

**Fingrid Oyj's proposal for the rules for suspension and restoration of market activities in accordance with Article 36(1) and rules for imbalance settlement and settlement of balancing capacity and 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**

11 December 2018

Fingrid Oyj, taking into account the following,

#### Whereas

- (1) This document is developed by Fingrid Oyj (hereafter referred to as Fingrid) 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 “ER Regulation”). This proposal is hereafter referred to as “The Proposal”.
- (2) The Proposal takes into account the general principles and goals set in the ER Regulation 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 ER Regulation 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 ER Regulation 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 ER Regulation 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 ER Regulation 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.

SUBMITS THE FOLLOWING PROPOSAL TO ENERGY AUTHORITY (ENERGIAVIRASTO) AS THE NATIONAL REGULATORY AUTHORITY IN FINLAND:

#### **Article 1**

##### **Subject matter and scope**

The Proposal covers the rules for suspension and restoration of market activities in accordance with Article 36(1) of ER Regulation and the 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 ER Regulation.

#### **Article 2**

##### **Definitions**

1. For the purposes of the Proposal, the terms used shall have the meaning given to them in Article 3 of ER Regulation and Article 2 of the Regulation (EU) 2017/2195, the Regulation (EC) 714/2009, Regulation (EU) No 543/2013 and Directive 2009/72/EC.
2. In the Proposal, 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 the Proposal; and
  - c) any reference to legislation, regulations, directive, order, instrument, code or any other enactment shall include any modification, extension or re-enactment of it when in force.

#### **Article 3**

##### **Rules for suspension and restoration of market activities**

Fingrid shall not suspend market activities pursuant to Article 35(1) of ER Regulation.

#### **Article 4**

##### **Rules for imbalance settlement and settlement of balancing capacity and balancing energy in case of suspension of market activities**

Fingrid shall apply same rules for imbalance settlement and settlement of balancing capacity and balancing energy as for normal operation during suspension of market activities.

## **Article 5**

### **Publication of decision and implementation timeline of the proposal**

1. Fingrid shall publish the Proposal without undue delay after Energiavirasto has approved the Proposal.
2. Fingrid shall implement the Proposal immediately after Energiavirasto has approved it.

## **Article 6**

### **Language**

The reference language for the Proposal shall be English. For the avoidance of doubt, where Fingrid needs to translate the Proposal into its national language(s), in the event of inconsistencies between the English version published by Fingrid in accordance with Article 36(1) and 39(1) of the ER Regulation and any version in another language, Fingrid shall, in accordance with national legislation, provide Energiavirasto with an updated translation of the Proposal.