)**

The Participant's Entitlement may be suspended by the Joint Auction Office if at least one (1) of the conditions listed in Article 3.04 is no longer met, without prejudice to the terms of paragraph (b) of the present Article.

The Notification of the suspension indicates:

- the reasons for the suspension; and
- the action(s) that should be taken by the Participant to remedy the situation that causes the suspension and to avoid the suspension; and
- the time limit within which these action(s) should be taken.

Suspension of Entitlement takes effect on the date and time indicated in the Notification of the suspension of Entitlement, unless the Participant has remedied the situation that causes the suspension within the notified time limit.

Any suspension of a Participant's Entitlement will be communicated from the relevant TSOs to Regulators at the latest within two (2) Working Days as from the Joint Auction Office knowledge thereof. This communication will enclose the reasons which caused that suspension.

If the Joint Auction Office suspends a Participant's Entitlement, the Participant may no longer take part in Auctions and/or in the Secondary Capacity Market for the interconnection involved. Any Allocated Capacity that has not yet been Nominated may no longer be Nominated and/or Transferred and/or Resold and will not be taken into account for the "Use it or sell it" valuation in case the suspension is caused by a Payment Incident until the Participant's entitlement has been restored. The Capacities released as a result are put at the disposal of the Daily Auctions on a Day-by-Day basis.

Suspension of Entitlement does not exonerate the Participant from its payment obligations in accordance with Section IX, including for Capacities of which it loses the benefit. The Participant may not claim any indemnity as a result of the application of the present stipulation.

The Participant shall be Entitled again on the Day after the Working Day on which the Joint Auction Office observes before 15:00, that the conditions set out in Section III have once again been met.

When the Participant's Entitlement has been restored, the Allocated Capacity prior to the suspension of Entitlement, related to a Period after the restoration of the Entitlement, and which has still not been Nominated may again be Nominated, Transferred or Resold and be taken into account for the "Use it or sell it" valuation. The Participant shall also be able to again take part in Auctions and in the Secondary Capacity Market.

### **(b) Withdrawal of Entitlement by the Joint Auction Office (exclusion)**

A Participant's Entitlement is withdrawn by the Joint Auction Office:

- in the event of the bankruptcy, liquidation or dissolution of the Participant; or
- following receipt by the Joint Auction Office of a decision by the Competent Regulatory Authorities stating that the Participant has committed a misusing or fraudulent act according to national legislation with regard to the Allocation of Capacities on one of the Borders and requesting for the withdrawal of Entitlement
- breach persistently and/or intentionally the Auction Rules following the prior notification of the breach from the Joint Auction Office.

The withdrawal of Entitlement takes effect on the date indicated in the Notification of the withdrawal of Entitlement, which indicates the reasons for the withdrawal.

If the Joint Auction Office withdraws a Participant's Entitlement, the said Participant may no longer take part in Auctions or in the Secondary Capacity Market. Any Held Capacity that has not yet been Nominated may no longer be Nominated or Transferred or Resold and will not be taken into account for the "Use it or sell it" valuation. The Capacities released as a result are put at the disposal of the following Auctions.

Withdrawal of Entitlement does not exonerate the Participant from its payment obligations in accordance with Section IX including Capacities of which it loses the benefit. The Participant may not claim any indemnity as a result of the application of the present stipulation. If Entitlement is withdrawn the Declaration of acceptance is automatically terminated.

The Participant which Entitlement has been withdrawn at the initiative of the Joint Auction Office may not claim status as a Participant at a later date.

### **(c) Withdrawal of Entitlement by the Participant**

The Participant may request the withdrawal of Entitlement at any time, in order to terminate its participation in the Auction Rules.

Any such request must be made by registered mail with acknowledgement of receipt.

The withdrawal of the Participant's Entitlement takes effect ten (10) Days after the Joint Auction Office receives Notification of the request for withdrawal by the Participant.

If Entitlement is withdrawn at the request of the Participant, he may no longer take part in Auctions or in the Secondary Capacity Market. Any Held Capacity that has not yet been Nominated may no longer be Nominated or Transferred or Resold and will not be taken into account for the "Use it or sell it" valuation. The Capacities released as a result are put at the disposal of the following Auctions.

Withdrawal of Entitlement does not exonerate the Participant from its payment obligations in accordance with Section IX, including Capacities of which he loses the benefit. The Participant may not claim any indemnity as a result of the application of the present stipulation.

However, if the Participant considers that the Joint Auction Office has not fulfilled one or more of its essential contractual obligations and wishes to withdraw its Entitlement:

- he sends a notice of default to the Joint Auction Office by Notification, demanding that the essential contractual obligations be fulfilled;

- if there is no response to this notice of default within ten (10) Days, the Participant may request the withdrawal of its Entitlement by Notification with immediate effect from the time of receipt by the Joint Auction Office. This Notification will state the reasons for the request for withdrawal.

If the Joint Auction Office has not fulfilled its essential contractual obligations, the Entitlement is withdrawn and the amount for acquisition of the Capacity is not due from the date of withdrawal of Entitlement onwards.

In either of these cases where Entitlement is withdrawn at the Participant's initiative, the DoAA is automatically terminated.

The Participant which Entitlement has been withdrawn at its own initiative and under the terms of the present Article, may again claim Participant status by following the Auction Rules procedure.

## Section IV. Auctions

### Article 4.01 Auctions Specification

The Auction Specifications consist of information regarding:

- Products made available for Auctions:
  - a. Time frame: Yearly, Monthly or Daily;
  - b. Product: base load, peak-load, off-peak load or hourly blocks;
  - c. Maintenance Period: details of maintenance period.Not all Products are available at each Interconnection.
- ATC;
- Gate openings and closures;
- Timeframe for the publication of Auction results;
- Deadline to contest Auction results in accordance with Article 5.02;
- Other additional information.

### Article 4.02 Yearly, Monthly and Daily Auctions

Yearly, Monthly and Daily Auctions shall be performed by the Joint Auction Office

#### (1) Yearly Auctions

The Joint Auction Office publishes on its Website, for information, a schedule setting the date of the Yearly Auction sessions.

For each Interconnection the Auction Specifications will be published by the Joint Auction Office at the Auction Website five (5) Calendar Days before the Auctioning Day of the Yearly Auctions.

Detailed information about the Yearly Auction is published in the Auctions Specifications according to Article 4.01.

Bids must have been notified to the Joint Auction Office within the Day of the Yearly Auction in accordance with the Auction Specifications. Pre-bidding is possible as soon as the Auction Specifications have been published.

Bids submitted by Participants in accordance with Article 4.03 or, where applicable, with Article 4.04, are taken into account on the Day of the Yearly Auction.

Each Participant is informed of the Result of its Bids, in accordance with Section V, no later than sixty (60) minutes after the Gate Closure of Yearly Auction. Data resulting from the Yearly Auction are published on the Joint Auction Office's Website no later than sixty (60) minutes after Gate Closure of the Yearly Auction.

However, in exceptional circumstances, the Joint Auction Office may announce on its Website Auction dates and Auction Specifications which deviate from the above. Justification of such modification will be published on the Joint Auction Office Website.

#### (2) Monthly Auctions

The Joint Auction Office publishes on its Website, for information, an auction calendar setting the dates of the Monthly Auction sessions for the Italian Borders, for the calendar year 2011.

For each Interconnection the Auction Specifications will be published by the Joint Auction Office on the Auction Website two (2) Working Days before the Auctioning Day of the Monthly Auction.

The Monthly ATC to be auctioned will consist of:

- Part of total ATC foreseen to be allocated in the Monthly Auction
- The Yearly Capacity already allocated to be resold via Secondary PTR Market as Monthly products;
- The Yearly Capacity already allocated which had to be withdrawn from the PTR Holder;
- The Yearly Capacity not allocated in the Yearly Auction.

Bids must have been notified to the Joint Auction Office within the Day of the Monthly Auction in accordance with the Auction Specifications. Pre-bidding is possible as soon as the Auction Specifications have been published.

Bids submitted by Participants in accordance with Article 4.03 or where applicable with Article 4.04, are taken into account on the Day of the Monthly Auction.

Each Participant is informed of the Result of its Bids, in accordance with Section V, no later than sixty (60) minutes after the gate closure of a Monthly Auction. Data resulting from the Monthly Auction are published on the Joint Auction Office's Website no later than sixty (60) minutes after gate Closure of the Monthly Auction.

However, in exceptional circumstances, the Joint Auction Office may announce on its Website Auction dates and Auction Specifications which deviate from the above. Justification of such modification will be published on the Joint Auction Office Website.

### **(3) Daily Auctions**

For each Interconnection and each direction, the Daily ATC takes into account:

- Part of the total ATC foreseen to be allocated in the Daily Auction;
- The Yearly and Monthly capacity that has not been allocated in the Monthly Auction;
- The Yearly and/or Monthly capacity already allocated, which had to be withdrawn from the PTR Holder;
- Yearly and/or Monthly PTRs which have not been nominated (see UIOSI principle in Section VIII);
- Netting effects based on Nominations in the respective counter direction.

The Auction Specifications (including the Available Capacity at Daily Auctions) are published on the Joint Auction Office's Website, no later than 07:45 the Day before the Day concerned by the Capacity (D-1).

The Daily Auctions take place simultaneously for all the concerned Country Borders.

Bids must have been notified to the Joint Auction Office, for all the concerned Country Borders, no later than 08:15.

Bids submitted by Participants in accordance with Article 4.03 or where applicable with Article 4.04, are taken into account on the Day of the Daily Auction.

Each Participant is informed of the Result of its Bids, in accordance with Section V, no later than thirty (30) minutes after the Daily Auction has closed. Data resulting from the Daily Auction are published on the Joint Auction Office's Website no later than thirty (30) minutes after closure of the Daily Auction.

However, in exceptional circumstances, the Joint Auction Office may announce on its Website Auction dates and Auction Specifications which deviate from the above for all or some of the Country Borders. Justification of such modification will be published on the Joint Auction Office Website.

## **Article 4.03 Submitting Bids**

### **(a) Format of Bids**

Bids must be submitted in accordance with the formats defined in the documentation available on the Joint Auction Office's Website. Bids not submitted in the required format will not be taken into account.

Bids will be considered as unconditional and irrevocable after Auction session closing time, as defined in the Auctions Specification. Bids are subject to Functional Acknowledgement of Receipt. If the Joint Auction Office does not issue a Functional Acknowledgement of Receipt for a Bid, the Bid in question is deemed not to have been submitted.

#### **(b) Auction Tool**

The Auction Tool enables Participants to submit Bids for a given Auction. The Participant accesses the Auction Tool according to the conditions set out in the documentation available on the Joint Auction Office's Website.

#### **(c) Limitation**

Participants submit a maximum of twenty (20) Bids for an Auction.

Bids contain whole MW units, and Bid Prices in Euros per MWh expressed to a maximum of two (2) decimal places.

If one Bid submitted (or several Bids submitted at the same time) by a Participant for a specific Auction causes the total Bid Volume to (i) exceed the Available Capacity for a given Block or (ii) not to be compliant with the stipulations of Article 1.04, then this Bid (or these Bids) will be completely rejected.

### **Article 4.04 Fallback procedures for bid submission on the Yearly and Monthly Auctions**

If the Bid submission conditions specified in Article 4.02 cannot be implemented for a given Auction, the Joint Auction Office Notifies the Participant, by an electronic message, via the Auction Tool and on the Joint Auction Office's Website or by fax, of the switch to Fallback Mode for the Auctions.

The Notification of the switch to Fallback procedure for the Auctions indicates all details for the fallback procedures for Bid submission on the Yearly and Monthly Auctions.

The Joint Auction Office may under no circumstances be held responsible if it is unable to contact the Participants via the channels above, or if it is unable to publish an announcement on its Website. Bids submitted prior to the switch to Fallback Mode for the Auctions are deemed invalid and must be submitted again according to the conditions stipulated in case of Fallback Mode for the Auctions.

If the conditions stipulated in the event of Fallback Mode for the Auctions cannot be implemented in time for a given Auction, this Auction could be postponed or is cancelled and Bids already submitted are automatically cancelled.

### **Article 4.05 Auction cancellation**

In the event of unavailability or technical difficulties with the Auction Tool or the Information System, the Joint Auction Office may be forced to cancel an Auction:

- before and during the course of the Auction itself: Participants and/or Bid Submitters are informed by a message that appears directly on the Auction Tool and also by an electronic message;
- after the Auction Results have been sent, in the event of erroneous Results: Participants and/or Bid Submitters are informed by an electronic message. The Results of the Auction are thereupon cancelled.

The Joint Auction Office Notifies the Participants and/or Bid Submitters as soon as possible of the reasons which caused the Auction cancellation. The Joint Auction Office publishes on its Website, as soon as possible, the reasons which caused the Auction cancellation.

## Section V. Determination of Auction results

### Article 5.01 Awarding of PTRs

The ATC is auctioned at all respective borders in both directions by the Joint Auction Office in form of PTRs.

The Auction Results are determined according to the following principles:

- If the total Capacity for which valid Bids have been submitted is equal to or lower than Available Capacity for the Auction in question, the Marginal Price is zero..
- If the total Capacity for which valid Bids have been submitted exceeds the Available Capacity for the Auction in question, the Marginal Price is equal to the lowest Bid Price selected in full or in part.

The Auction Results are obtained using the resolution algorithm described below for each Block. This resolution algorithm is the one used by the Auction Tool.

1. First, for each Auction Block, the Joint Auction Office ranks the Bid Prices in decreasing order;
2. Only Bids that comply with the terms of Article 6.02 are taken into account in this ranking;
3. The highest Bid(s) received for a Capacity requested which does(do) not exceed the Available Capacity is (are) selected. The residual Available Capacity is then allocated to the Participant(s) which has (have) submitted the next highest Bids Price, if the Capacity requested does not exceed the residual Capacity; this process is then repeated for the rest of the residual Available Capacity;
4. If the Capacity requested under the next highest Bid Price is equal to or greater than the residual Available Capacity, the Bid is selected either in full, or partially up to the limit of the residual Available Capacity. The price of this Bid constitutes the Marginal Price;
5. If two (2) or more Participants have submitted valid Bids with the same Bid Price, for a total requested Capacity which exceeds the residual Available Capacity, the residual Available Capacity is allocated in proportion to the Capacity requested in the Bids by these Participants, in units of at least one (1) MW. The Capacities attributed are rounded down to the nearest Megawatt. The price of these Bids constitutes the Marginal Price.

For the Yearly Auctions, the Credit Limit of the Participants is checked\* during the Auction iteration process against the amount resulting from two twelfth (2/12<sup>th</sup>) of the product of the Auction Marginal Price, the volume of selected Bids and the duration in Hours of the corresponding Blocks, in force.

For the Monthly Auctions, the Credit Limit of the Participants is checked† during the Auction iteration process against the amount resulting from the product of the Auction Clearing Price, the volume of selected Bids and the duration in Hours of the corresponding Blocks,

For the Daily Auctions, all Bids submitted by a Participant for a specific Day, in which the sum of the Bid Values, for all concerned Country Borders, exceeds the Credit Limit of the Participant will be completely rejected.

In the event that the Credit Limit of one (1) or several Participant(s) is not respected during auction iteration process, for all winning bids of the Participant(s) for the concerned Auction iteration, a new Auction iteration will be run after elimination, for each Participant that did not respect its Credit Limit, of:

- a. all non winning Bids;
- b. one (1) by one (1), winning Bids, starting with the lowest Bid Price, until the Credit Limits are met.

The resolution algorithm may lead to the last Bid selected for the Block being split, so as to ensure that the Capacity put up for sale is Allocated in full. Consequently, the Participant acknowledges and accepts that its Bid may be split according to the conditions described above..

PTRs are considered to have been awarded to a Participant at the moment that the PTR Holder has been informed by the Joint Auction Office provided that Article 4.05 does not apply.

The PTR Holder is not obliged to use the PTR allocated in an Auction; the Capacity Price, however, must be paid at any rate once the PTR has been allocated.

### **Article 5.02 Deadline for contesting results**

The Participant is under the obligation to closely monitor the Auction results. The Participant may contest the Auction results according to the conditions and within the deadlines as follows:

- for Yearly and Monthly Auctions: no later than one (1) Working Day after the publication of Auction results;
- for Daily Auctions: no later than two (2) hours after the gate closure for the publication of the Auction results in the Auction website;
- The contest has to be marked as “contest” and it has to be sent by fax and confirmed by letter to the Joint Auction Office.

The Joint Auction Office shall reply to the Participant no later than:

- one (1) Working Day after the reception of the claim for Yearly and Monthly Auctions;
- no later than two (2) hours after the reception of the claim for Daily Auctions.

If the Participant does not contest the Auction result within the deadline and under the condition specified above, the Participant loses the right to contest.

## Section VI. Secondary PTR Market

### Article 6.01 PTR Transfers

#### a. Characteristics of PTR Transfers

PTRs allocated through Yearly and Monthly Auctions or resulting from PTR Transfer may be transferred by a Transferor to a Beneficiary provided that the Transfer Notification is sent by the Transferor to Joint Auction office according to point (c) of this Article. Starting from two (2) Hours after the Results have been Notified to the Participant, the Held Capacity, in the framework of a Yearly or a Monthly Product may be Transferred at a given moment by a Participant, the Transferor, to another Participant, the Beneficiary.

The PTRs allocated through Daily Auctions cannot be transferred.

In the event of Curtailment the Joint Auction office reserves the possibility of applying the conditions defined in Article 2.04.

The minimum volume for a PTR Transfer is 1 MW over one (1) hour.

A Capacity remains the same Product after Transfer, no matter what the Period of Transfer is.

The Participant which has acquired Capacity at the Auctions must fulfil its financial obligations towards the Joint Auction Office, even if he Transfers all or part of its Capacity.

#### b. Financial arrangements

The Participant which got awarded PTRs in the Auction remains responsible for the payment of the Capacity Price for the transferred PTRs without any additional fee, even in the case of multiple Transfers among several Participants.

In case of Curtailment, possible indemnification up to 100% of the Capacity Price according to Article 2.04 shall be in favour of the Beneficiary.

#### c. Transfer Notification

The PTR Transfer can only be initiated if the amount for the respective PTR has been blocked on the business account of the PTR Holder and the PTR Holder and the Beneficiary comply with these Auction Rules and the Transfer deadline is not exceeded. A successfully initiated PTR Transfer generates information to the Beneficiary. Within four (4) hours, but latest until the transfer deadline, the Beneficiary has to accept or reject the PTR Transfer. If within four (4) hours or until the transfer deadline the Beneficiary does not react, the PTR Transfer is evaluated as rejected.

Transfer deadline is D-2 (working days) at 12:00 am.

Notification is done by an electronic message in accordance with the format defined in the documentation available on the Joint Auction Office's Website. The Notification of a Transfer to the Joint Auction Office must show, among others, the following:

- the Transferor's EIC Code; and
- the Beneficiary's EIC Code; and
- the Period of Transfer – i.e., the dates concerned for the Transfer of Capacity, including start and end dates; and
- the volume of Transferred Capacity defined in Hourly Periods.

Transfer Notifications are subject to Functional Acknowledgement of Receipt. If the Joint Auction Office does not issue a Functional Acknowledgement of Receipt for a Transfer Notification, the Transfer Notification in question is deemed not to have been submitted.

The Transfer Notification may however, in accordance with Article 2.07 be blocked momentarily when the Joint Auction Office has to apply a Reduction in Held Capacities.

When receiving a Transfer Notification, the Joint Auction Office will check:

- that the Transferor and Beneficiary are Entitled up to the end of the Transfer Period; and
- that the Transferor holds the Capacity he wishes to Transfer at the time of Notification of that Transfer. For this, the Joint Auction Office calculates the Held Capacity at the time of receiving the Transfer Notification; and
- that the Notification time limit has not been exceeded.

The Functional Acknowledgement of Receipt sent by the Joint Auction Office to the Transferor and/or the Beneficiary after receiving this Transfer Notification includes:

- for the Transferor and the Beneficiary : a message accepting the Transfer if the Notification meets the aforementioned conditions; or
- for the Transferor only : a message only to set out the reasons for rejection if the Transfer was rejected.

If the Transfer is accepted by Beneficiary, the Held Capacity by the Transferor is reduced and the Held Capacity by the Beneficiary is increased by the amount of the Transfer.

## **Article 6.02 PTR Resale**

### **a. Characteristics of PTR Resale**

PTRs allocated through Yearly Auctions<sup>2</sup> or resulting from PTR Transfers may be resold at Monthly Auctions.

The Capacity that can be Resold at a Monthly Auction must be a constant band of MW over the exact Period of the calendar month to which the Resale relates. Resale from Yearly and/or Monthly PTRs to a Daily Auction is only possible via "Use It Or Sell It" principle as described in Section VIII of these Auction Rules.

The PTRs must consist of a constant value of capacity (MW) throughout the corresponding Monthly product for the month concerned by the PTR Resale (for instance Yearly base on Monthly base).

The PTR Resale must be indicated taking into account of any programmed Curtailment, such as those described in Article 2.04.

In the event of Curtailment the Joint Auction office reserves the possibility of applying the conditions defined in Article 2.04. In case of Curtailments before the Monthly Auction, an already placed PTR Resale is cancelled throughout the complete month concerned by the PTR Resale.

The minimum volume for a PTR Resale through a Monthly Auction is 1 MW over 1 month.

The Participant which has acquired Capacity at the Auctions must fulfill its financial obligations towards the Joint Auction Office, even if he Resells all or part of its Capacity.

### **b. Financial arrangements**

The Reseller remains responsible for the payment of the Capacity Price for the resold PTRs without any additional fee.

The Reseller is compensated with the relevant Clearing Price for its resold PTRs. The Clearing Price for PTR Resale shall take place according to Article 5.01.

### **c. Resale Notification**

The PTR Resale can only be initiated, if the amount for the respective PTR has been blocked on the business account of the PTR Holder, the PTR Holder complies with this Auction Rules and the Resale deadline is not exceeded.

Notification of Resale is done by an electronic message in accordance with the format that is defined in the documentation available on the Joint Auction Office's Website. The Notification of a Resale to the Joint Auction Office must show, among others, the following:

- the Reseller's EIC Code; and
- the Period of Resale – i.e., the dates concerned for the Resale of Capacity, including start and end-dates; and
- the Monthly Auction to which the Resale is to be made; and
- the volume of Capacity for Resale being a constant band of Capacity (MW) over the whole calendar month to which the Monthly Auction relates.

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<sup>2</sup> Yearly Auction 2011 have been performed by TSOs as **Joint Auction Office** under formally different Auction Rules, which are compatible with the current rules in the sense that already acquired PTRs continue to have the same properties.

Resale Notifications are subject to Functional Acknowledgement of Receipt. If the Joint Auction Office does not issue a Functional Acknowledgement of Receipt for a Resale Notification, the Resale Notification in question is deemed not to have been submitted.

Should the Participant want to correct a Resale, it must send a Notification of Resale to the Joint Auction Office with a modified volume of Capacity for Resale. The minimum volume of a Capacity for Resale can be in that case zero (0) MW.

The Resale Notification must be made by the Reseller to the Joint Auction Office no later than 12:00 (noon), five (5) Working Days before the Day of the Monthly Auction.

The Resale Notification may however, in accordance to Article 2.07 be blocked momentarily (during operational manipulations for Reduction) when the Joint Auction Office has to apply a Reduction in Held Capacities.

When receiving a Resale Notification, the Joint Auction Office will check:

- that the Reseller is Entitled up to the end of the Resale Period; and
- that the Reseller holds the Capacity he wishes to Resell at the time of Notification of that Resale. For this, the Joint Auction Office calculates the Held Capacity at the time of receiving the Resale Notification; and
- that the Resale Notification time limit has not been exceeded; and
- that the Reseller Notifies a constant Capacity over the exact duration of the calendar month to which the Monthly Auction relates.

The Functional Acknowledgement of Receipt sent by the Joint Auction Office to the Reseller after receiving this Resale Notification includes:

- a message accepting the Resale if the Notification meets the aforementioned conditions; or
- a message setting out the reasons for rejection if the Resale was rejected.

If the Resale is accepted by the Joint Auction Office, the Held Capacity by the Reseller is reduced by the amount of the Resale.

A Reseller may Notify a Resale of Capacity that cancels and replaces a prior Notification, provided that:

- the new Notification has the same identifier as the Notification that it cancels and replaces; and
- the new Notification meets the aforementioned conditions and Resale Notification time limit mentioned above.

A Capacity Resale may be cancelled by submitting a new Notification with a zero volume within the Resale Notification time limit mentioned above.

#### **d. Postponement of a Monthly Auction**

In the event of a postponement, in accordance with Article 6.03, of a Monthly Auction at which the Capacity was to be Resold, the Capacities for Resale are kept for the postponed Monthly Auction.

#### **e. Cancellation of an Auction**

In the event of a cancellation, in accordance with Article 6.04, of an Auction at which the Capacity was to be Resold, the Capacity for Resale is given back to the Reseller.

### **Article 6.03 Fallback procedure for Secondary PTR Market –**

The Joint Auction Office Notifies the Participant, by an electronic message, via the Auction Tool and on the Joint Auction Office's Website or by fax, of the switch to Fallback Mode for Secondary PTR Market.

The Notification of the switch to Fallback procedure for the Secondary PTR Market indicates all details for the fallback procedures for sending Transfer Notification and Resale Notification..

Date and time mentioned in the fax received by the Joint Auction office are deemed authentic.

Files will be processed by the Joint Auction Office on Working Days, during Working Hours.

In this regard, the Joint Auction Office will send acceptances or rejections of operations on the Secondary Capacity Market:

- before 17:00, three (3) Working Days before the Day of the Auction for a Resale at a Monthly Auction;
- before 12:30 on the Day of sending of Programming Authorisations for a Transfer.

As a last resort, an unexpected breakdown in the Information System may incur the suspension of the Secondary Capacity Market.

The suspension shall not give rise to any indemnification. The Joint Auction Office may under no circumstances be sued if it fails to reach the Participants through the means of communication above or if it fails to publish an announcement on its Website.

If a Monthly Auction including capacity based on Resale should be cancelled the Reseller may regain the PTR and thus cancel the PTR Resale. If however, the Monthly Auction is rescheduled for a later date then the Resale Notifications are conserved

## **Section VII. Capacity usage rules**

### **Article 7.01 Notification of the Counterparty to TSOs**

Notification of the PTR Holders' Counterparty(ies) to the concerned TSOs is needed for the Nomination consistency check.

The PTR Holder designates his Counterparty as described in the:

- Appendix I for French-Italian border;
- Appendix II for Swiss-Italian border;
- Appendix III for Austrian-Italian border;
- Appendix IV for Slovenian-Italian border;
- Appendix V for Greek-Italian border.

### **Article 7.02 Usage of PTRs acquired through Yearly, Monthly and Daily Auctions**

On each interconnection the use of Allocated PTRs is notified via the nomination of fixed schedules by the relevant Participant to the involved TSOs in compliance with the requirements of grid access in each control area.

- Modalities for the use of allocated capacities by PTR Holders and its Counterparty(ies) are described in the: Appendix I for French-Italian border;
- Appendix II for Swiss-Italian border;
- Appendix III for Austrian-Italian border;
- Appendix IV for Slovenian-Italian border;
- Appendix V for Greek-Italian border.

## **Section VIII. Use it or Sell It (UIOSI)**

### **Article 8.01 Characteristics of unused periodic PTR**

For each day, all non-nominated long-term (Yearly and Monthly) PTRs, if blocked on the Participant's business account according to Section IX are automatically considered in the ATC for the Daily Auction (see Article 4.02, paragraph 3) and they are refunded to the PTR holders taking into account the respective Daily Auction Clearing Prices. (i.e. if the PTR holder "A" doesn't nominate, for the day "X", 100 MW of Yearly Base product, this 100 MW will be reallocated on the Daily Auction of day "X" and the Clearing Prices of this Daily Auction will be reimbursed to the PTR Holder A.)

### **Article 8.02 Financial arrangements**

The PTR Holders are compensated to the respective Daily Auction Clearing Prices for the non-nominated long-term PTRs. The Clearing Prices for Daily Auction are defined by the clearing process described in Article 5.01.

If due to network security reasons, the NTC has to be reduced before the Daily Auction, the Daily ATC can be lower than the non-nominated long-term PTRs. In this case the non-nominated long-term PTRs are curtailed on a pro rata basis (ATC divided by the sum of all non-nominated long-term PTRs). PTR Holders of the non-nominated long-term PTRs are compensated taking into account:

- the Daily Auction Clearing Prices for the part of their non-nominated long-term PTRs that have been re-auctioned in the Daily Auction
- the provision in Article 8.03 for the curtailed non-nominated long-term PTRs.

### **Article 8.03 Fallback procedure**

In case of serious disturbance to the functioning of the IT System or devices used by the Joint Auction office, Article 4.05 apply accordingly.

In case:

- a. Daily Auction is cancelled, or
- b. if due to network security reasons the NTC is reduced before the Daily Auction,

the curtailed non-nominated long-term PTRs are compensated to the PTR's holder up to 100% (if not differently provided in the Appendices):

- a. of the Clearing Price of the Auction at which the PTR was acquired (in all borders except from France to Italy direction)

or

- b. of the weighted average of the Clearing Prices of Yearly and Monthly Auctions at which the non-nominated long-term PTRs were acquired, truncated on the second decimal (only from France to Italy direction )

## Section IX. Financial provisions

### Article 9.01 Valuation

The valuations of the different elements listed below are exclusive of tax.

#### (a) Of Allocated Capacities at Auctions

Participants are required to pay the valuation amounts (capacity price) of Allocated Capacities at Auctions to the Joint Auction Office, even if the Allocated Capacities at Auctions are subsequently Resold or Transferred by the Participant via the Secondary Capacity Market.

The gross pre-tax valuation of an Allocated Capacity at an Auction is equal to the sum, by Hourly Period, of the products of:

- the Auction Marginal Price;
- the duration in Hours of the corresponding Block;
- the Allocated Capacity as it results from the Auction, i.e. after any fractioning.

For Allocated Capacities at Yearly Auctions, the valuation amount is divided into twelve (12) monthly installments, each monthly installment being one twelfth (1/12<sup>th</sup>) of the total amount, rounded down to the nearest Euro cent, with the balance in the last monthly installment.

#### (b) Of Reductions in Held Capacities

The monthly valuation of all Reductions in Held Capacities, as defined in Article 2.04, and which affect a Held Capacity during the course of the month M, is equal to the sum, by Hourly Period, on the month M, of the products of:

- a coefficient of. compensation equal to 100% (110 % for the direction France to Italy); and
- the Marginal Price of the initial Auction at which this Capacity was Allocated; and
- the energy in MWh corresponding to the difference between the Held Capacity before and after Reduction, for the considered Hourly Period.

The present Article also applies in the event for the UIOSI valuation in the event of cancellation of an Auction at which Capacity was to be implicitly resold. The money is paid to the Participant which is the last owner of the Held Capacities.

#### (c) Of Resale of Capacity

The Capacity Resold at a Monthly Auction is remunerated at the Marginal Price of the Auction at which that Capacity was Resold, which might be zero.

#### (d) Of “Use it or sell it”

##### Valuation of the “Use it or sell it”:

In accordance with Article 8.01, the yearly and monthly Capacities, as defined in the Capacity usage Authorizations, that were not Nominated are implicitly resold to the daily allocation. The monthly valuation of the “Use it or sell it” to be paid by the Joint Auction Office to the Participant is the sum, by Hourly Period, on the month M, of the products of:

- a. a price equal to the daily Available Capacity has been Allocated by Auction, the Marginal Price of the Auction at which that Capacity was implicitly resold (which might be zero), for the concerned Hourly Period; and
- b. the energy in MWh corresponding to the difference between the Programming Authorisation and the Nomination, for the considered Hourly Period.

### **In the event of cancellation of an Auction**

In the event of cancellation of an Auction at which Capacity was to be implicitly resold, the monthly valuation of the "Use it or sell it" to be paid by the Joint Auction Office to the Participant is the sum, by Hourly Period, on the month M, of the products of:

- a. a price equal to the applicable compensation or reimbursement price in accordance with the paragraph (b) in case of cancellation of an Auction at which Capacity was to be implicitly resold; and
- b. the energy in MWh corresponding to the difference between the Programming Authorisation and the Nomination, for the considered Hourly Period.

In this event, the total of the monthly valuation of the "Use it or sell it" and of the monthly valuation of all the Reductions in Exchange Programmes will be summarised in the invoice.

### **Article 9.02 Payment deposits**

Prior to an Auction, the Participant must credit the appropriate amount to the Business Account in order to avoid limitations in accordance with Article 4.03 and Article 5.01.

For Allocated Capacities at Monthly or Daily Auctions, the entire valuation amounts, as calculated in Article 9.01 (a) will be blocked by the Joint Auction Office from the moment the corresponding Capacity, in accordance with Article 5.01, is deemed to have been Allocated to the Participant and the Credit Limit will be immediately reduced in accordance.

For Allocated Capacities at Yearly Auctions executed by the TSOs relevant to Yearly Products with duration up to the 31<sup>st</sup> December 2011, the Users that were awarded capacities should deposit at the business account of the Joint Auction Office the equivalent amount of two (2) monthly installments, as calculated in Article 9.01(a). This equivalent amount should be deposited by the Users right after the sign of the DoAA and the PFA and no later than ten (10) Working days before the deadline for the execution of the first Monthly Auction by the Joint Auction Office. This amount will be blocked by the Joint Auction Office and the Credit Limit of the User will be reduced accordingly. The remaining monthly installments must be paid by the Participant on the Business Account at the latest on the first (1st) Working Day of each month M for use of Capacities during Month M+1, starting from May included and ending in November included. The corresponding amounts will be blocked by the Joint Auction Office from the due date for payment of the monthly installment. If this amount is not credited before the first (1st) Working Day of the month M, the Joint Auction Office Notifies the Participant of the lack of credit on the Business Account regarding the payment of Yearly Capacities for use during the month M+1. If the amount is not credited on the Business Account within a delay of five (5) Working Days following this Notification, the Joint Auction Office will Notify the Participant of a Payment Incident pursuant to Article 4.03(d).

### **Article 9.03 Invoicing and payment conditions**

#### **(a) Invoice and payment conditions**

All amounts referred to in this Article will be increased to include the taxes and levies in force.

The valuation amounts of Allocated Capacities in the Yearly Auctions will be invoiced to the Participant in twelve (12) monthly installments calculated pursuant to Article 9.01 (a). Each installment, corresponding to a month M, is invoiced to the Participant no later than on the seventh (7<sup>th</sup>) Working Day of the month M+1 and collected automatically from the Business Account no later than the seventh (7<sup>th</sup>) Working Day of the month M+1. As soon as this amount has been collected from the Business Account by the Joint Auction Office, it is no longer blocked.

The valuation amounts of Allocated Capacities in the Monthly Auctions for use during the month M will be invoiced to the Participant on a monthly basis no later than on the seventh (7<sup>th</sup>) Working Day of month M+1 and collected automatically from the Business Account no later than on the seventh (7<sup>th</sup>) Working

Day of the month M+1. As soon as this amount has been collected from the Business Account by the Joint Auction Office, it is no longer blocked.

The valuation amounts of Allocated Capacities in the Daily Auctions for use during the month M will be invoiced to the Participant on a monthly basis no later than on the seventh (7<sup>th</sup>) Working Day of month M+1 and collected automatically from the Business Account no later than on the seventh (7<sup>th</sup>) Working Day of the month M+1. As soon as this amount has been collected from the Business Account by the Joint Auction Office, it is no longer blocked.

The monthly valuation amounts of:

- Reductions in Held Capacities within the month M,
- Capacities Resold at Monthly Auctions for month M,
- "Use it or sell it" within the month M,
- compensation in the event of the cancellation after the end of the deadlines for contestation of an Auction for use of Capacity during month M.

will be sent via a credit note to the Participant on a monthly basis no later than on the seventh (7<sup>th</sup>) Working Day of month M+1 and paid by the Joint Auction Office on the Payment Account no later than on the twelfth (12<sup>th</sup>) Working Day of the month M+1.

Any bank charges relative to the settlement of the invoice are to be borne by the Participant.

#### **(b) Issuance of Invoices and credit notes**

No later than the seventh (7<sup>th</sup>) Working Day of each month M+1, the Joint Auction Office shall send to the Participant a statement of account including the amounts due for:

- Yearly Auctions Allocated Capacities for use during month M;
- Monthly Auctions Allocated Capacities for use during month M;
- Daily Auctions Allocated Capacities for use during month M.
- Reductions in Held Capacities applied during month M;
- Capacities Resold at Monthly Auctions for month M;
- "Use it or sell it" for use during month M

The charges due for Monthly Auctions are invoiced all at once.

The charges due for Yearly Auctions are invoiced on a monthly basis: 1/12<sup>th</sup> of the gross valuation rounded down the nearest Euro cent each month for eleven (11) months, with the balance due in the twelfth (12<sup>th</sup>) month.

Invoices are Notified to the Participant at the address indicated in the Declaration of acceptance.

The Participant Notifies the Joint Auction Office of any changes in its invoicing address. Such change will take effect on the first (1<sup>st</sup>) Day of month M+1, on condition that Notification of the change has been received at least five (5) Working Days before the end of Month M.

#### **(c) Claim related to an invoice**

To be admissible, any claims made relating to an invoice must be Notified by registered letter with acknowledgement of receipt to the Joint Auction Office, within thirty (30) Days of the invoice's date of issue. Beyond this Period, the invoice will be deemed to have been accepted by the Participant. The above-mentioned registered letter must contain a precise and detailed description of the reasons for the objection to the invoice.

A claim in no way relieves the Participant from the obligation to pay the invoice in accordance with the terms of paragraph (a) above.

If the claim proves to be justified, reimbursement will be made, including interest. The rate of interest, determined on the Day on which the invoice is sent, is equal to the interest rate applied by the European Central Bank to its most recent refinancing operation, plus seven (7) percentage points. The interest is applied from the first (1<sup>st</sup>) Day following the date of payment by the Participant of the unjustified amounts up to the date of payment by the Joint Auction Office of the reimbursement of the unjustified amounts.

This interest will be increased to include any applicable taxes and levies.

**(d) Payment Incident**

If the payment of a monthly installment related to an Allocated Capacity at a Yearly Auction is not done in full within five (5) Working Days after the Notification of the lack of credit in accordance with Article 9.02, the Joint Auction Office will register this and Notify the Participant of a Payment Incident.

As a consequence of the Payment Incident, the Participant's Entitlement will be suspended pursuant to Article 3.05. Interest for late payments will be charged and invoiced to the Participant without further notice on all amounts due and not paid by it at the due date for payment. Such interest will be at the rate of seven (7) percentage points per annum above the base lending rate of European Central Bank plc, and apply from the date due for payment until the date of actual payment. The minimum amount to be charged for late payment is €140. Interests will be increased to include taxes and levies in force. The Payment Incident will run until the Participant pays on the Business Account all overdue amounts and all interests for late payments pursuant to this Article.

## **Section X. Miscellaneous**

### **Article 10.01 Information / Notices**

Any notice given under these Auctions Rules is to be in writing and must be addressed to all relevant TSOs at the address mentioned in Annex III, except where these Auction Rules provide otherwise.

### **Article 10.02 Liability**

#### **a) Liability regarding Allocation**

As a legal consequence of the fact that the Joint Auction Office is, pursuant to Article 1.01 acting on behalf of the TSOs but in its own name under the present Auction Rules, the Joint Auction Office bears a contractual liability towards the Participants for all actions linked to allocation, whereas TSOs can only be held liable in tort towards the Participants.

This Article applies to damages resulting from a breach of any provision of the Auction Rules regarding Allocation which is the responsibility of the Joint Auction office. This Article does not apply to the cancellation of an Auction after the end of the deadlines for contestation and to the Reduction in Held Capacities in the event of Force Majeure or for reasons linked to the Safety of the Power System in accordance to Article 2.04 and Article 2.05 for which the respective compensation mechanisms are described in Articles 2.04, 2.05, 8.03 and 9.01(b) . The application of these compensation mechanisms is strictly limited to the cases described in said Articles and does not extend to any breach of any provision of the Auction Rules.

The Joint Auction Office, in relation to its respective obligations under these Auction Rules regarding allocation, shall only be liable for damage or loss caused to Users if it is the result of intent or gross negligence or culpable dereliction of an essential duty under these Auction Rules. . In all the above cases liability shall be limited to the direct and documented damages. There is no Joint Auction Office or TSO liability whatsoever for any consequential damages. No indemnification will be due unless the Party proves specifically that the damage suffered, resulted directly from the breach and that the Party took reasonable steps to mitigate the damages suffered.

The Participant shall only be liable for damage or loss caused to the respective TSO and/or to the Joint Auction Office if it is the result of intent or gross negligence or culpable dereliction of an essential duty under these Rules. In all the above cases, Participant's liability shall be limited to direct (actual) and documented damages. There is no Participant's liability whatsoever for any consequential damages.

Neither the TSOs nor the Joint Auction Office are responsible for the timely arrival of Bids and Transfer and Resale Notifications or if the Joint Auction Office is unable to contact the Participants via the channels foreseen in accordance with the these Auction Rules.

#### **b) Liability regarding Nomination**

For sake of clarity, this clause shall apply to all the TSOs, except RTE as set forth in 7 Liability regarding Nomination process of Appendix 1.

This Article applies to damages resulting from a breach of any provisions if given in the border specific Appendices of these Auction Rules regarding Nomination which is in the responsibility of TSOs.

The TSOs, in relation to their respective obligations under these Auction Rules regarding nomination, shall only be liable for damage or loss caused to Participants if it is the result of intent or gross negligence or culpable dereliction of an essential duty under these Auction Rules. In all the above cases liability shall be limited to the direct and documented damages. There is no TSO or Joint Auction Office liability whatsoever for any consequential damages. No indemnification will be due unless the Party proves specifically that the damage suffered, resulted directly from the breach and that the Party took reasonable steps to mitigate the damages suffered.

Neither the TSOs nor the Joint Auction Office are responsible for the timely nominations or if the TSOs are unable to contact the Participants via the channels foreseen in accordance with these Auction Rules.

The Participant shall only be liable for damage or loss caused to the respective TSO and/or to the Joint Auction Office if it is the result of intent or gross negligence or culpable dereliction of an essential duty under these Rules. In all the above cases, Participant's liability shall be limited to direct (actual) and documented damages. There is no Participant's liability whatsoever for any consequential damages.

### **Article 10.03 Confidentiality**

The Joint Auction Office and the TSOs shall treat all information disclosed to themselves pursuant to these Rule as confidential and they will refrain from disclosing such information to any third party without the prior consent of the Participant concerned. Confidential information shall include all information delivered in writing and designated as "Confidential", or commercially sensitive information disclosed other than in writing but expressly mentioned as "Confidential".

Paragraph above shall not apply to disclosure of information to Competent Authorities and court having jurisdiction on the above matters insofar as such disclosure is mandatory, nor to the disclosure of information to a court-of-law or an arbitrator insofar as such disclosure is ordered by the court or the arbitrator or is necessary for supporting a claim or defending the Joint Auction Office and/or the TSOs against a claim.

The provisions of this article shall not apply to any information disclosed to the TSOs as contemplated by said article if:

- a. before such disclosure it was public knowledge or, after such disclosure, becomes public knowledge through no fault of the TSOs or the Joint Auction Office;
- b. it was known to the TSOs or the Joint Auction Office before that disclosure and was not covered by an obligation of secrecy;
- c. after that disclosure the same information is received by the TSOs or the Joint Auction Office from a third party owing no obligation of secrecy to the respective Participant in respect to such information.

### **Article 10.04 Severability**

If any part or provision of the Auction Rules and/or its Annexes are or become invalid, illegal, void and/or unenforceable, the remaining part(s) shall continue to be valid and enforceable and shall not be affected thereby. Any invalid, illegal, void and/or unenforceable part(s) or provision(s) shall be replaced by valid, legal and/or enforceable part(s) or provision(s) in order to achieve the intended economic and legal effect as far as possible.

### **Article 10.05 Applicable Law**

The Auction Rules are governed by Luxembourgian law.

Notwithstanding any translations that may be made, whether signed or not, the sole applicable language for questions of interpretation or application of the Auction Rules is English.

For the sake of clarity , Appendix II (Appendix ruling the Italian – Swiss Interconnection) prevails concerning applicable law on Swiss – Italian Interconnection.

### **Article 10.06 Settlement of Disputes**

In the event of a dispute regarding the interpretation or execution of the Auction Rules, the Parties and TSOs undertake to meet to look for an amicable solution.

To this end, the requesting Party or TSO shall send Notification to the other Party or TSO by registered mail with acknowledgement of receipt, indicating:

- the Declaration of acceptance reference; and
- the reason for the dispute; and
- a proposal for a future meeting with a view to settling the dispute amicably.

If no agreement is reached or no response received within a Period of thirty (30) Days from the date of the aforementioned Notification, either Party or TSO may refer the matter to the Commercial Court in whose jurisdiction the Joint Auction Office is domiciled.

All disputes in connection with the Auction Rules can also be settled by way of arbitration in accordance with the rules of arbitration of the International Chamber of Commerce, by three (3) arbitrators. The place

of arbitration shall be Luxembourg. The language to be used in the arbitral proceedings shall be English. The claimant shall nominate one (1) arbitrator and the respondent shall nominate one (1) arbitrator. The arbitrators nominated by each Party or TSO shall nominate the chairman of the arbitral tribunal within three business (3) days from the confirmation of the appointment of the second arbitrator by the ICC. If the nominated arbitrators by each Party or TSO cannot agree on the appointment of the chairman, the chairman shall be appointed by the ICC Court. The arbitration decision is a final decision.

Each Party or TSO acknowledges that it will be bound by the choice of the court (i.e. arbitral or commercial) made by the initial claimant. This court shall be the only one competent to settle the dispute opposing the Parties or TSOs. Any other related disputes between the Parties and TSOs shall also be settled by the court to which the initial dispute is submitted.

Should any related dispute arise with third parties in relation to the dispute opposing the Parties or TSOs, the Parties and TSOs acknowledge that, within a month of the request made by any interested Party or TSO or third party to order joinder of the related dispute, this dispute may also be subject to a decision of such court.

Nothing in this Article shall preclude the Parties and TSOs from applying for injunctive relief in summary proceedings ("procédure en référé") before the Commercial Court in whose jurisdiction the Joint Auction Office is domiciled.

### **Article 10.07 Force Majeure**

"Force Majeure" means any unforeseeable event or situation beyond the reasonable control of a Party and/or TSOs, and not due to a fault of such Party or TSOs, which cannot reasonably be avoided or overcome, and which makes it impossible for such Party or TSOs to fulfil temporarily or definitively, its obligations hereunder in accordance with the terms of the Auction Rules.

The Party and/or TSOs, which invoke(s) Force Majeure, shall send the other Party or TSOs notification describing the nature of Force Majeure and its probable duration.

The obligations, duties and rights of a Party and/or TSOs subject to the Force Majeure, with the exception of confidentiality obligations defined in Article 10.03, shall be suspended from the beginning of the Force Majeure. The obligations, duties and rights shall be suspended for such period as it is reasonable having regard to the effect of the impediment on performance of the obligations, rights and duties under the Auction Rules.

The Party and/or TSOs can in no circumstances be held responsible or held liable to pay any compensation for damage suffered, due to the non-performance or faulty performance of all or part of its obligations, when such non-performance or faulty performance is due to a Force Majeure.

The Party and/or TSOs, which invoke(s) Force Majeure, shall make the effort to limit the consequences and duration of the Force Majeure.

If a Force Majeure lasts for more than thirty (30) Days and adversely affects the essential obligations of the Parties and/or TSOs under the present Auction Rules, the Joint Auction office may suspend entitlement of the Participant and/or the Participant may request the withdrawal of its entitlement by sending notification by registered mail with acknowledgement of receipt, with due explanation. The withdrawal or suspension of entitlement will take effect on the date of receipt of the said notification.

### **Article 10.08 Amendment of Rules**

The present Auction Rules will be amended according to the following procedure:

(a) Amendments due to technical and legal requirements:

These Auction Rules are subject to the technical and legal conditions at the time at which they take effect. In the event that there is a change in law or regulation, any rules imposed (as the case may be) by Competent Authorities at national or international level which have an effect on these Auction Rules or if the auctioning process is enhanced then, notwithstanding any other provision of these Auction Rules, the Auction Rules will be amended accordingly.

(b) Amendments of the Auction Rules:

- TSOs are entitled to propose amendments to these Auction Rules
- Participants are entitled to put forward to TSOs proposals for amending the Auction Rules. Every proposal should be sent by registered post with acknowledgement of receipt, containing a clear description of the proposed amendment and its motivation. The TSOs concerned by the proposal shall, within twenty (20) Working Days starting from the date of acknowledgement of receipt, confirm or refuse the acceptability of the proposal, providing a justification for the decision taken both to the Participant and to the relevant National Regulatory Authorities.

(c) Participants consultation:

- Before making any amendments of the present Auction Rules, whatever TSOs act upon the proposals they receive or undertake to modify the Auction Rules at their own initiative, the concerned TSOs will give Participants a reasonable opportunity, and in any event not less than fifteen (15) Working Days, to review and give written comments to the TSO on the proposed amendment.

When the consultation period has expired, TSOs draw the definitive text of the amendment to the Auction Rules.

(d) Auction Rules approval

The amended version of the present Auction Rules, as well as any relevant information related to the Participants' consultation as described above and which might be requested by the relevant National Regulatory Authorities and a report of Participants' consultation will be submitted to the relevant National Regulatory Authorities for approval and/or advise as the case may be.

Within a period of ten (10) Working Days following the last decision of the relevant National Regulatory Authorities, concerned TSOs:

- Draw up the amended definitive version of the Auction Rules;
- Publish on their respective Website the amended definitive version of the Auction Rules, its date of entry into force;
- Notify each Participant concerned by the amendment that an amended version of the Auction Rules is available on their Website, and its date of effect.

(e) Amendments of the present Auction Rules have no impact on the validity of the Declarations of Acceptance signed by the Participant. This Declarations of Acceptance continue to be in force and include acceptance of the modifications made to the Auction Rules, without prejudice to the Participant's right to deregistration in accordance with Article 3.04.

# APPENDIX I Specific Capacity Access Rules on French and Italian Interconnection

## 1. Participation requirements

### 1.1. Requirements in respect of grid access

In order to participate in the Auctions and to the Secondary PTR Market, on the French and Italian Interconnection, the Participant has:

- To sign a Dispatching Contract with TERNA (the Italian TSO) and to be compliant with the Congestion Management Rules on the Italian Interconnection;
- To sign a French Import/Export Rules (I/E Rules) participation agreement with RTE (the French TSO) and therefore must be Responsable D'Equilibre or attached to;
- To declare the same registered EIC code with both TSO and CASC.

### 1.2. Exclusion

The Article 3.05(b) is completed as follow: in the specific case of exclusion due to bankruptcy and regarding the direction from France to Italy only, the product of PTR Resale of the PTRs previously owned by the excluded Participant will be deducted from the total amount of the Participant's debt.

## 2. Auction proceedings

### 2.1. Cancellation of an Auction after the deadline for contesting results for PTRs Allocated in the direction from France to Italy

When the Joint Auction Office is forced to cancel an Auction after the deadline for contesting results:

- The PTRs Allocated during this Auction shall be set to zero due to the cancellation of the Auction;
- No invoice will be provided for this Auction;
- Participants who have acquired PTRs during this Auction will be compensated by the Joint Auction Office at 10% of the payment they would have made if the Auction had been validated.

## 3. Firmness of PTR and Guarantee of Schedules

In the direction from France to Italy, the provisions set forth in Article 2.04(1) are amended as follow:

Yearly and Monthly PTRs are offered on a firm basis except for cases where Curtailments are necessary due to circumstances that constitute Force Majeure as defined in Article 10.047 or due to the network security reasons and after all other available measures according to relevant national and European legislation have been taken.

- i. in case of PTR Curtailments for network security reasons on French Italian border the PTR Holder is compensated at 110% of the total payments effectuated for the hours of curtailed PTRs up to 35 Equivalent Days as described in Article 2.04. PTRs acquired through Yearly and Monthly Auctions are curtailed on a 'pro rata' basis.;

- ii. In case of PTR Curtailments under circumstances that constitute Force Majeure as defined in Article 10.04, the PTR Holder is reimbursed at 100% of the Clearing Price paid by the PTR Holder and corresponding to the hours of curtailed PTRs.

In the direction from France to Italy, the provisions set forth in Article 2.05 are amended as follow:

As of reception of the Capacity Usage Authorisation by the PTR Holder (see chapter 4.2), the PTRs Allocated through Yearly and Monthly Auctions become firm except in case of Force Majeure.

For the sake of clarification the following will be applied by the Joint Auction office to curtail PTR:

- a) If the decision for the Curtailment is taken in D-2 Working Days 03:00 pm (D is the day of execution) before the deadline for the sending of the Capacity Usage Authorisation for Periodic Schedules then the Joint Auction office is entitled to perform the Curtailment of Yearly and/or Monthly PTR;
- b) Except Force Majeure, none Curtailment will have effect on the Capacity Usage Authorisation for Periodic Schedules after their sending in D-2 Working Days around 03:00 pm. However the Joint Auction office will reduce the Daily ATC if the Curtailments are known before the Daily Auctions (without changing the timetable of the Daily Auctions);
- c) Once Daily PTRs have been awarded to a successful Participant, they become firm except Force Majeure.

## 4. Capacity usage Rules

### 4.1. Counterparty for PTRs acquired through Yearly, Monthly and Daily Auctions

The following rules apply:

- For Periodic PTR (Yearly and monthly PTRs) allocated from France to Italy: A to N principle
- For Daily PTR allocated from France to Italy: A to B principle
- For Periodic (Yearly and monthly PTRs) and Daily PTR allocated from Italy to France: A to A principle

Please note that designation of the counterpart(s):

- on RTE's side is done directly when the scheduling is performed
- on TERNA's side is done following provision set on Congestion Management Rules on Italian Interconnection

### 4.2. Capacity Usage Authorisations and Guarantee of schedules

The Joint Auction Office calculates and communicates to the PTR Holders their Capacity Usage Authorisations.

**Following yearly and monthly auctions**, for a given day, the Capacity Usage Authorisations is notified in D-2 working days (without taking into account any bank holidays) as described below:

- Before 03:00 pm on Thursday for the following Saturday, Sunday and Monday
- Before 03:00 pm on Friday for the following Tuesday
- Before 03:00 pm on Monday for the following Wednesday

- Before 03:00 pm on Tuesday for the following Thursday
- Before 03:00 pm on Wednesday for the following Friday.

Capacity Usage Authorisations take account of Transfers and/or Re-sales on the Secondary PTR Market, as well as any Curtailments of the kind defined in Chapter 3.

In the direction from France to Italy, the Capacity Usage Authorisation designates:

- For Yearly and Monthly Auctions: the hourly aggregation of PTRs plus or minus PTR Transfer, minus the PTRs released in Secondary PTR Market from France to Italy, and takes into account eventual Curtailments;

In the direction from Italy to France, two types of Capacity Usage Authorisations are sent to the PTR holders for the same day, one type aggregating yearly and monthly rights for the scheduling with RTE and one type detailed per allocation for the scheduling with TERNA.

Consequently, with TERNA, Capacity Usage Authorisation designates:

- For each Yearly allocation: the hourly PTRs plus/minus Secondary PTR Market (Transfer), minus the PTRs released in Secondary PTR Market from Italy to France (Resale);
- For each Monthly allocations: the hourly aggregation of PTRs plus/minus Secondary PTR Market (Transfer)

And with RTE, Capacity Usage Authorisation designates:

- For Yearly and Monthly Auctions: the hourly aggregation of PTRs plus or minus PTR Transfer, minus the PTRs released in Secondary PTR Market from Italy to France, and takes into account eventual Curtailments;

**Following a Daily Auction**, the Joint Auction Office notifies the Participant of its Capacity Usage Authorisation on D-1.

### **4.3. Usage of PTRs acquired through Yearly and Monthly Auctions**

The TSOs guarantee the realisation of the Exchange schedules corresponding to firmly Allocated PTR, except Force Majeure.

The PTR Holder and its Counterparties, must Nominate to RTE and TERNA according to the modalities defined in the French Import/Export Rules and in the Congestion Management Rules on the Italian Interconnection

#### ***PTRs Allocated from France to Italy***

- a) The deadline for the Nomination is fixed at 07:00 AM on the day before the Day of Execution on RTE side and according to the modalities defined in the Congestion Management Rules on the Italian Interconnection on TERNA side
- b) The PTR Holder Nomination made to RTE is binding for PTR Holder and its Counterparties.
- c) Unused PTRs shall be sold through the Daily Auctions with a "Use It Or Sell It" principle described in the chapter 6.
- d) If the Nomination exceeds the Capacity Usage Authorisation, the PTR Holder receives an acknowledgement informing that its periodic Nomination has been rejected.
- e) If no revised and valid Nomination is submitted in due time the Nomination of the PTR Holder shall be set to zero.

### ***PTRs Allocated from Italy to France***

- a) The deadline for the Nomination is fixed at 7:00 on the day before the Day of Execution on RTE side and according to the modalities defined in the Congestion Management Rules on the Italian Interconnection on TERNA side.
- b) The PTR Holder Nomination made to TERNA is binding for PTR Holder and its Counterparties.
- c) Unused PTRs shall be sold through the Daily Auctions with a "Use It Or Sell It" principle described in Section VIII.
- d) If the Nomination exceeds the Capacity Usage Authorisation, PTR Holder shall be requested to revise its Nomination.
- e) If no revised and valid Nomination is submitted in due time the Nomination of the PTR Holder shall be set to zero.

### **4.4. Usage of PTRs acquired through Daily Auctions**

The PTRs acquired through Daily Auction must be nominated to TERNA and to RTE according to the modalities defined in the Congestion Management Rules on the Italian Interconnection and in the French Import/Export Rules.

#### ***PTRs allocated from France to Italy and from Italy to France:***

- a) The PTR Holder nominates to RTE until 14:00 on the day before Day of Execution and to TERNA according to the Italian Congestion Management Rules the use of their PTRs acquired through Daily Auction for the respective Day of Execution.
- b) In case of discrepancies between Nominations made by PTR Holders and its Counterparty to TSOs the minimum value shall prevail.

## **5. PTR resale**

On the border France – Italy, management of Monthly product with Maintenance Period different of 0 MW won't be possible in the first months.

Waiting for this feature, if the Monthly Product is not a continuous band due to periods when the Available Capacity is nil, the Resale of Annual Capacities at this Monthly Auction will only be accepted if the Annual and Monthly Products are equal to zero during the same periods of the month.

## **6. Use It Or Sell It (UIOSI) in the direction from France to Italy**

All non-nominated long-term PTR are automatically considered in the ATC for the daily Allocation and refunded to the PTR holders taking into account the respective Daily Auction Clearing Prices.

The PTR holders are compensated to the relevant Daily Auction Clearing Prices for the non-nominated periodic PTRs.

If due to network security reasons, the NTC has to be reduced before the Daily Auction, the Daily ATC can be lower than the non-nominated long-term PTR. In this case the non-nominated long-term

PTR are curtailed pro rata (ATC divided by the sum of all not-nominated long-term PTR). PTR holders of the non-nominated long-term PTRs are compensated taking into account:

- the Daily Auction Clearing Prices for the part of their non-nominated long-term PTRs that have been re-Auctioned in the Daily Auction
- and for the remaining part, the 110 % of a price calculated as the weighted average of the Clearing Prices of Yearly and Monthly Auctions at which the non-nominated long-term PTR were acquired, considering that the Capacity Usage Authorization is a sum of all capacities acquired in yearly and monthly Auctions and consequently it's impossible to associate the periodic Nomination to a specific periodic product,

In case of Daily Auction cancellation due to serious disturbance to the functioning of the IT System or devices used by the Joint Auction Office, PTR holders are compensated up to 110 % of the price calculated as described above.

## 7. Liability regarding Nomination process

By exception to Article 10.02b), for the French-Italian border, the liability clause of the French Import/Export Rules signed by the Participants is the only clause applicable for all tasks and obligations of RTE related to such Nomination process (as specified in the French Import/Export Rules).

According to the French Import/Export Rules liability clause (and not pursuant to Article 10.02 b), RTE bears a contractual liability towards the Participants in the event RTE breaches any of its obligations resulting from the French I/E Rules and related to the Nomination process.

# APPENDIX II Specific Capacity Access Rules on Swiss and Italian Interconnection

## 1. Participation requirements

### 1.1. Requirements in respect of grid access - Auctions on both directions on Switzerland-Italy Interconnection (Art. 3.03)

In order to participate in Yearly and Monthly Auctions, the User:

- must have signed a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnection published on TERNA website

**OR**

- must have signed a Balance Group Contract in Switzerland;

In order to participate in the Daily Auctions, the User:

- for Daily Auctions in the direction from Italy to Switzerland must have signed a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnection published on TERNA website
- for Daily Auctions in the direction from Switzerland to Italy must have signed a Balance Group Contract in Switzerland

For all auctions the User must have the same registered EIC code with both TSOs and CASC.

## 2. Auction proceedings

### 2.1. Auctions on the Interconnection between Switzerland and Italy

The ATC for Yearly, Monthly and Daily Auctions is determined taking into account the relevant Swiss and Italian law.

## 3. Capacity Usage Rules

### 3.1. Capacity Usage Authorisations

The Joint Auction Office calculates and communicates to the PTR Holders their Capacity Usage Authorisations.

Following yearly and monthly auctions, for a given day, the Capacity Usage Authorisations is notified in D-2 working days (without taking into account any bank holidays) and updated in case of curtailment, as described below:

- Before 03:00 pm on Thursday for the following Saturday, Sunday and Monday
- Before 03:00 pm on Friday for the following Tuesday
- Before 03:00 pm on Monday for the following Wednesday
- Before 03:00 pm on Tuesday for the following Thursday
- Before 03:00 pm on Wednesday for the following Friday.

Capacity Usage Authorisations take account of Transfers and/or Re-sales on the Secondary PTR

Market, as well as any Curtailments.

Following a Daily Auction, the Joint Auction Office notifies the Participant of its Capacity Usage Authorisation on D-1 before 11:00 am.

### **3.2. Counterparty Notification for Yearly and Monthly PTRs allocated from Switzerland to Italy**

For PTRs Nominations from Switzerland to Italy, PTR Holder can designate Counterparty(ies) allowed to make nominations to the neighbouring TSOs (A-to-N).

If the PTR Holder is a signatory of a Balance Group contract (Contract which sets out the rights and obligations regarding the schedule management in Switzerland) he can designate a maximum of 20 Counterparties, which are signatories of a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnections. This applies as well, if the PTR Holder is a signatory of a Balance Group contract and a Dispatching Contract.

If the PTR Holder is a signatory of a Dispatching Contract he can designate a maximum of 20 Counterparties, which are signatories of a Balance Group contract.

The PTR Holder has to communicate the Counterparties to Swissgrid by using the relevant Form (Attachment II-1) no later than 12:00 on Wednesday of Week W-1. Attachment II-1 submitted in due time can be used on Monday of week W (First execution day: Tuesday of Week W). Any Counterparty can be modified every week by sending in a new Attachment II-1. Only those Counterparties listed in the last form are relevant. Each Counterparty must confirm the supply relationship on a separate confirmation form (Attachment II-2).

If the PTR Holder wants to cancel one supply relationship he has to fill the relevant Counterparty Cancellation Form (Attachment II-3), sign it and send it to the Counterparty. The Counterparty on its turn has to confirm the cancellation of the relationship by means of a signature on the same form and sends this form to Swissgrid.

Only by receiving a Counterparty Cancellation Form with signatures of both PTR Holder and Counterparty Swissgrid will process this request. It will be processed together with the next handling of the new and modified Counterparty requests (in line with Attachment II-1) with the same deadlines as above. As a consequence of the received Counterparty Cancellation request, the indicated supply relationship for both parties will be cancelled.

If no Counterparties are registered the use of allocated PTRs is not possible.

### **3.3. Nomination of Yearly and Monthly PTRs allocated from Switzerland to Italy**

The PTR Holder must nominate the use of his PTRs with the relevant Counterparty in the Nomination Tool of Swissgrid no later than 07:00 on D-1 indicating the Capacity Contract ID assigned by the Joint Auction Office. This Nomination made to Swissgrid for Yearly and Monthly PTRs is binding for the PTR Holder and his Counterparty(ies).

The user accesses to the Nomination Tool according to the conditions in the Instructions for Nomination on the Swissgrid website.

The relevant Counterparty has to nominate the corresponding PTR values to TERNA according to the Italian Congestion Management Rules.

In case of a mismatch the Nomination to Swissgrid shall prevail.

Nomination to Swissgrid have to be done by PTR Holders through the Nomination Tool till 7:00 D-1 and have to be confirmed by the signer of a Balance Group contract through the Balance Group System till 13:30 D-1 according to the modalities defined in the Balance Group Contract. Counterparties have to submit the corresponding schedules to Terna according to the Congestion Management Rules on the Italian Interconnection.

If no valid Nomination is submitted in due time the PTRs of the PTR Holder shall be set to zero ("Use it or Sell it" principle) and sold through the Daily Auctions according to Section VIII of this Auction Rules.

### **3.4. Counterparty Notification for Yearly and Monthly PTRs allocated from Italy to Switzerland**

If the PTRs Holder has not signed a Dispatching Contract and is not compliant with the Congestion Management Rules on the Italian Interconnection, however is a Balance Responsible Party in Switzerland then the PTR Holder in order to Nominate PTRs to TERNNA has to delegate the right to nominate through a proxy to another company, which is signatory of a Dispatching Contract and comply with the Congestion Management Rules.

The PTR Holder must notify his delegated company to CASC by using the Notification form for supply relationships no later than 5 working days before the delivery day at 12:00 and can modify the notification every week.

The PTR Holder or his delegated company can designate as his Counterparty(ies) a legal entity(ies) allowed to make nominations to Swissgrid (A-to-N). The PTR Holder can register maximum 20 supply Counterparties.

### **3.5. Nomination of Yearly and Monthly PTRs allocated from Italy to Switzerland**

The PTR Holder or his delegated company must nominate to TERNNA according to the modalities defined in the Congestion Management Rules on the Italian Interconnection. Additionally a corresponding schedule has to be submitted to Swissgrid according to the provisions in the Balance group contract.

Nomination to TERNNA is binding for the PTR Holder and his Counterparties.

Unused PTRs shall be sold through Daily Auctions ("Use it or Sell it" principle) according to Section VIII of this Auction Rules.

If the Nomination exceeds the maximum amount of PTRs, PTR Holder shall be requested to revise his Nomination.

If no revised and valid Nomination is submitted in due time the Nomination of the PTR Holder shall be set to zero.

### **3.6. Counterparty and PTR Nomination for PTRs acquired through Daily Auctions**

For PTRs Nominations from Switzerland to Italy and from Italy to Switzerland, the PTR Holder should designate himself or one Counterparty (A to B principle). These Counterparty designations can be changed every week; not later than 12:00 of Wednesday of Week W-1.

The PTRs acquired through Daily Auction must be nominated to TERNA and Swissgrid according to the modalities defined in the Congestion Management Rules on the Italian Interconnection and in the Balance Group contract.

In case of discrepancies between nominations made by PTR Holders and his Counterparty to TSOs the minimum value shall prevail.

PTRs acquired through Daily Auctions are subject to the “use it or lose it” principle.

### **3.7. Nomination of Daily PTRs allocated from Switzerland to Italy:**

The PTR Holder has to communicate the Counterparty to Swissgrid by using the same Form as for Counterparty Management of Yearly and Monthly PTRs (Attachment II-1). This Counterparty has to be one of the up to 20 Counterparties announced by means of the Counterparty Management Form. Attachment II-1 submitted in due time can be used on Monday of week W (First execution day: Tuesday of Week W). Any counterparty can be modified every week by sending in a new Attachment II-1. The Counterparty must confirm the supply relationship on a separate confirmation form (Attachment II-2).

The Balance Group Responsible nominates to Swissgrid until 13:30 on the day before Day of Execution the use of the acquired PTRs including the PTRs acquired through Daily Auction for the respective Day of Execution.

The Counterparty nominate to Terna according to the modalities defined in the Congestion Management Rules on the Italian Interconnection.

### **3.8. Nomination of Daily PTRs allocated from Italy to Switzerland:**

The PTR Holders nominate to Terna according to the modalities defined in the Congestion Management Rules on the Italian Interconnection. The Counterparty nominates to Swissgrid until 13:30 on the day before Day of Execution the use of their PTRs acquired through Daily Auction for the respective Day of Execution.

## **4. Miscellaneous**

### **4.1. Disputes and applicable Law (Art. 10.05)**

(I) These Auction Rules and Auctions that take place hereunder are governed by Luxembourgian law.

(II) Notwithstanding the foregoing, the Swiss Energy Supply Act dated 23rd March 2007, including any future amendments, implementation documents and rulings by the Competent Swiss Authorities („the Swiss Energy Supply Act“) and the corresponding Italian laws, regulations and rulings (for example, but not limited to, Decree n. 79 dated March 16th 1999 and Law n. 239 dated August 23rd 2004) (the “Italian Laws”) will apply and supersede any other law or regulation insofar as the Swiss Energy Supply Act and/or said Italian Laws, regulations and rulings provide for the reservation of capacities or priority capacity allocation at the Swiss-Italian Interconnection. As a consequence, Swissgrid shall take account of the capacity reservation and the priority capacity allocation at said Interconnection resulting from said Italian Laws, regulations and rulings. Terna, vice versa, shall take account of the capacity reservation and the priority capacity allocation at said Interconnection resulting from the Swiss Energy Supply Act.

(III) In case that either Swissgrid or Terna considers that, as a consequence of the foregoing, the Joint Auction Office cannot lawfully carry out its respective task on behalf of Swissgrid and/or Terna then, a conflict is deemed to exist ("conflict"). Each of Swissgrid or Terna shall refer the conflict to their respective Competent Authorities for a consensual resolution. Pending a consensual resolution, Swissgrid or Terna, as the case may be, will, without jeopardizing the grid security, refrain from allocating the capacities concerned via the Joint Auction Office; all other capacities shall remain unaffected. For the avoidance of doubt, the resolution of the conflict is not subject to the general arbitration clauses contained in the Auction Rules.

## **Attachment II**

The forms displayed in Attachments II-1 up to II-3 are not binding. The Users have to make sure that they use the most recent version of the forms, to be found on the Swissgrid website at [www.swissgrid.ch](http://www.swissgrid.ch).

# Attachment II-1

## Form for Announcement of Counterparty Management

Counterparty Management

New

Modify

### Contact Data of Auction Participant

Name according to commercial register		
Address	Postal address	
	Zip/Postal Code, Town	
	Country	

### Declaration of Applicant

Please mark if you hold a Balance Group Contract with Swissgrid and/or a Contratto di dispacciamento with Terna.

Balance Group Contract	<input type="checkbox"/>	YES, the relevant EIC-Code is:	
E-Mail-Address for TPS-Schedule (only BG-R) <sup>1</sup> :			
Contratto di dispacciamento	<input type="checkbox"/>	YES, the relevant EIC-Code is:	

No	EIC Code	Name of Counterparty	Modifications		
			A:B	New	
1					If you have a Balance Group Contract with Swissgrid please fill in the left column in the first row you're A:B relationship (for daily auctions) followed by up to 19 Counterparties in Italy. If you do not participate in daily auctions, please insert in the left column up to 20 Counterparties in Italy.
2					
3					
4					
5					If you have a Contratto di dispacciamento with Terna, please insert in the left column in the first row you're A:B relationship (for daily auctions) followed by up to 19 Counterparties in Switzerland. If you do not participate in daily auction, please insert in the left column up to 20 Counterparties in Switzerland.
6					
7					
8					If you have any relationship modification on you're A:B relationship, please tick box "A:B".
9					
10					If you add a new relationship, please tick box "New".
11					Please make sure that each relationship

12					is confirmed by the respective Counterparty with the Counterparty Confirmation Form. Each Counterparty must complete and sign the respective form and send it to the Swissgrid.
13					
14					
15					
16					
17					
18					
19					
20					

1 Every BG-R will receive from Swissgrid till 08:00 am in D-1 for the day D an ESS-TPS-Schedule that contains all obligations per counterparty relationship at the border CH-IT after the nomination of all longterm PTR's to Terna and Swissgrid according to the Instructions to Bidders

### Delivery of Counterparty Management Form

Please fill out this form, **fax it to +41 58 580 21 21** or mail it to [info@swissgrid.ch](mailto:info@swissgrid.ch).  
The Original shall be sent to:

**swissgrid ag**  
**Customer and Information Centre**  
**Dammstrasse 3**  
**Postfach 22**  
**5070 FRICK**  
**SWITZERLAND**

### Signature of Auction Participant:

\_\_\_\_\_  
Date/Place

\_\_\_\_\_  
Name/Signature

\_\_\_\_\_  
Date/Place

\_\_\_\_\_  
Name/Signature

## Attachment II-2

### Confirmation Form of Counterparty Management

#### Counterparty Confirmation

We \_\_\_\_\_ (Name of Counterparty)

confirm the supply relationship

with \_\_\_\_\_ (Name of Auction Participant)

with the EIC-Number \_\_\_\_\_ (EIC-Number of Auction Participant):

#### Counterparty EIC Code

Balance Group Contract	<input type="checkbox"/>	YES, the relevant EIC-Code is:	
Contratto di dispacciamento	<input type="checkbox"/>	YES, the relevant EIC-Code is:	

#### Counterparty Contact Data:

Last name, first name	
Phone number	
E-Mail address	

**Delivery of Counterparty Confirmation Form**

Please fill out this form, **fax it to +41 58 580 21 21** or mail it to [info@swissgrid.ch](mailto:info@swissgrid.ch).  
The Original shall be sent by mail to:

**swissgrid ag**  
**Customer and Information Centre**  
**Dammstrasse 3**  
**Postfach 22**  
**5070 FRICK**  
**SWITZERLAND**

**Signature of Counterparty:**

\_\_\_\_\_  
Date/Place

\_\_\_\_\_  
Name/Signature

\_\_\_\_\_  
Date/Place

\_\_\_\_\_  
Name/Signature

# Attachment II-3

## Counterparty Cancellation Form

### *Counterparty Cancellation*

We \_\_\_\_\_ (Name of Counterparty)

with the EIC-Number \_\_\_\_\_ (EIC-Number of Counterparty)

confirm the cancellation of the relationship

with \_\_\_\_\_ (Name of Auction Participant)

with the EIC-Number \_\_\_\_\_ (EIC-Number of Auction Participant)

The cancellation of the relationship shall be effective  
from \_\_\_\_\_ (Date)

---

#### Counterparty Contact Data:

Last name, first name	
Phone number	
E-Mail address	

#### Contact Data of Auction Participant:

Last name, first name	
Phone number	
E-Mail address	

**Delivery of Counterparty Cancellation Form**

Please fill out this form, **fax it to +41 58 580 21 21** or mail it to [info@swissgrid.ch](mailto:info@swissgrid.ch).  
The Original shall be sent by mail to:

**swissgrid ag**  
**Customer and Information Centre**  
**Dammstrasse 3**  
**Postfach 22**  
**5070 FRICK**  
**SWITZERLAND**

**Signature of Counterparty and Signature of Auction Participant:**

\_\_\_\_\_  
Date/Place

\_\_\_\_\_  
Name/Signature of Counterparty

\_\_\_\_\_  
Date/Place

\_\_\_\_\_  
Name/Signature of Auction Participant

# APPENDIX III Specific Capacity Access Rules on Austrian and Italian Interconnection

## 1. Guarantee of schedules (Art. 2.05 c.)

After the publication of the Daily ATC, TSOs will put all efforts in order to guarantee the realisation of the Exchange Schedules corresponding to firmly Allocated PTRs, except Force Majeure.

In order to guarantee the Exchange Schedules, APG will put in place all available measures according and available to the Austrian Market rules. Nevertheless, if all available measures on Austrian market side are not enough to guarantee the Exchange Schedules APG, on such circumstances, shall request from Austrian Balance Group to modify the Exchange Schedules on the Austrian-Italian interconnection.

## 2. Participation requirements

### 2.1. Requirements in respect of grid access - Auctions on both directions on Austria-Italy Interconnection

In order to participate in the Yearly and Monthly Auctions, the User:

- must have signed a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnection published on TERNA website

**OR**

- must be recognised by the Austrian Regulatory Authority as representative of a Balance Group

**AND**

- must have the same registered EIC code with both TSOs and CASC.

In order to participate in the Daily Auctions, the User:

- for Daily Auctions in the direction from Italy to Austria must have signed a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnection published on TERNA website
- for Daily Auctions in the direction from Austria to Italy must be recognised by the Austrian Regulatory Authority as representative of a Balance Group.

**AND**

- must have the same registered EIC code with both TSOs and CASC.

Additional to above-mentioned preconditions, the User has to fulfil participation requirements listed in Section III of Auction Rules.

## 3. Capacity Usage Rules

### 3.1. Capacity Usage Authorisations

The Joint Auction Office calculates and communicates to the PTR Holders their Capacity Usage Authorisations.

Following yearly and monthly auctions, for a given day, the Capacity Usage Authorisations is notified in D-2 working days (without taking into account any bank holidays) and updated in case of curtailment, as described below:

- Before 03:00 pm on Thursday for the following Saturday, Sunday and Monday
- Before 03:00 pm on Friday for the following Tuesday
- Before 03:00 pm on Monday for the following Wednesday
- Before 03:00 pm on Tuesday for the following Thursday
- Before 03:00 pm on Wednesday for the following Friday.

Capacity Usage Authorisations take account of Transfers and/or Re-sales on the Secondary PTR Market, as well as any Curtailments.

Following a Daily Auction, the Joint Auction Office notifies the Participant of its Capacity Usage Authorisation on D-1 before 11:00 am.

### **3.2. Notification of the Counterparty to TSOs**

Notification of the counterparties to APG and TERNA is made by the PTR Holder.

The notification of counterparty shall be done as described in the following paragraphs.

### **3.3. Counterparty for PTRs acquired through Yearly and Monthly Auctions from Austria to Italy**

For nomination of PTRs from Austria to Italy, the PTR Holder in case he is a recognised Austrian balance group – can designate as a Counterparty himself (A to A) or a Dispatching Contract signatory also (A-to-n).

If the Dispatching Contract signatory is designated as Counterparty, he will need to be compliant with the Congestion Management Rules on the Italian Interconnection.

### **3.4. Counterparty for PTRs acquired through Yearly and Monthly Auctions from Italy to Austria**

If the PTRs Holder has not signed a Dispatching Contract and is not compliant with the Congestion Management Rules on the Italian Interconnection, however is a recognised Austrian balance group, then the PTR Holder in order to Nominate PTRs to TERNA has to delegate the right to nominate through a proxy to one company, which is signatory of a Dispatching Contract and comply with the Congestion Management Rules.

The PTR Holder must notify his delegated company to CASC by using the Notification form for supply relationships no later than 5 working days before the delivery day at 12:00 and can modify the notification every week.

The PTR Holder or his delegated company must nominate to TERNA according to the modalities defined in the Congestion Management Rules on the Italian Interconnection.

The PTR Holder can designate as his Counterparty(ies) a legal entity(ies) allowed to make nominations to APG (A-to-N). The PTR Holder can register maximum 10 Counterparties.

Nomination to TERNA is binding for the PTR Holder and his Counterparties.

If the Nomination exceeds the maximum amount of PTRs, PTR Holder shall be requested to revise his Nomination. If no revised and valid Nomination is submitted in due time the Nomination of the PTR Holder shall be set to zero.

### **3.5. Counterparty for PTRs acquired through Daily Auctions**

For PTRs nominations from Austria to Italy and from Italy to Austria, the PTR Holder shall designate himself as Counterparty (A to A).

### **3.6. Usage of PTRs acquired through Yearly, Monthly and Daily Auctions**

For using capacities allocated in auctions the PTR Holders and/or his Counterparty:

#### **Nominations to APG**

must be recognised by the Austrian Regulatory Authority as representative of a balance group.

#### **Nominations to TERNA**

must have signed a dispatching contract in Italy and be compliant with the Congestion management Rules on the Italian interconnection issued by TERNA and published on TERNA website;

The use of PTRs operates via the delivery of fixed schedules to APG and TERNA in compliance with the legal requirements of grid access in each control area, possible electricity import bans and applicable market rules of APG and TERNA.

Modalities for the use of allocated capacities are described in the following paragraphs.

#### **3.6.1. PTRs acquired through Yearly and Monthly Auctions**

The usage of Yearly and/or Monthly PTRs operates via the delivery of fixed schedules to:

- **APG** for the following day must be received **before 07:15 (CET)**
- **TERNA** according to the provisions set in the Congestion management Rules on the Italian interconnection.

Nomination to APG is binding for the PTR Holder and his Counterparties for direction from Austria to Italy.

Nomination to TERNA is binding for the PTR Holder and his Counterparties for direction from Italy to Austria.

Modifications of schedules after this time are not possible. Use is generally based on the principle "Use It or Sell It (UIOSI)" principle.

#### **3.6.2. PTRs acquired through Daily Auctions**

The usage of Daily PTRs operates via the delivery of fixed schedules to:

- **APG** for the following day must be received **before 14:30 (CET)**
- **TERNA** for the following day according to the provisions set in the Congestion management Rules on the Italian interconnection.

Modifications of schedules after this time are not possible. Use is generally based on the principle "Use It or Lose It" (UIOLI). Capacities awarded in daily auctions cannot be transferred to other market participants.

In case of discrepancies between nomination made by PTR Holder and his Counterparty to TSOs the minimum value shall prevail.

# APPENDIX IV Specific Capacity Access Rules on Slovenian and Italian Interconnection

## 1. Common provision

Bilateral market coupling rules are settled within the documents available on Slovenian and Italian Power Exchanges and TSO's websites.

If the abovementioned Market Coupling were to fail the following will be applied:

- if mentioned failure is known in a time compatible with the explicit auction procedure, the daily explicit auction will be run according to the present auction rules
- otherwise, the daily capacity will not be allocated

In any case, Users will be informed of the abovementioned failure in due time via TSO websites and/or e-mail.

## 2. Participation requirements

In order to participate in Yearly and Monthly Auctions, the User:

- must have signed a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnection published on Terna website

or

- must be a Balance Responsible Party or must have signed a Contract for settlement of imbalances with the Balance Responsible Party in Slovenia

For Daily Auctions in direction Slovenia to Italy the User must be must be a Balance Responsible Party or must have signed a Contract for settlement of imbalances with the Balance Responsible Party in Slovenia.

For Daily Auctions in direction Italy to Slovenia the User must have signed a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnection published on Terna website.

For all auctions the same (unique) EIC Code has to be registered with both TSOs.

## 3. Secondary PTR Market for PTRs allocated from Slovenia to Italy

### 3.1. UIOSI for direction Slovenia to Italy and from Italy to Slovenia

For each day, all not nominated long-term (yearly and monthly PTRs) on Italy-Slovenia interconnection is compensated by Auction Operator, for the relevant hour, based on:

- the price difference between the daily Italian market price (GME Nord zone price) and the Slovenia market price (BSP price index) for the considered hourly period (which might be zero) as

far as this price difference is positive for the yearly and monthly PTRs on direction from Slovenia to Italy

- the price difference between the Slovenia market price (BSP price index) and the daily Italian market price (GME Nord zone price) for the considered hourly period (which might be zero) as far as this price difference is positive for the yearly and monthly PTRs on direction from Italy to Slovenia

In case that Bilateral Market Coupling cannot be performed the provisions of Section VIII of this Auction Rules shall apply.

## 4. Capacity Usage Rules

### 4.1. Capacity Usage Authorisations

The Joint Auction Office calculates and communicates to the PTR Holders their Capacity Usage Authorisations.

Following yearly and monthly auctions, for a given day, the Capacity Usage Authorisations is notified in D-2 working days (without taking into account any bank holidays) and updated in case of curtailment, as described below:

- Before 03:00 pm on Thursday for the following Saturday, Sunday and Monday
- Before 03:00 pm on Friday for the following Tuesday
- Before 03:00 pm on Monday for the following Wednesday
- Before 03:00 pm on Tuesday for the following Thursday
- Before 03:00 pm on Wednesday for the following Friday.

Capacity Usage Authorisations take account of Transfers and/or Re-sales on the Secondary PTR Market, as well as any Curtailments.

Following a Daily Auction, the Joint Auction Office notifies the Participant of its Capacity Usage Authorisation on D-1 before 11:00 am.

Notification of the PTR Holders' Counterparty to ELES and TERN is needed for the Nomination consistency check.

The PTR Holder designates his Counterparty and nominates PTRs as described in the following points.

### 4.2. Counterparty and PTR nomination for PTRs acquired through Yearly and Monthly Auctions from Slovenia to Italy

For PTRs Nominations on the Interconnection from Slovenia to Italy, PTR Holder can designate as his Counterparty(ies) a legal entity(ies) which is entitled to make nominations to the neighbouring TSOs (A-to-N). Designation of the counterparty has to be done to ELES not later than 12:00 five (5) working days before the deadline for yearly and monthly PTR nomination.

The PTR Holder/Counterparty(ies) must nominate, to:

- ELES not later than 07:00 on D-1
- TERNA according to the Italian Congestion Management Rules.

The nomination made to ELES, is binding for PTR Holder and his Counterparty(ies) for PTRs allocated in the direction from Slovenia to Italy.

In the event of a PTR Transfer, the new PTR Holder must nominate his Counterparty and PTR following the above mentioned criteria.

The nomination has to be made indicating the Capacity Contract ID assigned by the Joint Auction Office.

#### **4.3. Counterparty and PTR nomination for PTRs acquired through Yearly and Monthly Auctions from Italy to Slovenia**

If the PTRs Holder has not signed a Dispatching Contract and is not compliant with the Congestion Management Rules on the Italian Interconnection, however is a Balance Responsible Party in Slovenia or have signed a Contract for settlement of imbalances with the Balance Responsible Party in Slovenia then the PTR Holder in order to Nominate PTRs to TERNNA has to delegate the right to nominate through a proxy to another company, which is signatory of a Dispatching Contract and comply with the Congestion Management Rules.

The PTR Holder must notify his delegated company to CASC by using the Notification form for supply relationships no later than five (5) working days before the delivery day at 12:00 and can modify the notification every week.

The PTR Holder or his delegated company can designate as his Counterparty(ies) a legal entity(ies) allowed to make nominations to ELES (A-to-N). Designation of the counterparty has to be done to Terna not later than 12:00 five (5) working days before the deadline for yearly and monthly PTR nomination according to the Congestion management Rules

The PTR Holder or his delegated company/Counterparty(ies) must nominate to:

- TERNNA according to the modalities defined in the Congestion Management Rules on the Italian Interconnection
- ELES not later than 07:00 on D-1

The nomination made to TERNNA, is binding for PTR Holder and his Counterparty(ies) for PTRs allocated in the direction from Italy to Slovenia.

In the event of a PTR Transfer, the new PTR Holder must nominate his Counterparty and PTR following the above mentioned criteria.

The nomination has to be made indicating the Capacity Contract ID assigned by the Joint Auction Office.

#### **4.4. Counterparty and PTR nomination for PTRs acquired through Daily Auctions**

For Daily PTRs Nominations on the Interconnection between Slovenia and Italy, the PTR Holder should designate himself or a Counterparty (A to B principle). These Counterparty designations has to be done not later than 12:00 five (5) Working Days before the delivery day. The Designation has to be done to ELES for direction from Slovenia to Italy and to Terna for the direction from Italy to Slovenia.

In case of discrepancies between nominations made by a PTR Holder and his Counterparty to TSOs the minimum value will prevail.

PTRs acquired through Daily Auctions are subject to the “use it or lose it” principle.

The nomination has to be made indicating the Capacity Contract ID assigned by the Joint Auction Office.

#### **4.4.1. PTRs allocated in direction from Slovenia to Italy**

PTR Holder has to nominate its PTRs to ELES until 14:00 D-1 day (D: Day of Execution) and to Terna according to the Italian Congestion Management Rules the use of their PTRs acquired through Daily Auction for the respective Day of Execution.

#### **4.4.2. PTRs allocated in direction from Italy to Slovenia**

PTR Holder has to nominate its PTRs to ELES until 14:00 D-1 day (D: Day of Execution) and to Terna according to the Italian Congestion Management Rules the use of their PTRs acquired through Daily Auction for the respective Day of Execution.

#### **4.5. Usage of PTRs acquired through Yearly, Monthly and Daily Auctions from Slovenia to Italy**

- a) The PTRs holder and his Counterparty, must Nominate according to the modalities defined in the Slovenian Grid Code and in the Congestion Management Rules on the Italian Interconnection.
- b) If no Nomination is made at all, the claim to Yearly and Monthly PTRs acquired in the Auction by the PTR Holder and/or to parts thereof shall be a subject to the “use it or sell it” principle, except for the non-nominated PTRs acquired on the Daily Auctions which will be a subject of “use it or lose it” principle.

If no revised and valid Nomination is submitted in due time the Nomination of the PTR Holder and his counterparty(ies) will be set to zero.

# APPENDIX V Specific Capacity Access Rules on Greek and Italian Interconnection

## 1. Participation requirements

### 1.1. Requirements in respect of grid access - Auctions on both directions on Greece - Italy Interconnection

In order to participate in the Yearly and Monthly Auctions, the User:

- must have signed a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnection published on TERNA website

and/or

- must be a registered market participant in the Greek power market;

and

- must have the same registered EIC code with both TSOs and CASC.

In order to participate in the Daily Auctions, the User:

- for Daily Auctions in the direction from Italy to Greece must have signed a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnection published on TERNA website
- for Daily Auctions in the direction from Greece to Italy must be a registered market participant in the Greek power market

and

- must have the same registered EIC code with both TSOs and CASC.

For the direction Greece to Italy, HTSO publishes in its Auction website the list of the Users who are eligible according to the Participation requirements and are not excluded or suspended from their participation in any of the Greek Interconnections. Any objections against the list shall be submitted electronically according to the conditions and within the deadline specified in the Auction Specifications. HTSO examines the submitted objections and publishes its decision in its Auction website.

## 2. Counterparty and Nominations for PTRs

### 2.1. Capacity Usage Authorisations

The Joint Auction Office calculates and communicates to the PTR Holders their Capacity Usage Authorisations.

Following yearly and monthly auctions, for a given day, the Capacity Usage Authorisations is notified in D-2 working days (without taking into account any bank holidays) and updated in case of curtailment, as described below:

- Before 03:00 pm on Thursday for the following Saturday, Sunday and Monday
- Before 03:00 pm on Friday for the following Tuesday
- Before 03:00 pm on Monday for the following Wednesday
- Before 03:00 pm on Tuesday for the following Thursday
- Before 03:00 pm on Wednesday for the following Friday.

Capacity Usage Authorisations take account of Transfers and/or Re-sales on the Secondary PTR Market, as well as any Curtailments.

Following a Daily Auction, the Joint Auction Office notifies the Participant of its Capacity Usage Authorisation on D-1 before 11:00 am.

## **2.2. Counterparty(ies) designation of Yearly and Monthly PTRs allocated from Italy to Greece.**

If the PTRs holder has not signed a Dispatching Contract and is not compliant with the Congestion Management Rules on the Italian Interconnection, however is a registered market participant in the Greek power market, then the PTR Holder in order to Nominate PTRs to TERNA has to delegate the right to nominate through a proxy to one company, which is signatory of a Dispatching Contract and comply with the Congestion Management Rules.

The PTR Holder must notify his delegated company to CASC by using the Notification form for supply relationships no later than 5 working days before the delivery day at 12:00 and can modify the notification every week.

PTR Holder or his delegated company can designate as his Counterparty(ies) a legal entity(ies) allowed to make nominations to HTSO (A-to-N). The PTR Holder can register maximum 10 supply relationships.

## **2.3. Counterparty(ies) designation of Yearly and Monthly PTRs allocated from Greece to Italy**

Notification of the PTR Holders' Counterparty(ies) to the concerned TSOs is needed for the Nomination consistency check.

The PTR Holder designates his Counterparty(ies) as described in the following points.

- a. If the PTR Holder has signed a Dispatching Contract and is compliant with the Congestion Management Rules on the Italian Interconnection, and at the same time is a registered market participant in the Greek power market, then the PTR Holder can designate himself as an interconnection User on both ends of the Interconnection (A to A nomination).
- b. If the PTR Holder has signed a Dispatching Contract and is compliant with the Congestion Management Rules on the Italian Interconnection, without being a registered market participant in the Greek power market, then the PTR Holder must designate one or more User(s), who is/are registered as a market participant in the Greek power market, as a Counterparty(ies) on the Greek end of the Interconnection (A to N nomination).
- c. If the PTR Holder has not signed a Dispatching Contract and is not compliant with the Congestion Management Rules on the Italian Interconnection, however is a registered market participant in the Greek power market, then the PTR Holder must designate one or more User(s), that have signed a Dispatching Contract and are compliant with the Congestion Management Rules on the Italian Interconnection, as a Counterparty(ies) on the Italian end of the Interconnection (A to N nomination).

Each PTR Holder can have maximum 10 Counterparties. The PTR Holder has to communicate his Counterparty(ies) to HTSO by using a form (downloadable from HTSO Website) no later than 12:00 three (3) Working Days (excluding Greek public holidays mentioned in par. 3 of this appendix) before the Day of Execution.

If no Counterparty(ies) are defined (even in case "a" above), the use of Allocated PTRs is not possible.

#### **2.4. Nominations of Yearly and Monthly PTRs**

The PTRs holder and his Counterparties must Nominate to TERNA and HTSO the use of his Yearly and Monthly PTRs according to the modalities defined in the Congestion Management Rules on the Italian Interconnection (to TERNA) and according to the Greek nomination rules no later than 06:00 am on D-1 (to HTSO), respectively.

This nomination is binding for the PTR Holder and his Counterparties.

Modifications of schedules after this time are not possible. Use is generally based on the principle "Use It Or Sell It" (UIOSI) (Section VIII).

The nomination has to be made indicating the Capacity Contract ID assigned by the Joint Auction Office.

If the Nomination exceeds the maximum amount of PTRs, PTR Holder will be requested to revise his Nomination.

If no revised and valid Nomination is submitted in due time the Nomination of the PTR Holder will be set to zero.

In case of a mismatch in the nomination to TERNA and HTSO, in the direction from Italy to Greece the nomination to TERNA shall prevail, whereas in the direction from Greece to Italy the nomination to HTSO shall prevail.

#### **2.5. Counterparty(ies) designation of Daily PTRs allocated from Italy to Greece and from Greece to Italy**

For PTRs Nominations from Italy to Greece:

- If the PTR Holder is not registered as market participant in the Greek power market can designate one Counterparty on Greek side of the interconnection (A to B nomination). These Counterparty designations can be changed not later than 12:00 three Working Days (excluding Greek public holidays mentioned in par. 3 of this appendix) before the Day of Execution.

For PTRs Nominations from Greece to Italy:

- If the PTR Holder has not signed a Dispatching Contract or is not compliant with the Congestion Management Rules on the Italian Interconnection can designate one Counterparty on the Italian side of the interconnection, which will be fixed on monthly basis (A to B nomination). These Counterparty designations can be changed not later than 12:00 three Working Days before the Day of Execution.

#### **2.6. Nomination of Daily PTRs**

The PTRs acquired through Daily Auctions must be nominated to TERNA and HTSO according to the modalities defined in the Congestion Management Rules on the Italian Interconnection and according to the Greek nomination rules.

In case of discrepancies between nominations made by PTR Holders and his Counterparty to the respective in this Interconnection TSOs the minimum value will prevail.

PTRs acquired through Daily Auctions are subject to the “Use It Or Lose It” (UIOLI) principle.

### 3. Greek Public Holidays

<b>Date</b>	<b>Public holiday</b>
01-01-2011	New Year's Day
06-01-2011	Epiphany
07-03-2011	National festive day (Kathari Deftera)
25-03-2011	Greek Independence
22-04-2011	Good Friday
23-04-2011	Holy Saturday
24-04-2011	Easter
25-04-2011	Easter second day
01-05-2011	Labour Day
13-06-2011	The Holy Spirit day
15-08-2011	Virgin Mary day
28-10-2011	National festive day
06-12-2011	Saint Nick (HTSO festive day)
25-12-2011	Christmas Day
26-12-2011	Christmas second day

# **ANNEX I Declaration of acceptance for allocation process of the Rules for Capacity Allocation by Explicit Auctions within Italian Borders (Italian Borders Auction Rules)**

## **DECLARATION OF ACCEPTANCE FOR ALLOCATION PROCESS N°**

3

### **FOR**

XXX, a company [give company form], with capital of \_\_\_\_ €, having its registered offices at \_\_\_\_\_ [give full address], registered under the number \_\_\_\_\_ [Trade and Business Register n° and Town] and with the intra-community VAT n° \_\_\_\_\_ represented by \_\_\_\_\_ acting in the capacity of \_\_\_\_\_,

Hereafter referred to as "Participant",

### **ARTICLE 1. Definitions**

All the words or groups of words used in the present Declaration of acceptance, whose first letter is a capital letter, have the meaning that has been given to them in the Italian Borders Auction Rules, as published on the Joint Auction Office's Website (..)

### **ARTICLE 2. Object**

By signing this Declaration of acceptance, the Participant declares that it is aware of and commits to abide by the Italian Borders Auction Rules including any subsequent version thereof enacted in accordance with their Article 10.08

### **ARTICLE 3. Prerequisites**

By signing this Declaration of acceptance for allocation process, the Participant declares (tick the appropriate box(es)):

- that has signed a Dispatching Contract and to be compliant with the Congestion Management Rules on the Italian Interconnection;
- that has signed a French Import/Export Rules participation agreement; and therefore must be Responsable D'Equilibre or attached to
- that has signed a Balance Group Contract in Switzerland
- to be recognised by the Austrian Regulatory Authority as representative of a Balance Group.
- to be a Balance Responsible Party or must have signed a Contract for settlement of imbalances with the Balance Responsible Party in Slovenia

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<sup>3</sup> Completed by the Joint Auction Office upon confirmation of Entitlement

- to be a registered market participant in the Greek power market

In addition the Participants declares that:

- it fulfils all participation requirements of these Auction Rules for Italian borders, Annexes and Appendices as applicable to the Interconnections in which it has declared its participation as reported in the attachment of this Declaration of Acceptance for Allocation process.
- :
- it acknowledges that its entitlement to participate in the Auction may be withdrawn in case regulations of the Auction Rules on Italian border are breached and in any other case provided within the Auction Rules.
  - it provided (to be verified when) all securities, guarantees and deposits required by the Auction Rules on Italian border.
  - there is no condition – included but not limited to bankrupt, insolvency, fraud, money-laundering- under the laws of the State where the Participant has its registered offices, which prevents from participating in the Auctions and meeting its obligations in respect thereof and it does not fall in the cases mentioned in Directive 2004/18/EC article 45 and, if it participates to the auctions between Italy and Switzerland and/or it is established in Switzerland, the equivalent legal obligations under the Swiss legal framework.

#### **ARTICLE 4. Access to the Information System**

By signing this Declaration of acceptance, the Participant acknowledges that it has read and understood the Information System Rules (as defined within RULES ON ACCESS TO CASC INFORMATION SYSTEM) and undertakes to abide by them.

#### **ARTICLE 5. Participant's contact details**

<b>EIC CODE:</b>	
------------------	--

The present EIC Code identifies in particular the Participant, as the case may be, in respect with the modalities mentioned in the Article of the Italian Borders Auction Rules relative to the use of Programming Authorisations.

#### **Invoicing and credit notes**

(Please indicate a single invoicing telephone number, fax number and e-mail)

Contact:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

#### **Operational contact**

(Please indicate a single operational telephone number, fax number and e-mail)

Contact:	
Address:	
Telephone number:	

Fax number:	
E-mail:	

**All correspondence**

Contact:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

By signing this Declaration of acceptance for Allocation, the Participant acknowledges that it expressly authorizes the Joint Auction Office to publish its name in case of assignment of PTRs through Yearly and Monthly and Daily auctions or Transfers on the respective Auction Website

**ARTICLE 6. Joint Auction Office's contact details**

Contact:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

**ARTICLE 7. Bank details**

All payments made by the Joint Auction Office to the Participant will be made to the following Payment Account:

Bank:	
Agency:	
Account Holder:	
Account N°:	
SWIFT Code:	
IBAN Code:	

**ARTICLE 8. Changes to information**

The Participant undertakes to Notify the Joint Auction Office of any changes in the information provided by the Participant in the present Declaration of acceptance, no later than five (5) Working Days before such changes take effect.

**ARTICLE 9. Effective date**

The present Declaration of acceptance will be effective as from \_\_\_\_\_<sup>4</sup>

The Declaration of acceptance will expire in accordance with the Italian Borders Auction Rules.

For the Participant:

For the Joint Auction Office: ..

Name and position of the legal representative:

\_\_\_\_\_

Name and position of the legal representative:

\_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Signature:

\_\_\_\_\_

Signature:

\_\_\_\_\_

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<sup>4</sup> Completed by the Joint Auction Office upon confirmation of Entitlement

# ATTACHMENT TO DECLARATION OF ACCEPTANCE FOR ALLOCATION PROCESS:

In application of Declaration of Acceptance, \_\_\_\_\_1 wishes to participate

Case.1 :  Auctions

Case.2 :  Secondary Market

in direction:

**-(a)**  **from Austria to Italy selected below:**

Case a.1 :  Yearly Auction

Case a.2 :  Monthly Auction

Case a.3 :  Daily Auction

**-(b)**  **from Italy to Austria selected below:**

Case b.1 :  Yearly Auction

Case b.2 :  Monthly Auction

Case b.3 :  Daily Auction

**-(c)**  **from France to Italy (yearly, monthly and daily auctions):**

**-(d)**  **from Italy to France selected below:**

Case d.1 :  Yearly Auction

Case d.2 :  Monthly Auction

Case d.3 :  Daily Auction

**-(e)**  **from Greece to Italy selected below:**

Case e.1 :  Yearly Auction

Case e.2 :  Monthly Auction

Case e.3 :  Daily Auction

**-(f)**  **from Italy to Greece selected below:**

Case f.1 :  Yearly Auction

Case f.2 :  Monthly Auction

Case f.3 :  Daily Auction

**-(g)**  **from Slovenia to Italy selected below:**

Case g.1 :  Yearly Auction

Case g.2 :  Monthly Auction

Case g.3 :  Daily Auction

**-(h)**  **from Italy to Slovenia selected below:**

Case h.1 :  Yearly Auction

Case h.2 :  Monthly Auction

Case h.3 :  Daily Auction

**-(i)**  **from Switzerland to Italy selected below:**

Case i.1 :  Yearly Auction

Case i.2 :  Monthly Auction

Case i.3 :  Daily Auction

**-(j)**  **from Italy to Switzerland selected below:**

\_\_\_\_\_

- Case j.1 :  Yearly Auction
- Case j.2 :  Monthly Auction
- Case j.3 :  Daily Auction

---

Date

---

Name and Position

Duly authorized to fulfil this function \_\_\_\_\_

Signature

## **ANNEX II: Declaration of acceptance of the Rules for nomination of the allocated Capacity by Explicit Auctions within Italian Borders (Italian Borders Auction Rules)**

### **DECLARATION OF ACCEPTANCE FOR NOMINATION PROCESS**

#### **FOR**

XXX, a company [give company form], with capital of \_\_\_\_\_ €, having its registered offices at \_\_\_\_\_ [give full address], registered under the number \_\_\_\_\_ [Trade and Business Register n° and Town] and with the intra-community VAT n° \_\_\_\_\_ represented by \_\_\_\_\_ acting in the capacity of \_\_\_\_\_,

Hereafter referred to as "Participant", EIC -Code-Nr.: \_\_\_\_\_.

By signing this Declaration of acceptance for Nomination Process, the Participant declares that it is aware of and commits towards TSOs to abide all provisions concern nominations set by the Italian Borders Auction Rules for the following borders:

- France-Italy
- Switzerland-Italy
- Austria-Italy
- Slovenia-Italy
- Greece-Italy

For the Participant:

Name and position of the legal representative:

\_\_\_\_\_

Date: \_\_\_\_\_

Signature:

\_\_\_\_\_

## ANNEX III: Request For Withdrawal Of Entitlement

Number of pages: 1+

Please let us know immediately if you have not received every page.

\_\_\_\_\_  
FROM:

COMPANY NAME:

\_\_\_\_\_  
ADDRESS:

\_\_\_\_\_  
PHONE:

\_\_\_\_\_  
FAX:

\_\_\_\_\_  
DECLARATION OF ACCEPTANCE FOR  
ALLOCATION PROCESS N°:

\_\_\_\_\_  
TO:

FOR:

to be completed

FAX: to be completed

Under the terms of the Auction Rules, \_\_\_\_\_ wishes to withdraw its Entitlement.

Name and capacity of signatory:

\_\_\_\_\_  
Signature:

## **ANNEX IV: Contacts**

The PTR holder takes note that calls may be recorded.

### **TERNA**

Operation Italia - Programmazione e Energy Operations

Viale Egidio Galbani 70,

00156 Roma - Italy

Scheduling issues:

Telephone1: +39 06 8165 5636

Fax: +39 06 8165.5661

terna.schedule@terna.it

### **Elektro-Slovenia, d.o.o.**

Hajdrihova 2,

1000 Ljubljana – Slovenia

Scheduling issues:

Telephone: +386 1 474 2117

Fax : +386 1 474 2142

E-mail: upo.so@eles.si

### **HTSO**

Scheduling issues:

Operation & Security Department

Market Operation Branch

22 Asklipiou St.

GR-14568 KRIONERI

Telephone: +30 210 629 4235, -4243, -4148, -4266, -4127, -4106, -4139

Fax : +30 210 629 4142

Fax for contesting purposes only: +30 210 948 3221

### **Swissgrid**

Scheduling issues :

swissgrid ag

BG Management

Werkstrasse 12

CH-5080 Laufenburg

[scheduling.day-ahead@chtso.ch](mailto:scheduling.day-ahead@chtso.ch)

Telephone : +41 58 580 2701

Fax : +41 58 580 2727

*Counterparty designation issues*  
swissgrid ag  
Customer and Information Centre  
Dammstrasse 3  
Postfach 22  
CH- 5070 Frick  
info@swissgrid.ch  
Tel. +41848014014  
Fax. +41 58 580 2121

## **RTE**

To sign Import / Export Rules (I/E Rules)

RTE-CNES  
Bâtiment La Rotonde  
Service Relations Clientèle  
204, boulevard Anatole France  
93206 Saint - Denis Cedex 06  
France  
Phone n°: + 33 1 41 66 72 63 or + 33 1 41 66 72 77  
Fax : + 33 1 41 66 72 65

To join network access operators regarding Long-term and Daily nominations

Phone number: +33 1 41 66 72 40  
Email: grt-cnes-accesreseau@rte-france.com

## **Austrian Power Grid AG**

Wagramer Straße 19  
IZD-Tower  
1220 Wien

Scheduling issues:

Programbuero  
Tel.: +43 (0) 50313 – 53220

## ANNEX V: Public Italian holidays 2011

<b>Public Italian Holidays</b>	
<b>Date:</b>	<b>Description:</b>
01.01.2011	New Year's Day
06.01.2011	Epiphany
04.04.2011	Easter Monday
25.04.2011	Liberation day
01.05. 2011	Labour Day
02.06. 2011	Republic Day
15.08. 2011	Assumption Day
01.11. 2011	All Saints' Day
08.12. 2011	Immaculate Conception
25.12. 2011	Christmas
26.12. 2011	St. Stephen's Day