

## **ANNEX 9 (COMPENSATION RULES ON IT-GR BORDER)**

One respondent asked for compensation for curtailments should be equal to the market spread (the real value of interconnection capacity).

The compensation scheme, based on the value of the Long Term Transmission Rights set during the Forward Capacity Allocation process, is in line with the current scheme we have in the framework of CSE Region under the CASC Rules.

The Annex follows the NC FCA resubmitted by ENTSO-E in April 2014 as a reference document due to the uncertainty on the adopted version. Based on the mentioned version of the NC FCA, *“each Transmission System Operator shall be entitled to develop a proposal for Compensation Rules for outages which last for a long period of time and for outages which affect a Bidding Zone Border consisting of one single interconnector”*. Since the interconnection between Italy and Greece is guaranteed by a single HVDC Cable, compliant to art. 61.3 of FCA, this individual compensation regime has to be intended as a permanent regime rather than a transitory solution.

## **ANNEX 10 (COMPENSATION RULES ON ITALIAN NORTHERN BORDERS)**

Two respondents ask for full physical firmness (or at least full financial firmness) to be ensured to transmission right holders after the nomination deadline (or LTFD for FTR Options) in order to guarantee the effectiveness of PTRs/FTRs as hedging tools. The only exception should be the Force Majeure.

Their opinion is that Emergency Situations cannot be treated in the same way as Force Majeure when it comes to remuneration of PTRs and FTRs and firmness rules. This approach would consistently decrease the level of firmness of long term transmission rights to the detriment of the functioning of forward market since Emergency Situations encompass a much broader range of contingencies the less clearly defined from a legal point of view than Force Majeure while more under the control of TSOs.

The general opinion is that compensation should be based on the market spread between the two bidding zones in which curtailment occurs.

TSOs duly considered these comments. The general curtailment compensation scheme set in the consulted version of the Border Specific Annex, based on the value of the Long Term Transmission Rights set during the Forward Capacity Allocation process, was in line with the current scheme we have in the coordinated co framework of CSE Region under the CASC Rules.

Nevertheless, NRAs proposed to consult the firmness regime to apply on Italian Northern Borders. Following the outcomes of the consultation, in the new version of the Border

Specific Annex for FR-IT and SI-IT border, the compensation scheme will be in line with the provisions enclosed in the main body of the EU HAR (market spread based).

On the other borders (AT-IT and CH-IT), according to the decisions taken by respective NRAs, the current scheme will be preserved (compensation based on original price).

Concerning the possibility to curtail nominated Rights in case of Force Majeure and Emergency Situations, the Annex follows the NC FCA resubmitted by ENTSO-E in April 2014 as a reference document due to the uncertainty on the adopted version. Based on the mentioned version of the NC FCA, LTRs can be curtailed regardless whether nominated or not-nominated. Furthermore, the NC FCA foresees curtailment not only in the case of Force Majeure, but also in an Emergency Situation and to ensure System Security. This is in line with the ACER Framework Guidelines which stated for the day ahead timeframe: "The CACM Network Code(s) shall provide that reduction of allocated capacity may only be used in emergency situations and force majeure"