



CLEARING AND SETTLEMENT FOR SINGLE DAY-AHEAD- AND/OR INTRADAY COUPLING – SHIPPING ARRANGEMENTS BETWEEN DIFFERENT CENTRAL COUNTER PARTIES FOR THE EXCHANGE OF ENERGY FOR THE DANISH BIDDING ZONE BORDERS

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IN ACCORDANCE TO ARTICLE 68(6) IN COMMISSION REGULATION (EU) 2015/1222 ESTABLISHING A GUIDELINE ON CAPACITY CALCULATION AND CONGESTION MANAGEMENT (“CACM REGULATION”) THE DANISH ENERGY REGULATORY AUTHORITY MAKES THE FOLLOWING DECISION ON SHIPPING ARRANGEMENT FOR THE DANISH BIDDING ZONE BORDERS:

TAKING INTO ACCOUNT THE FOLLOWING:

WHEREAS

- (1) The European Commission has established the CACM Regulation, which entered into force on 14 August 2015.
- (2) The CACM Regulation sets out minimum harmonized rules for the ultimately single day-ahead and intraday coupling, in order to provide a clear legal framework for an efficient and modern capacity allocation and congestion management system, facilitating Union-wide trade in electricity, allowing more efficient use of the network, providing a level playing field for market participants, and increasing effective and undistorted competition, for the benefit of the consumers.
- (3) For efficiency reasons and in order to implement single day-ahead and intraday coupling as soon as possible, single day-ahead and intraday coupling should make use of existing market operators and already

implemented solutions where appropriate without precluding competition from new operators in accordance with CACM Regulation.

- (4) On December 23rd2016, the Danish transmission system operator (“TSO”) informed the Danish Energy Regulatory Authority that the concerned Nominated Electricity Market Operators (“NEMOs”) had not been able to conclude on a specific agreement on shipping arrangements for the exchange of energy for the Danish bidding zones which was meant to be part of the arrangements concerning more than one NEMO in a bidding zone in accordance with Article 45 and 57 of CACM Regulation. Thus, the shipping arrangements will therefore be decided by the Danish Energy Regulatory Authority in accordance with article 68(6) in CACM Regulation. The Danish Energy Regulatory Authority consider the national decision regarding clearing, settlement and shipping to be a part of the national decision regarding arrangements in accordance with Article 45 and 57.
- (5) Article 68 in CACM Regulation concerning clearing and settlement for single day-ahead- and intraday-coupling defines the legal basis for this agreement and states that:
 - 1. The Central counter parties shall ensure clearing and settlement of all matched orders in a timely manner. The central counter parties shall act as the counter party to market participants for all their trades with regard to the financial rights and obligations arising from these trades.*
 - 3. Central counter parties shall act as counter party to each other for the exchange of energy between bidding zones with regard to the financial rights and obligations arising from these energy exchanges.*
 - 6. Notwithstanding paragraph 3, a shipping agent may act as a counter party between different central counter parties for the exchange of energy, if the parties concerned conclude a specific agreement to that effect. If no agreement is reached, the shipping arrangement shall be decided by the regulatory authorities responsible for the bidding zones between which the clearing and settlement of the exchange of energy is needed.*
- (6) The Danish Energy Regulatory Authority has considered various different alternatives for implementing clearing, settlement and shipping arrangements, each with different positive and negative effects. The CACM Regulation is an ambitious effort in connecting the day-ahead and intraday markets in the EU, and this is an ongoing process at the time of the decision-making. Therefore, the effects of the CACM Regulation once

fully implemented have not yet been materialised. The proposed clearing, settlement and shipping arrangements are considered to be the most appropriate at the time of the intended decision, taking into consideration the current circumstances, and in particular restrictions on time. The Danish Energy Regulatory Authority will however monitor the evolution of the competition between the NEMOs closely, and shall, where necessary, intervene in order to prevent competitive distortions from occurring with the aim of ensuring a level playing field between NEMOs. Therefore, the arrangements presented in this document shall not preclude the Danish Energy Regulatory Authority from evaluating the chosen arrangements and amend the arrangements if this is necessary in order to ensure *inter alia* non-discrimination, a level playing field among NEMOs and market participants in general, to facilitate sustainable long-term effective and undistorted competition, or to ensure efficient and cost-effective settlement in the Danish bidding zones.

The Danish Energy Regulatory Authority has been in dialogue with relevant NEMOs and TSOs during the process of developing these arrangements.

ARTICLE 1

SUBJECT MATTER AND SCOPE

1. These arrangements concern settlement, clearing and shipping for the exchange of energy on the Danish bidding zones in accordance with Article 68 of the CACM Regulation.
2. These arrangements apply to each NEMO offering day-ahead- and/or intraday-services in any of the Danish bidding zones.

ARTICLE 2

DEFINITIONS AND INTERPRETATION

1. The terms used shall have the meaning of the definitions included in Article 2 of the CACM Regulation and Regulation (EC) No 714/2009.
2. In this arrangement, unless the context requires otherwise:
 - a) The singular indicates the plural and vice versa;
 - b) The headings are inserted for convenience only and do not affect the interpretation of this proposal; and
 - c) Any reference to legislation, regulations, directives, orders, instruments, codes or any other enactment shall include any modification, extension or re-enactment of it when in force.

ARTICLE 3

CLEARING AND SETTLEMENT

1. Each NEMO in any of the Danish bidding zones shall act as or be represented by a central counter party for clearing and settlement of the exchange of energy resulting from single day-ahead and/or intraday coupling and shall set up the required contractual and financial arrangements.
2. Central counter parties are obliged to act as counter party to each other for the exchange of energy on the Danish bidding zones with regard to the financial rights and obligations arising from these energy exchanges in accordance with Article 68(3) of the CACM Regulation.

ARTICLE 4

SHIPPING

1. The function of shipping includes shipping across any of the Danish bidding zone borders.
2. The shipping of energy exchanges resulting from the single day-ahead coupling comprises of:
 - a. **Physical shipping:** physical energy delivery through nominations according to the outcome of the single day-ahead coupling or by a designated suitable scheduling process between NEMOs or their associated central counter parties, TSOs and, where applicable, shipping agents; and
 - b. **Financial shipping:** financial settlement of the single day-ahead coupling between central counter parties.
3. The shipping of energy exchanges resulting from the single intraday coupling comprises of:
 - a. **Physical shipping:** physical energy delivery through nominations according to the outcome of the single intraday coupling or by a designated suitable scheduling process between NEMOs or their associated central counter parties, TSOs and, where applicable, shipping agents; and
 - b. **Financial shipping:** financial settlement of the single intraday coupling between central counter parties.

ARTICLE 5

SHIPPING SOLUTION ON THE DANISH BIDDING ZONE BORDERS

1. NEMOs or their associated central counter parties are responsible for their own physical and financial shipping resulting from the single day-ahead coupling and/or the single intraday coupling. The financial shipping shall be organized through financial arrangements established amongst the central counter parties or NEMOs.
2. The NEMOs are obliged to cooperate with the TSO in the Danish bidding zones when setting up relevant arrangements for the physical shipping.
3. The NEMOs or their associated central counter parties shall be in compliance with the Balance Responsible Party license system, recognitions and processes of the Danish bidding zones.

4. The NEMOs or their associated central counter parties involved in cross-zonal energy exchanges must nominate towards the Danish TSO.

ARTICLE 6

CLEARING AND SETTLEMENT ARRANGEMENTS AND COSTS

1. All costs incurred by NEMOs or their associated central counter parties shall be recoverable by means of fees or other appropriate mechanisms if they are reasonable and proportionate in accordance with Article 77 of the CACM Regulation.
2. The central counter parties must seek efficient clearing and settlement arrangements avoiding unnecessary costs and reflecting the risk incurred in accordance with Article 77 of the CACM Regulation. The cross-border clearing and settlement arrangements, or any material amendments to such arrangements, shall be submitted by the central counter parties to the Danish Energy Regulatory Authority sufficiently in advance of their entry into force, and are subject to approval by the Danish Energy Regulatory Authority.

ARTICLE 7

IMPLEMENTATION

1. The implementation of these arrangements described in this document shall follow the implementation plan as set out in article 15 of the Danish TSOs' proposals on the arrangements concerning more than one NEMO in a bidding zone, as approved by the Danish Energy Regulatory Authority on 10 April 2017.