Annex 6 to the Allocation Rules

Regional specific annex: Italian Borders

Article 1
Subject-matter and scope

1. In accordance with Article 4 of the Allocation Rules, regional or border specificities may be introduced for one or more Bidding Zone borders.

2. Regarding Italy-Switzerland and Italy-Greece Borders, wherever the Allocation Rules contain references to the Article 48.2, 56.3, 59 and/or Article 60 and/or Article 61, they are replaced by compensation rules and compensations listed in this annex.

3. All rights and responsibilities of National Regulatory Authorities, as stated within the Allocation Rules, shall also apply to the equivalent authority in Switzerland.

4. This annex is effective at the date of entry into force of the Allocation Rules subject to an approval of relevant National Regulatory Authorities. This annex may be reviewed at least every two years based on request of the National Regulatory Authorities. In case this annex needs to be amended based on a decision of the relevant National Regulatory Authorities, Article 68 of the Allocation Rules shall apply.

5. The capitalised terms used in this annex are defined in the harmonised Allocation Rules to which this annex is attached unless otherwise specified below:

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Italian Borders means the following Bidding Zone (and related TSO) borders:

List of Bidding Zone borders and/or their subsets		
Austria (AT) APG	**<>**	**Italy (IT)** TERNA
France (FR) RTE	**<>**	**Italy (IT)** TERNA
Greece (GR) ADMIE	**<>**	**Italy (IT)** TERNA
Italy (IT) TERNA	**<>**	**Slovenia (SI)** ELES
Italy (IT) TERNA	**<>**	**Switzerland (CH)** Swissgrid

Article 2
Definitions and interpretation

Market Spread means the difference between the day-ahead prices of the two concerned Bidding Zones for the respective market time period in a specific direction. The difference shall be equal to the day-ahead hourly price of the destination Bidding Zone minus the day-ahead hourly price of the origin Bidding Zone, where the destination and the origin Bidding Zones are those defined in the Auction Specifications of the concerned Long Term Transmission Right. For Italy the relevant day-ahead spot market price is the daily price related to the Italian internal Bidding Zone adjacent to the neighbouring market involved.

Article 3
Triggering events of curtailment on Long Term Transmission Rights on Italy-Switzerland, and Italy-Greece Borders

1. To ensure operation remains within Operational Security Limits, or in the event of a Force Majeure, the allocated Long Term Transmission Rights can be reduced until the deadline for final submission of nominations of Long Term Physical Transmission Rights with the concerned TSOs. After this deadline, except in Emergency Situations and in case of Force Majeure, nominated Long Term Transmission Rights are firm with the concerned TSOs.

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Article 4

Compensation for curtailments to ensure operation remains within Operational Security Limits on Italy-Switzerland, and Italy-Greece Borders

1. Holders of curtailed Long Term Transmission Rights before the deadline for final submission of nominations of Long Term Physical Transmission Rights shall be entitled to receive a reimbursement for each affected hour per Registered Participant calculated as the products of

   - the Marginal Price of the initial Auction at which this Capacity was allocated and
   - the energy in MW per hour corresponding to the difference between the Long Term Transmission Rights held by the Registered Participant before and after the curtailment.

2. For Italy – Switzerland number of curtailments for reasons linked to Operational Security Limits is limited up to thirty five (35) Equivalent Days. For Italy - Greece Border, the number of curtailments for reasons linked to Operational Security Limits is limited up to forty five (45) Equivalent Days.

   Number of curtailments for reasons related to Force Majeure or Emergency Situations is unlimited.

   The Equivalent Days are calculated per month separately for each direction of a Country Border as follows:

Equivalent Days (for month M) = energy reduced (during month M) / total energy of Yearly and Monthly Capacities Allocated (for all month M) x numbers of Days of month M in which at least one product has been allocated.

Example:
Capacities Allocated during a month of thirty one (31) days:
Yearly Product 100 MW Allocated for all the month thirty one (31) days
Monthly base Product 50 MW Allocated for all the month except for one Day due to Maintenance Period thirty (30) days:
Monthly peak Product 20 MW Allocated for twenty three (23) days between 08:00 and 20:00 (12 hours).

Energy reduced:
- Reduction of 70 MW during two (2) days.

Equivalent Days = (70x24x2) / (100x31x24 + 50x30x24 + 20x23x12) x 31 = 0.9 days

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Article 5
Compensation for curtailments due to Force Majeure or Emergency Situation on Italy-Switzerland and Italy-Greece Borders

1. Holders of curtailed Long Term Transmission Rights related to Emergency Situations or Force Majeure, shall be entitled to receive a reimbursement for each affected hour per Registered Participant calculated as the products of:

    - the Marginal Price of the initial Auction at which the curtailed Capacity was allocated; and
    - the energy in MW per hour corresponding to the difference between the Long Term Transmission Rights held by the Registered Participant before and after the curtailment.

Article 6
Triggering events and compensation for curtailments to ensure operation remains within Operational Security Limits or Emergency Situation or due to Force Majeure on Italy – Slovenia, Italy-Austria and France – Italy Borders

1. For Italy – Slovenia, Italy-Austria and France – Italy Borders, Articles 56, 58, 59, 60 and 61 of the Allocation Rules shall apply provided that the term Market Spread where used in these Articles is not understood as defined in the harmonised Allocation Rules to which this annex is attached, but according to the definition that is given in Art. 2 of this annex.

Article 7
Specific case of Daily Offered Capacities lower than non-nominated Yearly and Monthly Rights Document

1. For Italy-Switzerland and Italy-Greece Borders, if the daily offered capacities are lower than the non-nominated amount of Long Term Transmission Rights for Yearly and Monthly Capacities, holders of non-nominated Long Term Transmission Rights for Yearly and Monthly Capacities that have not been reallocated in the daily timeframe, shall be entitled to receive a reimbursement for each affected hour per Registered Participant calculated as the products of:

    - the Marginal Price of the initial Auction at which the curtailed Capacity was allocated; and

    - the energy in MW per hour corresponding to the difference between the Long Term Transmission Rights held by the Registered Participant before and after the curtailment.

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