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| **Elering AS****Rules for suspension and restoration of market activities in accordance with Article 36 and****Rules for imbalance settlement of balancing energy in case of suspension of market activities in accordance with Article 39(1) of the Commission Regulation (EU) 2017/2196 of 24 November 2017 establishing a network code on electricity emergency and restoration** |
| 18 th December 2018 |

Elering AS, taking into account the following,

**Whereas**

1. This document is developed by Elering AS (hereafter referred to as Elering) regarding the development of a proposal for the rules concerning the suspension and restoration of market activities in accordance with Article 36(1) and development of a proposal for rules for imbalance settlement and settlement of balancing capacity and balancing energy applicable for imbalance settlement periods in case of suspension of market activities in accordance with Article 39(1) of the Commission Regulation (EU) 2017/2196 of 24 November 2017 establishing a network code on electricity emergency and restoration (hereafter referred to as “Regulation 2017/2196”).
2. The proposal for the rules takes into account the general principles and goals set in the Regulation 2017/2196 as well as Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity (hereafter referred to as “Regulation (EC) No 714/2009”). The goal of the Regulation 2017/2196 is to set out harmonised requirements concerning technical and organisational measures in order to prevent the propagation or deterioration of an incident in the national system and to avoid the spread of the disturbance and blackout state to other systems, and harmonized procedures that TSOs should implement in order to restore the alert or normal state after the spread of the disturbance or blackout state. Furthermore, TSOs should ensure the continuity of energy transactions during emergency, blackout or restoration state and only suspend market activities and market's accompanying processes as a last resort. Clear, objective and harmonised conditions under which energy transactions could be suspended and subsequently restored should be established.
3. Article 35(1) of Regulation 2017/2196 sets out that market activities may temporarily be suspended where (a) the transmission system of the TSO is in blackout state; or (b) the TSO has exhausted all options provided by the market and the continuation of market activities under the emergency state would deteriorate one or more of the conditions referred to in Article 18(3) of Regulation (EU) 2017/1485; or (c) the continuation of market activities would decrease significantly the effectiveness of the restoration process to the normal or alert state; or (d) tools and communication means necessary for the TSOs to facilitate market activities are not available.
4. Article 35(2) of Regulation 2017/2196 prescribes that the suspension of market activities may apply to (a) the provision of cross zonal capacity for capacity allocation on the corresponding bidding zone borders for each market time unit where it is expected that the transmission system shall not be restored to the normal or alert state; (b) the submission by a balancing service provider of balancing capacity and balancing energy bids; (c) the provision by a balance responsible party of a balanced position at the end of the day-ahead timeframe if required by the terms and conditions related to balancing; (d) the provision of modifications of the position of balance responsible parties; (e) the provision of schedules referred to in Article 111(1) and (2) of Regulation (EU) 2017/1485, and (f) other relevant market activities the suspension of which is deemed necessary to preserve and/or restore the system.
5. Article 39(1) of Regulation 2017/2196 sets the requirements for the rules for imbalance settlement and settlement of balancing capacity and balancing energy applied for imbalance settlement periods during which the market activities are suspended and the requirements shall (a) ensure the financial neutrality of each TSO and relevant third party to which the settlement tasks may have been delegated; (b) avoid distortions of incentives or counterproductive incentives to balance responsible parties, balance service providers and TSOs; (c) incentivise balance responsible parties to strive to be balanced or help the system to restore its balance; (d) avoid any financial penalties imposed on balance responsible parties and balancing service providers due to the execution of the actions requested by the TSO; (e) discourage TSOs from suspending market activities, unless strictly necessary, and incentivise TSOs to restore the market activities as soon as possible; and (f) incentivise balance service providers to offer services to the connecting TSO that helps restore the system to normal state.

SUBMIT THE FOLLOWING PROPOSAL FOR RULES CONCERNING THE SUSPENSION AND RESTORATION OF MARKET ACTIVITIES IN ESTONIA:

## Article 1Subject matter and scope

### This document is a proposal regarding:

#### the principles the TSO has to follow in case it needs to suspend temporarily one or more market activities in accordance with Article 35 of Regulation 2017/2196, and

#### the rules for imbalance settlement and settlement of balancing capacity and balancing energy which shall be applicable for imbalance settlement periods during which the market activities were suspended in accordance with Article 39 of Regulation 2017/2196.

### This proposal is subject to approval in accordance with Article 4(3) of Regulation 2017/2196.

## Article 2

## Definitions

### For the purposes of these Rules, terms used shall have the meaning of the definitions included in Article 3 of the Regulation 2017/2196, Article 3 of Commission Regulation (EU) 2017/1485 establishing a guideline on electricity transmission system operation (hereinafter referred to as the "Regulation 2017/1485"), Article 2 of Commission Regulation (EU) 2017/2195 establishing a guideline on electricity balancing (hereinafter referred to as the "Regulation 2017/2195") and Article 2 of Commission Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management (hereinafter referred to as the "Regulation 2017/1222").

### In these Rules, unless the context requires otherwise:

#### the singular indicates the plural and vice versa;

#### the table of contents, headings and examples are inserted for convenience only and do not affect the interpretation of these Rules;

#### any reference to legislation, regulations, directive, order, instrument, code or any other enactment shall include any modification, extension or re-enactment of it then in force.

## **Article 3**

## **Suspension of the provision of cross zonal capacity**

### Pursuant to Article 35(2) (a) of Regulation 2017/2196 TSO may temporarily suspend the provision of cross zonal capacity for capacity allocation on the corresponding bidding zone borders for each market time unit where it is expected that the transmission system shall not be restored to the normal or alert state.

### Elering shall not suspend provision of cross zonal capacity pursuant to Article 35(2) (a) of Regulation 2017/2196.

### In case conditions pursuant to Article 35(1) of Regulation 2017/2196 occur Elering shall reduce cross-zonal capacities in regards to single day-ahead coupling and single intraday coupling concerning the Estonian bidding zone borders in accordance with 26(3) of Commission Regulation (EU) 2015/1222.

## **Article 4**

## **Suspension of the submission of balancing capacity and balancing energy bids**

### Pursuant to Article 35(2) (b) of Regulation 2017/2196 TSO may temporarily suspend submission by a balancing service provider of balancing capacity and balancing energy bids.

### Elering shall not suspend submission by a balancing service provider of balancing capacity and balancing energy bids pursuant to Article 35(2) (b) of Regulation 2017/2196.

### In case conditions pursuant to Article 35(1) of Regulation 2017/2196 occur the balancing energy bids submitted in the Estonian bidding zone may be declared unavailable to other TSOs in accordance with Article 29(14) of Commission Regulation (EU) 2017/2195 due to operational security constraints.

### Where balancing service providers are unable to submit balancing capacity and balancing energy bids for reasons outside their control, the consequences are as defined in the terms and conditions for balance service providers in accordance with Article 18(5) (k) of Commission Regulation (EU) 2017/2195.

## **Article 5**

## **Suspension of provision by balance responsible party a balanced position at the end of day-ahead timeframe**

### Pursuant to Article 35(2) (c) of Regulation 2017/2196 TSO may temporarily suspend provision by a balance responsible party of a balanced position at the end of the day-ahead timeframe if required by the terms and conditions related to balancing.

### Elering does not require in terms and conditions related to balancing developed pursuant to Article 18 of Commission Regulation (EU) 2017/2195 provision by a balance responsible party of a balanced position at the end of the day-ahead timeframe.

## **Article 6**

## **Suspension of the provision of modifications of the position of balance responsible parties**

### Pursuant to Article 35(2) (d) of Regulation 2017/2196 TSO may temporarily suspend the provision of modifications of the position of balance responsible parties.

### Elering does not require in terms and conditions related to balancing developed pursuant to Article 18 of Commission Regulation (EU) 2017/2195 provision of modifications of the position of balance responsible parties at the end of the day-ahead timeframe.

## **Article 7**

## **Suspension of the provision of schedules**

### Pursuant to Article 35(2) (e) of Regulation 2017/2196 TSO may temporarily suspend the provision of schedules referred to in Article 111(1) and (2) of Commission Regulation (EU) 2017/1485.

### Elering shall not suspend provision of schedules referred to in Article 111(1) and (2) of Commission Regulation (EU) 2017/1485 pursuant to Article 35(2) (e) of Regulation 2017/2196.

### Where balance responsible parties are unable to submit schedules referred to in Article 111(1) and (2) of Commission Regulation (EU) 2017/1485 for reasons outside their control, the consequences are as defined in the terms and conditions for balance service providers in accordance with Article 18(5) (k) of Commission Regulation (EU) 2017/2195.

## **Article 8**

## **Suspension of other relevant market activities**

### Pursuant to Article 35(2) (f) of Regulation 2017/2196 TSO may temporarily suspend other relevant market activities the suspension of which is deemed necessary to preserve and/or restore the system.

### Elering has not identified other relevant market activities suspension of which is deemed necessary to preserve and/or restore the system.

## **Article 9**

## **Rules for settlement in case of suspension of market activities**

### Elering shall apply same rules for imbalance settlement and settlement of balancing capacity and balancing energy as for normal operation.

## **Article 10**

## **Implementation**

### Elering shall implement these Rules no later than 12 (twelve) months after approval by the competent Estonian regulatory authority.

## **Article 11**

## **Language**

### The reference language for these Rules shall be English. For the avoidance of doubt, where Elering need to translate these Rules to their national language(s), in the event of inconsistencies between the English version published by Elering in accordance with Article 36 of the Regulation 2017/2196 and any version in another language, the Elering shall, in accordance with national legislation, provide the relevant national regulatory authorities with an updated translation of the Rules.