

**By Energy Market Regulatory Authority:**

**AMENDED PRINCIPLES AND PROCEDURES ON CAPACITY ALLOCATION AND SECONDARY MARKET FOR PHYSICAL TRANSMISSION RIGHTS IN ACCORDANCE WITH THE ELECTRICITY MARKET EXPORT AND IMPORT REGULATION**  
**After Public Consultation**

***ARTICLE 1: ALLOCATION OF INTERCONNECTION LINES***

(1) TEIAS, Turkish Electricity Transmission Co. Inc. **Allocation of the Available Transmission Capacity (AVC) of synchronous parallel connections of TEIAS** shall be made by means of auction to the market participants that fulfill the participation requirements. Allocation shall ensure transparency and non-discrimination between the market participants in a manner that will promote competition and provide allocation of **Physical** Transmission Rights (**PTR**).

***ARTICLE 2: AUCTION PARTICIPATION REQUIREMENTS***

(1) Market participants are required to be holder of a valid wholesale license issued by the Energy Market Regulatory Authority (**EMRA**). Participants shall also provide TEIAS with a bid security, in the amount and form as specified in the Auction Rules Document, sign the Auction Rules Document comprising of the rules for the allocation and comply with the requirements set forth in the document.

***ARTICLE 3: PLACE AND METHOD OF AUCTION***

(1) Auctions shall be executed by TEIAS through an Auction Platform (a web page managed by the TEIAS where the FTR participants their bidding documents, auction results are announced and the secondary market and auction processes are carried out). Auction Platform website shall be announced by the TEIAS to the market participants concerned. Sealed bid method shall be used in case where the Auction Platform is off-line.

***ARTICLE 4: ANNOUNCEMENT OF AUCTION***

(1) The capacity allocation auction shall be announced by TEIAS on the Auction Platform within the due date set by the Auction Rules Document. The auction announcement shall set the schedule for the submission of bids, publication of the auction results and objections against the auction results. TEIAS shall conduct an individual auction for each interconnection border and direction (import and export).

***ARTICLE 5: AVAILABLE TRANSMISSION CAPACITY (ATC)***

(1) ATC is calculated by the TEIAS jointly with the neighboring Transmission System Operators based on ENTSO-E methodology and taking into account the current and foreseen grid conditions, grid safety standards and maintenance programs and published on the Auction Platform.

## ***ARTICLE 6: ENTSO-E Identification Code (EIC Code)***

(1) Capacity Allocation of synchronous parallel connections, Secondary **Physical** Transmission Rights Market (**Secondary PTRs**) and Nomination Process shall be performed via the EIC codes **assigned to the Market Participants**. TEIAS, as Turkey's EIC Office, shall allocate an EIC code to the users who want to engage in cross-border electricity trade. The Market Participant, if already has an EIC code from another EIC office, shall notify TEIAS of that code. In that case, the EIC code notified by the user shall be used.

## ***ARTICLE 7: SUBMISSION OF BIDS***

(1) Bids shall be submitted through the Auction Platform. Bids shall be submitted by authorized representatives of the market participants or their permitted assignees. Each bid shall contain the unambiguous specification of the interconnection border and direction (import and export), the name of the Market Participant, the EIC code, the required ATC capacity and the value of the bid for each MWh. Users shall be required to fulfill the other requirements set by the Auction Rules Document on the submission of bids. Users shall not request a higher capacity than the published ATC value, even so, such bids shall not be assessed. All bids shall be quoted in the currency set by the Auction Rules Document.

## ***ARTICLE 8: BID EVALUATION***

(1) Accepted bids for the capacity allocation shall be sorted by descending order and the offered capacities shall be summed. If the above sum is equal to or less than the ATC amount, **then the Auction Clearing Price** shall be equal to zero. In that case, Cross-Border Auction Participants (**CBA**) shall receive the requested capacity in their bid offers free of charge.

**[Modification of the article, harmonization with ENTSO-E code CACM Article 35 Validation and Delivery of Cross Zonal Capacity]**

(2) **TEIAS shall verify that the results of the Market are consistent with the Cross Zonal Capacity and Allocation Constraints.** ~~If the above sum exceeds the ATC amount for the auction in question, the bid(s) offering the highest price for capacity shall be accepted provided that it does not exceed the ATC amount.~~ The remaining capacity shall be awarded to the Bidders which submit the next highest price up until reaching the ATC value. For the last accepted bid, the relevant Market Participant shall be assigned not all of the capacity requested, but only the remaining capacity of not less than the minimum amount set by TEIAS and not exceeding the total offered ATC value.

(3) The last accepted bid shall be the Auction Clearing Price and the Interconnection Capacity Allocation Price shall be calculated on the basis of that price. Interconnection Capacity Allocation Price shall be paid on the Auction Clearing Price by all bidders awarded by the capacity on the respective interconnection and direction.

(4) Should two or more bidders submit bids of the same price, that qualify for the acceptance and which relate to capacity in an amount that exceeds the offered or the remaining capacity, the offered or the remaining capacity will be awarded in proportion to the capacity requested in the bids of these bidders. In that case, the capacity allocated to such market participants shall not be less than the minimum capacity value set by TEIAS. In case the remaining capacity can not be awarded between two or more bidders, at equal other terms and in compliance with the above requirement, the **PTRs** shall be awarded on the minimum value set

by TEİAS and TEIAS shall consider the time of submission of the offers as a priority for awarding of PTRs.

## **ARTICLE 9: ANNOUNCEMENT OF AUCTION RESULTS**

(1) Auction results shall be announced through the Auction Platform. The announcement shall contain the names of the awarded companies, the awarded capacity and the Auction Clearing Price.

## **ARTICLE 10: SECONDARY *PHYSICAL* TRANSMISSION RIGHT (*Secondary PTR*)**

(1) PTRs allocated may be transferred to another registered market participant. TEIAS shall be informed of the transfer within the due date and as specified in the Auction Rules Document. Even in such a transfer case, the first PTRs holder shall be required to pay the Interconnection Capacity Price. For the transfer, the Transferor shall be settled any of its all financial obligations to TEIAS. Following the transfer, the present market participant shall have the right of use the CRTS transferred.

## **ARTICLE 11: CAPACITY USAGE**

[Modification of Article, harmonization with ENTSO-E network code FCA, Art 36 Physical Transmission Rights]

(1) In case of not using PTRs awarded by the auction or transferred from another Market Participant in the Secondary Market, the Market Participant shall not be subject to any fine. However, PTR Holders who do not notify that they are to use the entire or part of the allocated or transferred capacity in the Secondary *Physical* Transmission Rights Market within the Notification Period set by the Auction Document, *on borders within ENTSO-E area, the PTR holder shall be entitled to obtain a payment in line with remuneration principle shall lose their usage rights for the unused parts of the capacity in question. In that case and in case of not used PTRs, TEIAS shall not be held liable to pay any compensation to the Market Participant concerned.*

(2) In case the allocated capacity is not used, the relevant PTRs holder shall send TEIAS a Counterparty Notification in the due date and form specified in the Auction Rules Document. Counterparty Notification shall include the EIC code of the Market Participant on the other side of the corresponding interconnection line.

(3) PTRs holders and the Counterparty(ies) on the Turkish side of the counter market participant awarded by the capacity allocation on the neighboring country end of the interconnection line shall submit TEIAS a Nomination in the due date and form specified by the Auction Rules Document. *[Addition, harmonization with ENTSO-E network code FCA Art 40 General provisions for Physical Transmission Rights Nominations]* PTR holders may *authorise eligible (registered) third parties in line with the Nomination Rules to nominate their electricity exchange schedules on their behalf.* Nominations, which are inconsistent with the Counterparty Notification, shall not be accepted. TEIAS shall apply a consistency check between the received Nomination and that sent to the Transmission System Operator on the other side of the corresponding interconnection. In case of a non-conformance between the notifications, the Market Participant concerned shall be required to amend the Nomination.

Nomination that fails to be adjusted within the due date shall be amended or rejected by TEIAS in accordance with the corresponding international arrangements.

(4) The Market Participant concerned shall also notify the Market Financial Settlement Center (PMUM) about the Nomination.

## **ARTICLE 12: REDUCTION OF *PHYSICAL TRANSMISSION RIGHTS (PTRs)***

(1) **PTRs** allocated shall be reduced in cases of force majeure, unpredictable grid conditions, any failure on the interconnection lines or extension of the Scheduled Maintenance programs. **PTR** holders shall be immediately informed of the case.

(2) If the notification is made before the notification deadline set by the Auction Rules Document, **PTR** holder shall be provided with payment. In that case, the Nomination submitted by the Market Participant concerned is to be consistent with the curtailed capacity value.

(3) In case the above notification is made before the deadline set by the Auction Rules Document, the schedule shall be considered to have been applied.

[Article to be modified, harmonization with ENTSO-E network code CACM Article 80 Firmness in case of Force Majeure and network code FCA Art 60 Compensation Rules]

(4) Payment shall be made to the last **PTR** holder. Auction Clearing Price with curtailed hours and capacity shall be considered for the payment.

For allocated Capacities on borders within non ENTSO-E area, no payment shall be made in Force Majeure events specified in the Auction Rules Document. TEIAS is able to apply curtailment for the maximum time period set by the Auction Rules Document. Beyond this duration **PTRs** shall be guaranteed by TEIAS.

If allocated Capacity **on borders within ENTSO-E area** is curtailed because of an Emergency Situation or Force Majeure situation, TEIAS shall reimburse or provide compensation for the period of the Emergency Situation or Force Majeure in accordance with the following requirements.:

- if there is implicit allocation, central counter parties or shipping agents shall not be subject to financial damage or financial benefit arising from any imbalance created by such curtailment;
- if capacity is allocated via explicit allocation, market participants shall be entitled to reimbursement of the price paid for the capacity during the explicit allocation process.

## **ARTICLE 13: PAYMENT**

(1) Payments shall be made to TEIAS within the due date through a bank transfer to the accounts specified in the Auction Rules Document. Interconnection Capacity Allocation and Interconnection Usage amounts shall be charged to the respective Market Participant awarded by **PTRs**. If payment is not received by the due date, a late fee shall be charged in the amount established by the Law No. 6183 on the Procedure for the Collection of Public Receivables.

***ARTICLE 14: LETTER OF GUARANTEE***

(1) Market Participants who want to participate in the Capacity Allocation Auction shall submit TEIAS a letter of guarantee. Duration and form of the letter and amount of the guarantee are set forth in the Auction Rules Document.

Draft