

Impact of AEEG's Decision 111/06 on Dispatching Rules

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New Dispatching Rules: Terna's main requirements

- Revision of **Grid Code**, including:
 - ✓ amendments to **Dispatching Rules**;
 - ✓ **guarantee system**;
 - ✓ amendments to **Dispatching Service Contract**.

New Dispatching Rules: main amendments

The new version of the Dispatching Rules will take into account the provisions of AEEG's Decision so as to **operationalise** the planned system for recording transactions and schedules and the related guarantee system.

Among the main new elements:

- **Actual Deviation Account** - Participants' positions towards Terna, in terms of dispatching fees, are recorded on this account;
- **Guarantee System** – by monitoring Participants' exposure towards Terna and GME, this system ensures the successful outcome of transactions made between Participants and Terna as part of the dispatching service.

New Dispatching Rules: actual deviation account

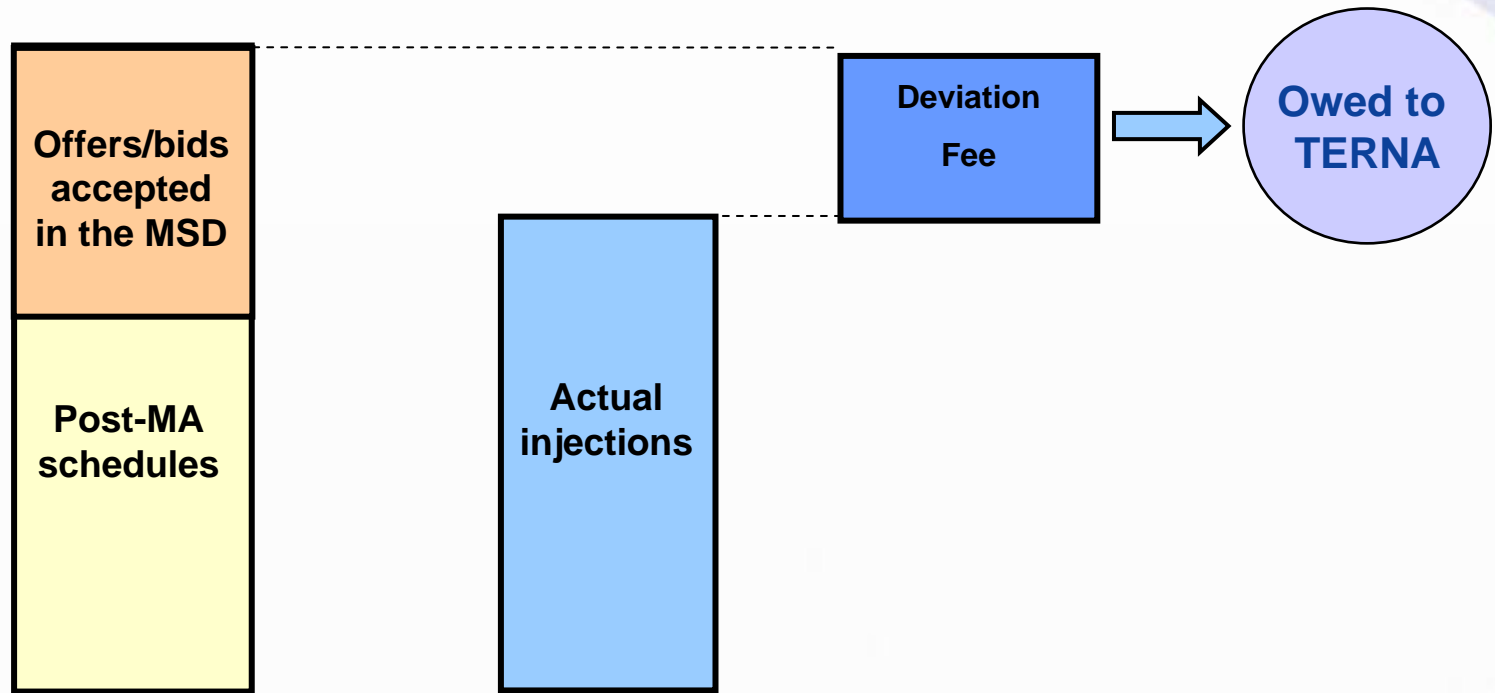
Terna directly manages the **actual deviation accounts**. The related economic balances measure the exposure of each Participant towards Terna in terms of deviation (or unbalancing) fees.

The following items are recorded on these accounts:

- injection and withdrawal schedules **after the Adjustment Market (MA)**;
- **offers/bids accepted in the Ancillary Services Market (MSD)**, including real-time dispatching orders;
- **electricity injected or withdrawn.**

New Dispatching Rules: actual deviation account

Example of management of an actual deviation account:



In this example, the deviation arises from failure to inject electricity.

New Dispatching Rules: guarantee system

- Terna shall organise and manage a **guarantee system** (art. 49, AEEG's Decision 111/06), determining:
 - ✓ the maximum admissible exposure of each dispatching user, in terms of balance of Actual Deviation Accounts. Terna may accept different forms of guarantee, including partial guarantees, taking into account the honesty and solvency of dispatching users;
 - ✓ for each applicable period - the price for valuing the schedules of the actual deviation account and the recorded forward purchases and sales;
 - ✓ the estimated hourly electricity injected and withdrawn by/from generating and consuming units.

New Dispatching Rules: guarantee system

- Terna manages requests for increasing the amount of the guarantees in case of insufficiency of the posted guarantees;
- an appropriate fee established by AEEG (art. 49.3 AEEG's Decision 111/06) will cover any costs due to unrecoverable credits arising from dispatching users' insolvency not covered by the guarantee system.

New Dispatching Rules: Dispatching Service Contract

Main amendments:

- new system for recording transactions and schedules
- reference to actual deviation account
- introduction of guarantee system

New Dispatching Rules: timescales

- Within a short time, Terna will post on its website the dates by which it will fulfil its requirements. In particular:
 - ✓ by the end of September 2006 at the latest, a new version of the Dispatching Rules will be published for consultation on Terna's website. The new rules will include the new guarantee system and the consultation process will last about one month;
 - ✓ during the consultation period, a meeting will also be held with interested parties, with a view to describing the main new elements.