

**Allocation procedure in the event that inadequate quantities are offered in AS control power procurement**

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**Definitions**

<b>Ordinary procedure</b>	The procedure which covers the procurement of control power according to the tendering conditions (Annex 2 to the framework agreements).
<b>Reserved power/energy</b>	Power/energy which is physically linked in the context of a supply contract.
<b>Allocation procedure</b>	The allocation procedure defined in this document in the event that inadequate quantities are offered in the AS control power procurement.

## 1. Initial situation and limitations

Swissgrid has procured control power according to a market-based procedure in compliance with the requirements of the Electricity Supply Act (StromVG) since 2009. If the control power requirements of Swissgrid cannot be covered in the ordinary procedure for a particular supply period (PCP, SCP, TCP), the allocation procedure described in this document is applied.

### Differentiations from the ordinary procedure

The allocation procedure described in this document is the last measure taken by Swissgrid to cover its control power requirements. This procedure can only take place after it has proved impossible to procure the intended quantity with the ordinary procedure. The ordinary procedure is defined in the respective AS framework agreement (paragraph 4) with reference to the tendering conditions of the products in question (Annexes 2 of the relevant framework agreements).

### Differentiation from operational emergency procurement outside the tendering procedure

The allocation procedure described here is to be differentiated from operational emergency procurement outside the tendering procedure as defined in the framework agreement (framework agreements paragraph 5.1).

## 2. Key points of the allocation procedure

### a. Affected players:

- All active ASPs, Swissgrid, EICom

### b. Affected products

- In the allocation procedure a differentiation is made between products with a delivery period of one week and those with a delivery period of one day.
  - **Weekly products:** these include primary and secondary control power, as well as positive and negative tertiary control energy. The weekly products of positive and negative tertiary control energy are not allocated, but transferred to the respective daily tenders.
  - **Daily products:** these include positive and negative tertiary control energy. The daily products of positive and negative tertiary control energy are allocated when the total requirements of the weekly and daily tenders are not covered.

### c. Framework conditions

- The allocation of the control power to be reserved is to be carried out as far as possible for the entire delivery period, either one week or one day. Should the requirements still not be completely covered, Swissgrid can make day-specific allocations of the weekly products such as primary and secondary control power, taking into account the reported data (cf. example in paragraph 7).
- All the information received from the ASPs and from EICom in the context of this allocation procedure, such as power plant data and lake water levels, is only used by Swissgrid in the context of the processes described in this document.
- The calculations by Swissgrid for the allocation procedures are carried out on the basis of generation-unit-specific data. However, allocation is carried out for each ASP. The ASPs remain responsible for the deployment planning of their generation units.
- The remuneration of the ASPs is set out in paragraph 5.

### d. Affected systems

- All systems which are prequalified for the respective products.

### e. Information to the ASPs

- The ASPs affected by an allocation procedure are informed by telephone and e-mail (contact offices according to Annex 3 of the framework agreements).

- The information about the obligations of the ASPs following allocation can be seen with the aid of the AS procurement tool for all ASPs. This is carried out in a similar way to the results of the ordinary tenders.

#### f. Carrying out supply

- The operational handling of control power provision is carried out by means of the same processes as for the ordinary tenders (cf. AS interface manual, framework agreement paragraph 20). Power supply is carried out according to the AS framework agreement and the AS interface manual. This relates in particular to the obligation to Swissgrid to send the reserve planning schedules, to provide online monitoring data, to carry out requests for tertiary control power by means of request messages, to carry out scheduling corrections for the supply of energy by means of post-scheduling processes, to verify the energy held in reserve by the ASP, as well as to any penalties.
- In the case of tertiary control, the power deliveries allocated to each ASP are saved as virtual proposals in the AS procurement tool. The ASPs undertake to submit a price per 4-hour block (or corresponding energy unit) for any tertiary energy requests according to the ordinary procedure (excl. reserved energy). In contrast, the price of the reserved energy is accepted by Swissgrid according to the cost estimate of the ASC. The request is carried out according to the order of merit of the submitted energy prices, irrespective of whether the ordinary tender relates to procured or allocated tertiary power.
- In the case of secondary control, the request is carried out in proportion to the contracted power delivery, irrespective of whether the ordinary tender relates to procured or allocated control power.
- The ASP can optimise or modify the deployment of its allocated generation units in the pool.
- The ASP is free to choose whether it provides the contracted/allocated power itself or procures it from another ASC. The delegation of contracts is carried out using the AS procurement tool.

### 3. Data delivery process in the allocation procedure

The data delivery of the ASPs is carried out as soon as Swissgrid has started the allocation procedure described here (cf. paragraph 4), but by 11.00 a.m. on the following day at the latest.

The following information transferred by the ASPs to Swissgrid:

- Day- and generation-unit-specific details of available ancillary services per product and tendered period without taking into account the reserved power/energy, as well as including the reserved power/energy, which can be made available as a result of the cancellation of existing agreements or the postponement of a delivery in the relevant supply period. For each item the price is to be specified at which it can be made available to Swissgrid as the AS. They are to be sent with the aid of the appropriate template and in Excel format.
- Written confirmation by the ASPs that they have no other possibility of providing Swissgrid as the AS with reserved power and energy in the relevant supply period, apart from the agreements which can be cancelled and the deliveries which can be postponed. This confirmation will be sent together with the data delivery to Swissgrid described above. The original is to be sent directly by post for the attention of EICOM (Annex 3 Contact Offices).

In order to guarantee a seamless process, the data should be sent according to the time sequence set out in paragraph 4 below, on the template provided by Swissgrid and published on its website. Swissgrid will test the described data delivery process following consultation with the ASPs up to twice a year, insofar as the allocation procedure described here has not been employed. The aim of the test is a formal validation of the files and the interfaces.

## 4. Chronological sequence of the allocation procedure

### Sequence of operations for secondary and primary control power

Time	Message
D-5 until 4.00 p.m.	Notification by Swissgrid to the ASPs and to EICom, to carry out a procurement according to allocation procedure.
D-5 until D-4 11.00 a.m.	The ASPs send their data and confirmation according to paragraph 3.
D-4 from 11.00 a.m.	Swissgrid makes an initial evaluation of the control power still available for each ASP.
D-4 until 1.00 p.m.	If the available control power covers Swissgrid's requirements, it immediately allocates this power to the ASPs and communicates the final results of procurement as well as the end of the allocation procedure.  If it becomes clear in the initial evaluation that Swissgrid cannot cover its requirements without reserved energy, Swissgrid starts a second evaluation, including reserved energy. Swissgrid checks the cost estimates of the ASPs for the acquisition of reserved energy.
D-4 until 1.00 p.m.	Giving brief reasons, Swissgrid applies to EICom for a decision about the allowability of those cost estimates (cf. paragraph 5 order b) which it wants to accept.
D-4 until 2.00 p.m.	EICom states that the costs are allowable or rejects them.
D-4 until 4.00 p.m.	If the available control power and the allowable voluntary bids of the ASPs cover Swissgrid's requirements, it immediately allocates this power to the ASPs, communicates the final results of procurement and the end of the allocation procedure.  If the available control power and the allowable voluntary bids of the ASPs are not adequate to cover requirements, Swissgrid applies to EICom for the expropriation of the additionally required energy. The already available control power as well as the allowable voluntary bids of the ASCs are immediately allocated to the latter.
D-3 until 4.00 p.m.	If the conditions are met, EICom orders the expropriation of the additional reserved energy which has been applied for. The order is immediately opened up to Swissgrid and the ASCs.
D-3 until 4.30 p.m.	Swissgrid communicates the final results of procurement and the end of the allocation procedure.

### Sequence of operations in the case of positive and negative tertiary control energy

Time	Message
D-2 until 4.00 p.m.	Notification by Swissgrid to the ASPs and to EICom, to carry out a procurement according to allocation procedure.
D-2 until D-1 11.00 a.m.	The ASPs send their data according to paragraph 3.
D-1 from 11.00 a.m.	In the case of daily tenders the initial check without reserved energy is omitted. Swissgrid calculates only including reserved energy, as it assumes that all other proposals have been submitted in the ordinary procedure.
D-1 until 1.00 p.m.	Swissgrid checks the cost estimates (cf. paragraph 5 order b) of the ASPs for the acquisition of reserved energy.
D-1 until 1.00 p.m.	Giving brief reasons, Swissgrid applies to EICom for a decision about the allowability of those cost estimates which it wants to accept.
D-1 until 2.00 p.m.	EICom states that the costs are allowable or turns them down.
D-1 until 3.30 p.m.	If the available control power and the chargeable voluntary bids of the ASPs cover Swissgrid's requirements, it immediately allocates this power to the ASPs and communicates the final results of procurement, as well as the end of the allocation procedure.  If the available control power and the allowable voluntary bids of the ASPs are not adequate to cover requirements, Swissgrid applies to EICom for the expropriation of the additionally required energy. The already available control power as well as the allowable voluntary bids of the ASPs are immediately allocated to the latter.
D-1 until 5.00 p.m.	If the conditions are met, EICom orders the expropriation of the additional reserved energy which has been applied for. The order is immediately opened up to Swissgrid and the ASCs.
D-1 until 5.30 p.m.	Swissgrid communicates the final results of procurement and the end of the allocation procedure.

## **5. Remuneration in the case of the allocation procedure**

In the case of remuneration, Swissgrid distinguishes between the following cases:

### **a. Allocation procedure excluding reserved energy**

The energy delivered when control power is deployed is paid for according to the same remuneration approach as for regularly awarded proposals. This means that, as in the ordinary process, the ASCs have to submit a price for the tertiary control energy in the Swissgrid procurement platform.

The remuneration for the allocated provision of control power corresponds to half of the median across all the proposals in the ordinary process.

### **b. Allocation procedure including reserved energy**

The ASCs have the opportunity to provide Swissgrid with a cost estimate for the acquisition of the reserved power and energy. This cost estimate is to include all expenditure and risks, Swissgrid can accept or reject this cost estimate – subject to allowability.

### **c. Expropriation**

The ASCs are fully remunerated according to Art. 26 (2) of the Federal Constitution and Art. 16 of the Federal Law on Expropriation.

## **6. Information to the EICom**

The EICom is involved and informed throughout the whole process. For this purpose it regularly receives information about the status of procurement at Swissgrid. This guarantees that it has enough time to check and authorise any applications for expropriation.

## 7. Example of an allocation procedure

### Framework conditions:

Product	SCP tender
Delivery period	1 week
Tendering quantity	400 MW
Number of prequalified market players	3 ASPs

### Ordinary procedure:

#### Tender no. 1

Participation: 3 ASPs (ASP 1 – ASP 2 – ASP 3)

Result: 235 MW

ASP 1: 100MW

ASP 2: 85 MW

ASP 3: 50 MW

#### Tender no.2:

Participation: 2 ASPs (ASP 2 – ASP 3)

Result: 35 MW

ASP 2: 10 MW

ASP 3: 25 MW

Overall result: 270 MW proposal in the ordinary procedure

Swissgrid checks alternative measures → the minimum requirement is set at 300 MW, which means a remaining requirement of at least 30 MW.

### Allocation procedure is started - ASPs send their data - EICOM is informed

#### Notification by ASP 1: no reserved energy

	Mon	Tue	Wed	Thu	Fri	Sat	Sun
GU 1	55	55	55	55	55	55	55
GU 2	45	45	45	45	45	45	45
GU 3	10	10	10	10	10	10	10
Total	110	110	110	110	110	110	110

#### Notification by ASP 2: no reserved energy

	Mon	Tue	Wed	Thu	Fri	Sat	Sun
GU 1	35	35	35	35	35	35	35
GU 2	30	30	30	30	30	30	30
GU 3	30	30	30	30	30	35	35
Total	95	95	95	95	95	100	100

#### Notification by ASP 3: without reserved energy

	Mon	Tue	Wed	Thu	Fri	Sat	Sun
GU 1	50	50	50	50	50	50	50
GU 2	30	30	30	30	30	30	30
GU 3	0	0	0	0	0	0	0
Total	80	80	80	80	80	80	80

#### Notification by ASP 3: with reserved energy including detailed cost estimate

	Mon	Tue	Wed	Thu	Fri	Sat	Sun
GU 1	50	50	50	50	50	50	50
GU 2	30	30	30	30	30	30	30
GU 3	15	15	15	15	15	15	15
Total	95	95	95	95	95	95	95

### Calculation and result without reserved energy

	Mon	Tue	Wed	Thu	Fri	Sat <sup>(1)</sup>	Sun <sup>(1)</sup>
ASP 1	110	110	110	110	110	110	110
ASP 2	95	95	95	95	95	100	100
ASP 3	80	80	80	80	80	80	80
Total	285	285	285	285	285	290	290

### Calculation and result with reserved energy

	Mon	Tue	Wed	Thu	Fri	Sat <sup>(1)</sup>	Sun <sup>(1)</sup>
ASP 1	110	110	110	110	110	110	110
ASP 2	95	95	95	95	95	100	100
ASP 3	95	95	95	95	95	95	95
Total	300	300	300	300	300	305	305

<sup>(1)</sup> ASC 2 is committed to another two days (Sat & Sun) at 6 MW on the basis of the GU details, even though this is a weekly product.

- ASP 3 has sent a cost estimate for the acquisition of the reserved energy.
- Swissgrid assesses the costs and then accepts or rejects them in consultation with EICOM. If the costs are rejected, it makes an application for expropriation to EICOM. In both cases it would acquire the power.
- Swissgrid claims all the available reserve power, including above the set minimum requirement of 300 MW (on Sat & Sun → 305 MW) on the basis of an original tender quantity of 400 MW.
- Swissgrid communicates the provisions of the individual ASPs.

## Notification to ASP 1

	Mon	Tue	Wed	Thu	Fri	Sat	Sun
ASP 1	110	110	110	110	110	110	110

## Notification to ASP 2

	Mon	Tue	Wed	Thu	Fri	Sat	Sun
ASP 2	95	95	95	95	95	100	100

## Notification to ASP 3

	Mon	Tue	Wed	Thu	Fri	Sat	Sun
ASP 3	95	95	95	95	95	95	95