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## The Italian Borders Working Table

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# Outline

1. Market Coupling between Italy and Slovenia
2. Italian Borders Working Table (IBWT):
  - Market Coupling between Austria, France, Italy and Slovenia (AFIS)
  - Market Coupling post AFIS evolution



# Market Coupling between Italy and Slovenia 1/2

Year 2008: the idea



- **GME and Borzen signed an MoU to cooperate for realizing the set up of a market coupling project**
- **Ministries of Foreigner Affairs of Italy and Slovenia signed a Joint Declaration, to support the project of market coupling**
- **GME and Borzen/BSP submitted to the Italian and Slovenian NRAs, TSOs and Ministries a proposal for the “Establishment of a market coupling mechanism on the Slovenian-Italian border”**



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# Market Coupling between Italy and Slovenia 2/2

## Year 2009: preparatory work

- Kick of meeting among all interested parties (Ministries, NRAs, TSOs, PXs)
- Creation of a bilateral Working Group chaired by NRAs
- Joint Declaration signed by Ministries of Foreigner Affairs of Italy and Slovenia to support the integration of both countries power markets

## Year 2010

- Italian Ministry of Economic Development and Slovenian Ministry of Economy signed on 27 August 2010 a MoU
- The Italian Minister for Economic Development, by decree of 14 Dec. 2010, decided that the allocation of cross border capacity on the Italy-Slovenia should occur through implicit auction (market coupling)

## Year 2011: start

- Project goes live



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# Contractual framework of Italy-Slovenia MC

Master agreement signed on the 16 of November 2010

- Main objectives, criteria, liabilities, framework for the regulatory and governance aspects

Pentalateral agreement signed on the 22 of December 2010

- Rules and operational procedures to execute market coupling processes along with rights and obligations of all parties involved

Terna and Eles ruled the distribution of congestion income through a bilateral agreement

All above agreements have been approved by NRAs



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# IBWT PRE GO-LIVE

In 2006 ERGEG launched 7 Electricity Regional Initiatives. Italian northern borders were included in the Central South Europe Region (CSE).

IBWT project was launched in November 2012 following the entering into force of the "Cooperation Agreement for the ITALIAN BORDERS PRE- AND POST-COUPLING PROCESSES" (Design Phase), including PXs and TSOs from Italy, France, Austria, Slovenia, Greece and Switzerland (TSO only).

In 2013 NRAs from CSE gave full support to TSOs and PXs working on a project of pre and post coupling activities (IBWT project).

## TSOs

ADMIE (GR)  
APG (AT)  
ELES (SL)  
RTE (FR)  
SWISSGRID (CH)  
TERNA (IT)

## PXs

*BSP (SL)*  
EPEX SPOT (FR-CH)  
EXAA(AT)  
GME (IT)  
LAGIE (GR)



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# IBWT: AFIS Go Live

In 2015 the Italian NRA:

- Launched a consultation procedure regarding the design of AFIS market coupling. All stakeholders gave a positive feedback
- Approved the contractual framework underpinning AFIS market coupling
- Following the entering into force of the "Day-Ahead Operational Agreement for the Price Coupling of Day-ahead Markets of the Italian Borders" (Operational Phase) IBWT coupling went live on 24/2/2015, on the Northern Italian borders with France, Austria and Slovenia (so including the pre-existing bilateral Italian-Slovenian coupling).



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# IBWT post AFIS Go-live (evolution)

- On 12/07/2016 market coupling operations were extended to the border between Austria and Slovenia.
- As of 01/01/2017 the Croatian TSO and PX joined IBWT, with the go live of the croatian/slovenian border on 19/06/2018.
- Currently the process for the go live of the Greek-Italian border is progressing. Moreover Bulgaria showed interest in joining IBWT
- Similarly to other regional projects (such as SWE, CWE, Nordic and in future 4MMC), IBWT contractual arrangements must assure consistency with the wider MRC Day Ahead Operational Agreement (and in the future DAOA) and its governance, in order to harmonize local topics within the European framework (clearing/settlement/shipping, management of decoupling, MNA).



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# Current Contractual framework for Central-South Europe Region (IBWT-CSE)

Day-ahead operational agreement for the price coupling of the day ahead markets of the Italian Borders (IBWT-DAOA)

- Daily cooperation among Pxs and TSOs of all involved countries

Day ahead operational agreement for the multi regional coupling of the day ahead markets (MRC DAOA)

- Integration of PPC project within the Europe-wide MRC project



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# Contractual framework for the SDAC 1/2

- EC Regulation 2015/1222 envisages a single coupling for the day ahead market (SDAC).
- Following the aggregation of regional projects, two main European projects are currently in place: MRC and 4MMC, each of them with its own contractual framework.
- TSOs and NEMOs decided to substitute MRC contractual framework (MRC DAOA) with a new pan-European one (DAOA).
- New contracts (DAOA, TCDA, SLA JAO) will enter into force on 28 March 2019.
- Remaining contracts involving only NEMOs (ANCA, ANDOA) are under finalization although with the same date of entry into force (i.e. 28 March 2019).



# Current contractual framework for the SDAC 2/2

|      | NEMO            | TSO             |
|------|-----------------|-----------------|
| NEMO | ANCA<br>ANDOA   | DAOA<br>SLA JAO |
| TSO  | DAOA<br>SLA JAO | TCDA            |

ANCA = All NEMO Cooperation Agreement

ANDOA = All NEMO Day Ahead Operational Agreement

DAOA= Day Ahead Operational Agreement (All NEMO+All TSO)

SLA JAO = Service Level Agreement with JAO (All NEMO+All TSO)

TCDA= TSO Cooperation Day Ahead



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# Market Coupling between Greece and Italy

- Restructuring of Greek electricity market was a precondition for implementing market coupling
- Go live envisaged by mid 2019



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# Market Coupling between Italy and Switzerland

- Swiss parties are technically ready to join the coupling on the Italian northern borders.
- EC has not yet given the green light to Italy for coupling with Switzerland for political reasons: negotiate with Swiss government are ongoing and no agreement of energy has been achieved yet.



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