DAC_OTH_01: Procedures Reading Instructions

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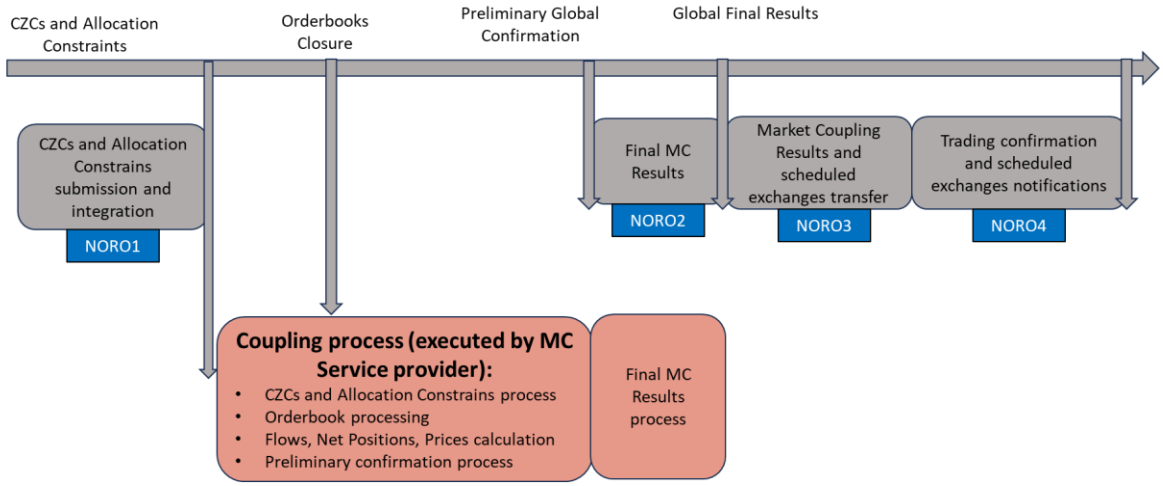
1. Introduction



1.1. Summary

The purpose of this document is to introduce the main principles used within the DAC procedures to a new reader. Some basic concepts must be understood in order to read the DAC procedures. These concepts are introduced here.

1.2. Overall presentation

The Day Ahead Market Coupling (DAC) solution is a three-phase process for which a number of procedures have been created that are applied (included as an annex to the "Day-Ahead Coupling Operations Agreement" - DACOA). Execution of each phase requires the application of procedures constituting the set of DAC procedures in order to ensure performing the needed actions in a coordinated manner by all the parties involved within the Market Coupling. The DAC procedures are split into several categories that are described in this document:

- Normal procedures (DAC_NOR_XX)
- Backup procedures (DAC_BUP_XX)
- Fallback procedures (DAC_FAL_XX)
- Special Procedures (DAC_SPE_XX)
- Other procedures (DAC_OTH_XX)

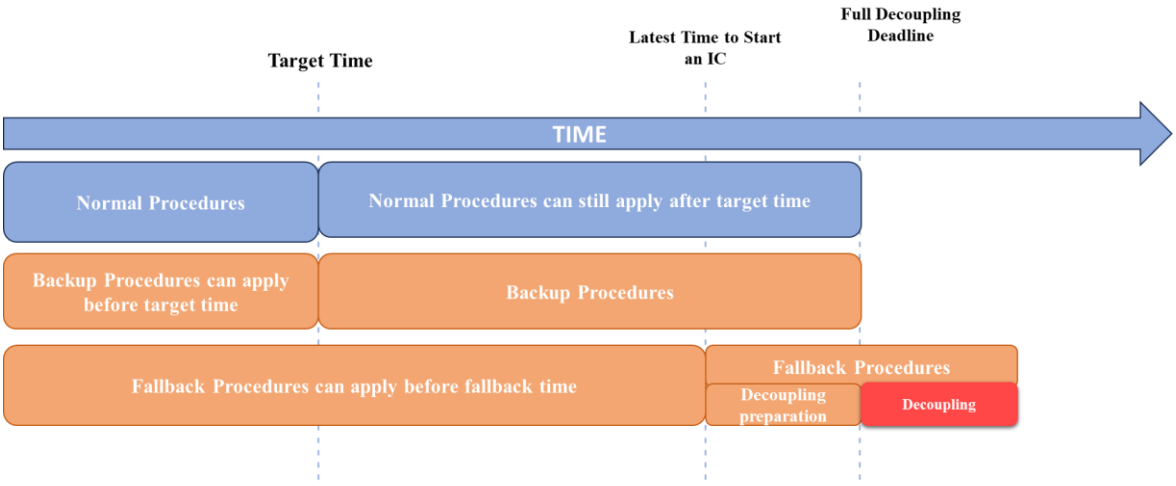
The following scheme provides an overview of the relation and time slot when these different procedures shall be applied during the operational processes.

Three concepts must be kept in mind when reading the procedures:

- **The Target Time** is the latest timing applied in production for completing a normal procedure on a day-to-day basis. Completion of a normal procedure should be performed before that time.
- **The Latest Time to Start an Incident Committee** is the latest timing for triggering the fallback procedure i.e. to prepare the Full Decoupling.

- **The Full Decoupling Deadline** is the timing defined as critical for the Market Coupling, meaning that after this timing the Market Coupling cannot be performed and relevant bidding zones and/or interconnectors are decoupled (capacity is not allocated via the Market Coupling).

Here, it has to be pointed out that **all Timings refer to CET Times.**
In the figure below, the three concepts are illustrated with respect to the normal, backup and the fallback procedure timings.



Note that Normal Procedures may still apply after Target Time, under the condition that it is still feasible to use the Normal procedure. If before the Target Time it becomes clear that Normal procedures will not be usable in time, it may be decided to start with the Backup procedures before the Target Time. The same reasoning applies to the Latest Time to Start an IC. By contrast, the Decoupling (Full Decoupling) takes place after the Full Decoupling Deadline.

2. Procedures

Throughout the procedures, one should consider the DAC level, that is to say the procedures that apply to all DAC Parties. When referring to any other procedures, one should consider all procedures that are not at the DAC level, the bilateral procedures, or any other procedure that does not apply to the DAC.

2.1. Normal Procedures

During each phase, a number of common procedures will be operated under normal conditions.
These procedures are called the Normal procedures (DAC_NOR_XX) and they describe per phase the normal actions to be performed by DAC parties in a clear weather scenario. Normal procedures are performed before the Target Time on a daily basis.
Please note that shipping-related activities are not included in the DAC procedures as these are addressed locally.

- DAC_NOR_01: Cross Zonal Capacities Submission and Allocation Constraints Submission
- DAC_NOR_02: Final MC Results

- DAC_NOR_03: Market Coupling Results and Scheduled Exchanges Transfer
- DAC_NOR_04: Trading Confirmation and Scheduled Exchanges Notification

2.2. Backup procedures

Backup procedures (DAC_BUP_XX) describe the backup actions that are available in order to overcome any issue (for instance: sending of a file in another way – by email). Ideally backup procedure should be triggered once the Target Time associated to a specific process step cannot be met or is foreseen not to be met with Normal procedures.

Backup procedures are available so that the Market Coupling can still be operated for all its steps (i.e. fallback is not triggered).

Below you can find an overview of the backup procedures that have to be applied in case an incident occurs in one of three phases:

- DAC_BUP_01: Cross-Zonal Capacities and Allocation Constraints Submission
- DAC_BUP_02: Final MC Results

2.3. Fallback Procedures

Fallback procedures (DAC_FAL_XX) are triggered when the Market Coupling Results cannot be given by the Latest Time to Start an IC by using the normal, backup or special procedures.

Fallback procedures can be split into two parts:

- Preparation of the Full Decoupling: Incident Committee is triggered and actions are taken to prepare decoupling in case the issue could not be solved before the Latest Time to Start an IC.
- Decoupling of the interconnector from the Market Coupling process:
  - Capacities are allocated via explicit auction for the decoupled interconnector and set to 0 within the coupling process.
  - Order books are reopened, and a second price calculation is launched.

Within DAC, fallback procedures exists in order to manage unforeseen situations. In case the issue is solved before the Full Decoupling Deadline, performing of the fallback procedure can be stopped i.e. no decoupling is performed.

The following Fallback procedures are established at the DAC level:

- DAC_FAL_01: Incident Management
- DAC_FAL_02: Full Decoupling

2.4. Special Procedures

Special Procedures (DAC_SPE_XX) are executed when exceptional situations occur in the market requiring specific measures to be taken. Backup procedures can still be applied during Special Procedures.

The following special procedures are established on DAC level:

- DAC_SPE_01: Impact of Second Auctions

2.5. Other Procedures

The Other procedures (DAC_OTH_...) are related to certain planned specific situations which need to be managed by a formalized procedure (clock change for example) and for any other subject that needs a common approach on DAC level.

The “other" procedures that have been established at the DAC level are the following:

- DAC_OTH_01: Procedures Reading Instructions
- DAC_OTH_02: Internal and External Communications

3. Glossary

A glossary is attached to this procedure in the Annex.

Annex 1: DAC Procedures Glossary

Term	Definition	Abbreviation
Allocation Constraints	Technical constraints calculated and provided by the TSO to the NEMO in order to be used by the PCR algorithm. Allocation Constraints may include (but shall not be limited to): operational security constraints, ramping constraints, transmission losses.	AC
Allocation Entity	TSO or another party entitled by the TSO for performing the Shadow Auctions in case Explicit Allocation is needed.	CAO
Allocation/ Capacity Allocation	Attribution of the Cross Zonal Capacity. Capacity Allocation refers to the Implicit Allocation (for both capacity and energy) if the Bidding Areas are coupled. Capacity Allocation refers to the Explicit Allocation (for capacity only) if the Bidding Areas are decoupled.	
Area	Bidding Zone	
Backup procedure	Procedure that is triggered no later than the relevant Target Time if an issue interrupts the normal process	BUP
Bidding Zone	Largest geographical area within which Exchange Members are able to exchange electricity without Capacity Allocation.	BZ
Central Counter Party	Entity performing the function of entering into contracts with Exchange Members, by novation of the contracts resulting from the matching process and of organizing the transfer of Net Positions resulting from Capacity Allocation with other Central Counter Parties or Shipping Agents.	CCP
Central European Time	Standard time which is 1 hour ahead of the Coordinated Universal Time (UTC+01:00). All member states of the European Union observe summertime; those that use CET during the winter use Central European Summer Time (CEST), UTC+02:00. All the timings mentioned in the DAC procedures are expressed in CET.	CET
Components	Whole set of different information and communication technology systems (software and hardware), interfaces with these systems which are necessary for the functioning of the Market Coupling.	
Congestion Income	Revenues received by the TSOs as a result of Capacity Allocation in the Day-Ahead markets.	
Congestion Income Distribution Entity	The Entity performing the role of distributing the Congestion Income.	CID
Cross Zonal Capacity	Capability of the interconnected electricity transmission network to accommodate energy transfer between Bidding Zones. It is expressed as Available Transfer Capacities (ATC) values and takes into account Allocation Constraints. For the purposes of Interim Coupling the CZCs are composed of Final Offered Capacities (FOC) values and Allocation Constraints.	
Cross Zonal Flows	Energy transfer between Bidding Zones resulting from the day ahead Market Coupling session.	
Curtailment	Market situation when the minimum or maximum technical price limits are reached in a particular Bidding Zone and hour. In this situation, multiple orders match the market clearing price and are therefore only partially fulfilled.	

DAC Joint Steering Committee	Coupling Joint Steering Committee in the DAC procedures refers to the JSC in the DACOA.	DAC JSC
DAC Operational Subcommittee	Coupling Operational Subcommittee in the DAC procedures refers to the OPSCOM in the DACOA	DAC OPSCOM
Daily Trade Report	It is a daily summary report that covers the cross-border transactions based on the market coupling results (i.e., hourly cross border flows and market price spreads). This report is the input of CCPs to central settlement entity who uses it during validation of the daily CID settlement amounts.	
Day Ahead Coupling	Implicit Market Coupling between Albania and Kosovo Bidding Zones	DAC
Day-Ahead Coupling Operations Agreement	Contract regulating the operations of the Day-Ahead Market Coupling of the DAC.	DACOA
Day-Ahead Market	Market timeframe where commercial transactions are executed the day prior to the day of delivery of the traded products.	DAM
Deemed Acceptance	A situation where the Final MC Results is considered positive due to the lack of any response (positive or negative) from the validating parties within the dedicated period.	
End Time	Time by when a step has to be completed	
Exchange Members	Entity authorized by a Power Exchange to submit Orders.	EM
Explicit (Capacity) Allocation	Allocation of Cross Zonal Capacity only, without simultaneous energy allocation and when the counterparty is known.	
Explicit Auction	Auctions of capacities independent of energy trading transactions.	
External Communication	Communication flow from the NEMO towards their TSOs and Exchange Members and other stakeholders	ALPEX_ExC
Fallback procedure	Procedure that is triggered if the Backup procedures do not manage to solve an issue that could lead to Full Decoupling situation.	FAL
Final MC Results	Confirmation by the TSOs of the MC Results (after the Global Preliminary NEMO confirmation), with respect to the CZC and optional Allocation Constraints.	
Final Offered Capacity	Value of Transmission Capacity offered to the market and used within Market Coupling calculation. Final Offered Capacity equals to available transmission capacities. It is derived from Offered Capacities provided from respective TSO. Together with Allocation Constraints it is an integral part of CZC.	FOC
Full Decoupling Case 1	Day-Ahead Auction results cannot be determined timely, or Preliminary Market coupling Results are not confirmed by ALPEX and/or TSOs.	FD1
Full Decoupling Case 2	Late submission of Cross-Zonal Capacities Session	FD2
Full Decoupling Case 3	Full Decoupling known in Advance	FD3
Full Decoupling Deadline	Latest moment in time when a Full Decoupling can be declared by the Incident Committee.	
Gate Closure Time/ NEMO order book Gate Closure Time	Time identified for the closure of the NEMO order book. This is the last moment for a participant to enter an order in the trading platform.	GCT/ NEMO GCT
Global Final Results	Market Coupling Results that are confirmed by NEMO and TSOs (TSOs with respect of CZC and optional Allocation Constraints during the first round of confirmation)	

	Global Final Results file generated by the MC Service Provider's IT System and confirming the Market Coupling Results.	
High-Level Functional Architecture	Document providing the overall flow schema of DAC.	HLFA
Incident Committee	Decision-making committee initiated by NEMO as soon as the Latest Time to Start an Incident Committee is reached. There is only one IC for the price coupled regions.	IC
Incident Committee Report	Report filled and provided by NEMO following a Market Coupling Session when an incident required the triggering of the Incident Committee.	
Interconnector	Transmission line which crosses or spans a border between countries, and which connects the national transmission systems of the countries.	
Internal Communication	Email communication flow between the NEMO and their TSOs.	ALPEX_InC
Known in Advance	Situation where the critical issue leading to Full Decoupling is already identified because the issue would have caused the Full Decoupling for the previous Market Coupling Session.	
Latest Time to Start an Incident Committee	Latest moment in time when an Incident Committee needs to be organized by NEMO.	
Last Hour Flow	Traded capacity of the Last Hour of the previous day, necessary due to any ramping restrictions and optimizing volume coupling calculation.	LHF
Local Market Results	Results published by the NEMO after local auctions.	
Market Coupling	Implicit auction process to allocate the transmission capacities in a defined region.	MC
Market Coupling Results	Results calculated by the PCR Algorithm (EUPHEMIA) containing flows, Net Positions, prices.	MC Results
Market Coupling Session	Daily auction on the Day-Ahead Market taking place on the day before the delivery date.	MCS
Market Operator	Operator responsible for the borders of the respective country, for sending the Market Coupling Results to the TSOs for validation purposes and for forwarding the PCR communications to the regional parties, according to the regional procedures. This role is operated by NEMO.	MO
MC Service Provider's IT System	MC Service Provider's IT System responsible for calculating the Market Coupling Results, performing the DA MCO Function Operations during Market Coupling, according to a NEMO-MC Service Provider Procedure.	
NEMO	means Nominated Electricity Market Operator designated according to NEMO Rule of Albania and/or Kosovo as appropriate.	NEMO
NEMO Clearing and Settlement Systems	Part of the NEMO Local Trading System dedicated to the shipping activities (checking of the Scheduled Exchanges compared to the Net Positions, sending the trading confirmations for transmission obligations to the CCPs and sending the results to CID).	CPCS
NEMO Operator	Person on-duty operating the NEMO Trading System.	
NEMO Local Trading System	NEMO Local Trading System means:	

	1. IT infrastructure which may include the following components: a Pre-Coupling Module, a Verification Coupling Module, a Post-Coupling Module. 2. Electronic systems hosted and operated independently by NEMO for ensuring the daily auctions on the Day-Ahead Market. 3. System dedicated to the reception and aggregation of the Cross Zonal Capacities and the Allocation Constraints from the TSOs and to the sending of this file to the MC Service Provider's IT System 4. System that validates the PC Results and the Net Positions per Bidding Zone against the CZCs and ACs and sent them to TSOs	
Net Position	Netted sum of electricity exports and imports for each Market Time Period for a given Bidding Zone.	NP
Network Data	Aggregated CZCs and Allocation Constraints file that is submitted by the Pre-Coupling Module of the NEMO to the MC Service Provider's IT System.	
Normal procedure	Procedure that describes the normal processes and the normal timeline of the daily Market Coupling Session.	NOR
Notification deadline	Latest moment in time when it is possible to submit the daily notification.	
Notification process	Process during which the notifications are sent to the TSOs.	
Order	means an Exchange Member's offer to sell or bid to buy electricity within the Albania or Kosovo Bidding Zone, in relation to a specified Portfolio, MTU, volume and price in accordance with the specifications for the Product concerned.	
Other procedure	Procedures that deal mostly with organization and communication aspects.	OTH
Post-Coupling	Processes that follow after the calculation and validation of the Market Coupling Results, mainly related to the Scheduled Exchanges and the Congestion Income.	
Pre-Coupling	Processes prior to the calculation of the Market Coupling Results, related to the CZCs and Allocation Constraints	
Preliminary Global Confirmation	Preliminary confirmation file generated by the MC Service Provider's IT System and confirming if the Market Coupling Results are validated or invalidated by the NEMO only.	
Preliminary MC Results	Market Coupling Results that are confirmed only by the NEMOs (the first round of validations) and that can be published towards TSOs and EMs	
Price Coupled Area	All Areas coupled by a Market Coupling mechanism	
Price Coupling of Regions	Single Market Coupling solution used to calculate electricity prices and allocate cross-border capacity on a day-ahead basis.	PCR
Price Matcher Broker	Software facilitating data exchanges between NEMOs, embedding the PCR algorithm, used to operate the Price Coupling of Regions and to provide the Market Coupling Results.	PMB
Ramping Constraints	Term used for the maximum change of the power flow on an Interconnector between two consecutive hours.	

Publication time/ Regular Publication Time	Time included in the Preliminary Global Confirmation file and representing the earliest time when the Preliminary Market Coupling Results can be published. In normal situations, the Regular Publication Time is 13:00.	
Rules of Internal Order	Guidelines that govern the meetings and the way of working of the related committee, recommended procedures to ensure that the decision makings are run in an orderly manner.	RIO
Scheduled Exchange	Transfer scheduled between Bidding Zones, for each Market Time Unit and for a given direction.	
Scheduled Exchange Notification	A message to be sent from the NEMO Scheduled Exchange System to the TSO IT Systems to notify the TSOs that the Scheduled Exchanges have been processed.	
Second Auction	Reopening of the NEMO order books triggered when the results of the first calculation include prices that are above or below the predefined Thresholds for one or several hours. During the reopening, Exchange Members are allowed to modify their orders.	
SEE CAO	means the Coordinated Auction Office in South-East Europe	CAO
Shadow Auction	System that enables to organize explicit auctions for the Day Ahead Capacity Allocation after Full Decoupling pursuant to the Fallback procedures	SA
Shipping Agent	Entity performing the function of transferring the Net Position(s) between different Central Counter Parties.	
Special procedure	Procedure dealing with specific processes that occur only in exceptional situations.	SPE
Target Time	Latest point in time when a Backup procedure should be triggered	
Thresholds	Predefined price limits where a Second Auction is triggered.	
Transmission System Operator	means an entity responsible for operating, ensuring the maintenance of and developing transmission system and includes the holder of an electricity transmission system operation license granted by a relevant Regulatory Authority	TSO
TSO IT Systems	TSO IT System means: 1. IT systems of the TSOs dedicated to producing the data for capacity calculation. 2. IT systems of the TSOs dedicated to the Scheduled Exchanged calculation. 3. IT systems of the TSOs dedicated to the calculation of the Cross Zonal Capacities under a common grid model and a coordinated capacity calculation methodology.	
Results Document	Set of data in pre-agreed format provided by NEMO as a result of MC calculation containing exact information on rounded net positions, rounded market clearing prices and cross-border flow from the whole coupled area.	RD
Zero File	CZC file which contains zero values needed in case of a decoupling at the Interconnector level.	