

Technical Rule no. 7 PCE

(under article 4 of the Rules Governing the Electricity Account Registration Platform
– PCE Rules)

Title	Criteria for determining the estimated transmission capacity fee (CCT)
Reference Legislation	Article 35, para. 35.1 b); Article 38, para. 38.1 b); Article 45, para. 45.1; Article 58, para. 58.2; Article 59, para. 59.1; and Article 60 of the PCE Rules.

successfully verified by the Director of Markets of AEEG (Autorità per l'Energia Elettrica e il Gas – electricity & gas regulator) under Resolution of 5 April 2007

1. Foreword

Article 59, para. 59.1 of the PCE Rules provides that GME shall determine the economic balance of the forward electricity accounts. For this purpose, i) requests for recording sale transactions in respect of electricity injection accounts that have not yet been confirmed but already verified to be technically adequate, ii) the net sales recorded for the days for which the Day-Ahead Market (MGP) has not yet taken place, and iii) the withdrawal schedules in respect of mixed offer points or withdrawal points belonging to neighbouring countries' virtual zones shall be valued at the estimated transmission capacity fee (CCT), increased by VAT and by one per cent.

Article 60 stipulates that, for each Participant and each month, GME shall determine the sufficiency of the financial guarantee as the algebraic sum of the amount of the guarantee and the economic balance of the electricity accounts referred to in Article 59.

Article 58, para. 58.2 provides that, in the Technical Rules, GME shall define the criteria for determination, as well as the modalities and time periods for updating the estimated CCT.

Article 35, para. 35.1 and Article 38, para. 38.1 of the PCE Rules provide that, for the technical adequacy verification, the request for recording or the confirmation of recording of a sale in respect of an electricity injection account shall be valued at the estimated CCT, increased by VAT and by one per cent.

Article 45, para. 45.1 of the PCE Rules provides that, for the technical adequacy verification, the requests for recording withdrawal schedules that refer to mixed offer points or withdrawal points belonging to neighbouring countries' virtual zones shall be valued at the estimated CCT, increased by VAT and by a penalty of one per cent.

2. Definition of the estimated CCT

The value of the estimated CCT is used for conducting technical adequacy verifications, for determining the economic balance of the forward electricity accounts, as well as the sufficiency of the financial guarantee. Such value, equal for all Participants and for all applicable periods, will be calculated as the weighted average of the hourly CCTs of the system in the latest twelve months.

The formula for calculating the estimated CCT is as follows:

$$CCT_m^{Estimated} = \text{Max} \left(\frac{\sum_i \sum_z \text{Im}_{i,z} * P_{i,z} + \sum_i \sum_z \text{Pr}_{i,z} * P_{i,z}}{\sum_i \sum_z \text{Pr}_{i,z}} ; 1 \right)$$

where

$CCT_m^{Estimated}$ = estimated CCT pertaining to the month m in which the recording is made,

i = i -th hour of the period elapsing from the month $m-13$ to the month $m-2$ vs. the month m for which the estimated CCT is being calculated,

$Pr_{i,z}$ = sum of the withdrawal schedules pertaining to the zone z in the i -th hour,

$Im_{i,z}$ = sum of the injections schedules pertaining to the zone z in the i -th hour.

It is worth pointing out that, for the purposes of the PCE Rules and of this Technical Rule,

- injection schedules are assumed to have a positive sign and withdrawal schedules to have a negative sign;
- forward sales have a negative sign;
- AEEG's Decision 111/06 and the PCE Rules consider the CCT that the Participant must pay to GME to have a negative sign; however, for the purposes of technical adequacy verifications, the estimated CCT may only acquire a value greater than or equal to zero; indeed, in order to determine the potential payable (marked by a negative sign) arising from the estimated CCT, the same CCT must be multiplied by the forward sale to be recorded; by definition, this sale is considered to have a negative sign.

3. Updating of the estimated CCT

The value of the estimated CCT of the month m is calculated and updated in the PCE information system within 15:00 of the last day of the month $m-1$.

4. Estimated CCT for recordings in respect of mixed offer points and withdrawal points belonging to neighbouring countries' virtual zones

Where the need arises and with exception to para. 2 above, GME may define a different value of the estimated CCT for the purpose of verifying the technical adequacy of requests for recording schedules that pertain to mixed offer points or withdrawal points belonging to neighbouring countries' virtual zones.