

Capacity Allocation Rules for the France-Spain Interconnection (IFE Rules)

Version 3.1

Applicable for PTRs covering periods starting on the 1st April 2014

Version	Date of application	Comments and main evolutions
1.0	1 st June 2006	Launching of coordinated mechanism of capacity allocation in France – Spain Interconnection
2.0	1 st July 2007	<p>New Section VI: Secondary PTR Markets</p> <p>New Article 9.08 “Force Majeure” in Section IX “General Provisions”</p> <p>Article 7.05:</p> <ul style="list-style-type: none"> – new deadline for Daily PTRs Nomination at 15:00 – possibility of using yearly & monthly PTRs for day ahead market transactions and bilateral trade in the Spanish System <p>New definition of “Nomination Agent”</p>
3.0	1 st June 2009	<p>The new version of the rules modifies:</p> <ul style="list-style-type: none"> - article 2.01 a): new definition of force majeure and Reduction Coefficient. - article 2.03: introduction of non continuous products for long term auctions. - article 2.06: Firmness of PTR: new wording of the article and explanation of application of Reduction Coefficient. - article 2.08: new information for publication: <ul style="list-style-type: none"> ▪ Guidelines to the sharing of capacity allocation between different timeframes. ▪ Non binding NTC values for each timeframe. ▪ Bid-ask curves for each Auction. - article 3.02 a): <ul style="list-style-type: none"> ▪ Correction of senses in which apply each guarantee. ▪ Clarifications on suspension in case of expiry of the Bank Guarantee - article 3.02 b): <ul style="list-style-type: none"> ▪ Clarification of the amount of each Bank Guarantee calculated by TSOs. ▪ Conditions to update the amount of the Bank Guarantee - article 3.05: integration of new conditions to suspend the entitlement of a Participant or withdraw its entitlement - article 6.01 c): content of transfer notification and conditions for cancellation of Capacity Transfer - article 6.02 <ul style="list-style-type: none"> a)conditions for a resale of Yearly PTR through a Monthly auction. b)conditions for an automatic resale through a Daily auction. c)content of resale notification through a monthly auction - article 6.03 : details information on the secondary PTR market downgraded mode - article 6.04 : change of the compensation scheme for Daily PTR resale. - article 7.04: suppression of publication of Programming Authorization for Daily and Intraday capacities. - article 7.05 <ul style="list-style-type: none"> a)text modifications. b)Use it or Lose it only for daily and intraday nominations c)Application of Netting - article 8.01: new valuation of automatic resale through daily auctions, resale through monthly auctions and compensations. - article 8.03: possibility to suspend a Market Participant in case of Late Payment - article 9.02: Liability, new wording of this article. - appendix 1: formal changes.

		<ul style="list-style-type: none"> - appendix 2: formal changes and provisions for Spanish Bank Guarantee. - appendix 3: formal changes. - appendix 9: suppression of sense differentiation for Nomination Agent Designation. - New appendices: <ul style="list-style-type: none"> 12. Transfer notification in downgraded mode. 13. Resale notification in downgraded mode. 14. Cancellation of Transfer in downgraded mode. 15. Bank Guarantee Model to be provided to the French TSO (previously included in the Access Rules for Imports and Exports on the French Public Power Transmission System) and provisions for French Bank Guarantee.
3.1	1st April 2014	<p>This version of the IFE Rules modifies the previous one in the following points:</p> <ul style="list-style-type: none"> - General structure: the rules are structured in three parts: General Sections, Long Term Auctions and Secondary Market and Short Term Auctions. - New article 1.04 describing the Long and Short Term Auction Administrators. - Modification in article 1.07 to include the situation where the Daily Explicit Auctions are replaced by the Day-Ahead Market Coupling. - Article 2.01: several definitions updated, included and deleted. - Articles 2.02, 2.03 and 2.04 establish the general principles for Entitlement, Suspension and Withdrawal for both timeframes. - New article 2.08: Conduct of Participants. - The common articles about legal aspects have been moved to Part 1. - In article 2.17, the applicable law for Long Term Auctions is the Luxembourgian Law and for Short Term Auctions is the Spanish Law. - The Part 2 on Long Term Auctions and Secondary Market is almost completely new in its structure and content. The main modifications are: <ul style="list-style-type: none"> o Article 4.01: specific Declaration of Acceptance for Long Term Auctions. o Article 4.02: Financial guarantees: Business Account. o Article 8.02: the nominations aspects have been simplified and only reflect the common part of Programming Authorizations while the national nomination aspects have been deleted from these rules. o Article 9.01: the caps to be applied to financial compensation will be updated in yearly basis by TSOs following the methodology described in these rules. - Part 3: Short Term Auctions. The main modifications are: <ul style="list-style-type: none"> o Article 11.01: specific Declaration of Acceptance for Short Term Auctions. o Article 11.03: improvements in Suspension provisions. o Article 14.01: the nominations aspects have been simplified and only reflect the common part of Programming Authorizations while the national nomination aspects have been deleted from these rules. - Appendix 1 and 2: Declarations of Acceptance for Long Term and Short Term Auctions. Both have to be signed to obtain entitlement. - Appendix 3: only one model for Bank Guarantee for TSOs. - Appendix 7: the functions of each Auction Administrator and TSO are described in this Appendix.

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PART 1 General sections

Section I. Introduction

Article 1.01 Value of introduction

The present introduction forms an integral part of the IFE Rules.

Article 1.02 General context

In accordance with Regulation (EC) n° 714/2009 of the European Parliament and of the Council on conditions for access to the network for cross-border exchanges in electricity, these IFE Rules set out the terms and conditions governing the Allocation via Auctions of Offered Capacity in both directions on the France-Spain Interconnection in all timeframes. This Auction Allocation mechanism is not commercially motivated but aims at providing a transparent, market-based method of congestion management.

For Yearly and Monthly timeframes, Offered Capacity is auctioned by the Long Term Auction Administrator.

For Daily and Intraday timeframes, Offered Capacity is auctioned jointly by the electricity Transmission System Operators (TSOs) in France and Spain, respectively RTE Réseau de transport d'électricité (RTE) and Red Eléctrica de España, SAU (REE), jointly referred to as Short Term Auction Administrator.

Capacity is auctioned at all time horizons in the form of Physical Transmission Rights (PTR) for electrical cross-border exchanges.

The Auction is in respect of Capacity only. Participants cannot invoke any other right than Capacity made available to them in accordance with the provisions set out in these IFE Rules.

Article 1.03 The IFE Rules

The IFE Rules describe the different types of Auctions, the respective conditions for participating in Long term and Short term Auctions, the Auction procedures, the Secondary Market and the Allocation of Physical Transmission Rights (PTR).

The IFE Rules 3.1 apply to all PTRs covering periods after the 1st April 2014.

The IFE Rules 3.1 supersede and replace all previous mechanisms used to allocate Capacity, in both directions and on all timeframes, on the France-Spain Interconnection.

The IFE Rules may be amended jointly by the TSOs according to Article 2.19.

Within the scope of the Rules, all the arrangements set out in every Article fully bind the Parties.

In the event of any inconsistency between these IFE Rules and the specific agreements for Nominating the use of Capacities, for matters relating to the implementation of Auctions, the IFE Rules shall prevail.

The IFE Rules are foreseen to evolve towards the Harmonized Auctions Rules for the long term Auctions and Secondary Market as soon as possible pursuant the objectives set forth by the future Forward Capacity Allocation Network Code.

For intraday timeframe, the capacity Allocation is foreseen to evolve towards a continuous implicit allocation mechanism, pursuant the provisions of future Capacity Allocation and Congestion Management Network Code.

Article 1.04 Long Term and Short Term Auction Administrators

For the purpose of this document, the term "Short Term Auction Administrator" shall refer to both TSOs jointly operating the Short Term Auctions and performing the related tasks as established in Part 3 and APPENDIX 7 of these IFE Rules.

For the purpose of this document, the term "Long Term Auction Administrator" shall refer to the entity to which both TSOs have decided to outsource parts of their tasks of Capacity Allocation for the Long

Term Auctions. This entity will perform the tasks of Long Term Auction Administrator, as defined in Part 2 and APPENDIX 7. The Long Term Auction Administrator shall, on behalf of the TSOs but in its own name, for the Long Term Auctions, perform the registration process, handle necessary financial risk management, prepare and conduct the Yearly and Monthly Auctions, manage the Secondary Market, provide all necessary information to the Participants and the TSOs and collect payments and/or pay according to Section IX of these IFE Rules.

CASC.EU S.A. is jointly appointed by the TSOs as the Long Term Auction Administrator.

For the sake of clarity, the Long Term Auction Administrator hereby enters into a contractual relationship with the Participants. The appointment of a new Long Term Auction Administrator shall not affect the rights and obligations resulting from an Auction or a Secondary Market activity that has already taken place.

Article 1.05 Auctions

Auctions concern only Offered Capacity. They are explicit blind Auctions, comprising a single round. Auction payment is made according to a Marginal Price.

A Bid that is selected following an Auction is binding upon both the relevant Auction Administrator and the Participant: the relevant Auction Administrator is required to provide the Participant with the Capacity corresponding to the Bid and the Participant is required to pay the amount resulting from the Auction.

The Participant thus acquires Physical Transmission Rights (PTRs) under the conditions set out in the present IFE Rules, which constitute a necessary step in order to have access to the IFE and that he must exercise with the TSOs according to the Nomination procedures set down in the French I/E Rules and the Spanish Operating Procedures.

Article 1.06 Interim nature of provisions related to Daily Auctions of the IFE Rules

Several of the provisions related to Daily explicit Auctions contained in the present IFE Rules are interim in nature. The provisions related to Daily explicit Auctions will be in force only until the Full Go-live of the Day Ahead Market Coupling in the South West European region.

The TSOs will Notify the Participants and publish on their Websites and on the Long Term Auction Administrator's Website, as soon as definitively decided, the date of the Go-live of the Day Ahead Market Coupling within SWE Region.

Article 1.07 Transitory regime of Yearly and Monthly Products already allocated under former IFE Rules

After the entry into force of the IFE Rules, according to French and Spanish Regulation, Yearly and Monthly Capacity already allocated under former IFE Rules on the France-Spain Border will be settled by the Long Term Auction Administrator.

Section II. General points

Article 2.01 Definitions and interpretation

(a) Definitions

The terms used in the IFE Rules and its Appendices, and which begin with a capital letter, have the meanings attributed to them below:

Allocated Capacity Profile:	The Capacity acquired by each Participant at Yearly, Monthly, Daily and/or Intra-Day Auctions, the Marginal Price, the PTR and the valuation of each Block at the Auction.
Allocation or Allocate:	<p>The process by which the Auction Administrator attributes Capacity to the Participant in response to a Bid Notified by the Participant.</p> <p>There are several Allocations for different timeframes.</p>
Appendix:	An appendix to the IFE Rules.
Article:	An article of the IFE Rules.
Auction Specifications:	The specific characteristics of an Auction, including notably the Product made available for Auction, the Day of the Auction, the Auction session opening and closing times, the conditions that Bids must meet in order to be accepted, the conditions for Notifying the results of the Auction and the claim limit, after which no dispute or claim is admissible.
Auction Tool:	<p>The computer systems used to receive the Bids, process them and return the Results and to publish relevant information on the Auctions.</p> <p>A description of the different Auction Tools is given in APPENDIX 6.</p>
Auction:	The mechanism used to Allocate Capacity based on market mechanisms via Yearly Auctions, Monthly Auctions, Daily Auctions and/or Intra-Day Auctions.
Auction Administrator(s):	The Long Term Auction Administrator and/or the Short Term Auction Administrator as the case may be.
Automatic Resale:	The resale of Yearly and Monthly non Nominated Capacity through Daily explicit Auctions without an explicit communication by the Participant.
Bank Guarantee:	The bank guarantee upon first request, issued by a credit institution, and required from any Participant wishing to participate in Daily and Intraday Auctions. The bank guarantees must be established in accordance with Article 11.02 and the forms in APPENDIX 3.

Beneficiary:	A Participant that acquires a PTR as a result of a PTR Transfer.
Bid Price:	The financial part of the Bid made by the Participant, expressed in Euros/MWh.
Bid:	A Capacity in whole Megawatts and a price in Euros/MWh, offered by a Participant for a Block.
Block:	A quantity of whole Megawatts made available for an Auction over a range of Hourly Periods and/or a range of Days.
Bulletin Board:	The Bulletin Board is a functionality of the Long Term Auction Tool for posting Proposal for Transfer.
Business Account:	The dedicated business account opened by the Long Term Auction Administrator on its own name and for its own account from which the valuation amounts related to the Allocated Capacities will be automatically collected by the Long Term Auction Administrator, after having been credited by the Participant.
Capacity:	A value, expressed in whole Megawatts, of potential transmission of electrical energy over the France-Spain Interconnection, either from France to Spain, or from Spain to France.
Contestation Period:	Has the meaning set forth in Article 6.01.
Daily Allocation:	The Daily explicit Auction or, from the Full Go-live of the Day Ahead Market Coupling in the South West European region pursuant to the Article 1.06, the Day Ahead Market Coupling.
Daily Auction:	The Auctioning by the Short Term Auction Administrator of Capacity per Hourly Period for the next Day.
Daily Product:	A set of twenty-four (24) Hourly Blocks offered for the next Day. Twenty-three (23) or Twenty-five (25) Hourly Blocks the Days upon which the legal time changes (daylight saving time).
Day Ahead Market Coupling:	The market mechanism for allocation of Capacity in Daily timeframe through implicit auctions using an implicit auction algorithm determining volume of exchanges and prices simultaneously.
Day Ahead Market Spread:	The difference between the day-ahead electricity prices in France and Spain as published on the websites of the respective day-ahead power exchanges (OMIE, www.omie.es and EPEX SPOT, www.epexspot.com). The difference is always defined as the importing market hourly price minus exporting market hourly price, being considered the importing and exporting markets the ones that correspond respectively to

the destination and the origin of the energy transaction.

Day or D:	A calendar day of a period of 24 Hours, beginning at 00:00:00 and ending at 24:00:00. The Days upon which the legal time changes (daylight saving time) will be composed of either 23 or 25 Hour Periods.
Decoupling of Day Ahead Market Coupling on IFE:	The situation, Notified to Participants by the TSOs, in which it will not be possible to allocate Capacity on the France-Spain Interconnection through the Day Ahead Market Coupling within IFE, after its Full Go-live.
Downgraded Mode:	The process implemented if the Auction Administrator's Information Systems are unable to fulfill their functions correctly, particularly in the event that the Auction Tool is interrupted or becomes unavailable for any reason.
Entitlement or Entitled:	The right to participate in Auctions under the terms of Article 2.02, Section IV and Section XI.
Exchange Program:	An exchange energy program established by a Nomination Agent in accordance with the Programming Authorization that specifies the Hourly energy value, expressed in whole MW per Hourly Period, exchanged over the France-Spain interconnection in the direction France-Spain or Spain-France.
Force Majeure:	Has the meaning set forth in Article 2.18.
France – Spain Interconnection:	A set of power lines interconnecting the French and Spanish transmission systems.
French Regulatory Commission:	Commission de Régulation de l'Énergie: whose composition and powers are determined by articles L.131-1 and following of the French Energy Code.
Full Go-live of Day Ahead Market Coupling:	The date from when the Daily explicit Auction will be replaced by the Day Ahead Market Coupling on IFE.
Functional Acknowledgement of Receipt:	An electronic message sent through the Auction Tool to indicate that any message (such as Bids, Transfer or Resale) has been correctly received.
Held Capacity:	The balance, for a given Product and before the Nominations at a given moment in time, between (i) the Capacities acquired at the Auction and/or via the Secondary Market and (ii) the Capacities Transferred/Resold via the Secondary Market and taking into account any Reductions in Held Capacities.
Hour or H:	A Period of 60 minutes.
Hourly Block:	A quantity of whole Megawatts over a given Hourly Period.

Hourly Period:	A Period of one Hour, the first of each Day beginning at 00:00:00.
I/E Rules:	The Access Rules for Imports and Exports on the French Public Power Transmission System, as they appear on the RTE Website.
IFE Declaration of Acceptance:	The declaration by which Participant undertakes to observe the IFE Rules as they are published at the Auction Administrators' websites. The standard declaration form can be found in APPENDIX 1 and APPENDIX 2.
IFE Rules:	The present Capacity Allocation rules for the France-Spain Interconnection.
Information Systems or IS:	The Auction Administrator's computer environment, which can be accessed by the Participant.
Insolvency Situation:	Refers to the legal situation whereby the Participant is subject to collective proceedings, such as compulsory liquidation, receivership or a winding up order, or any other similar situation.
Intraday Auction:	The Auctioning by the Short Term Auction Administrator after day-ahead market of Capacity per Hourly Period for a Day or a part of the Day.
IS Rules:	The rules on access to the Information Systems and use of the applications of the Auction Administrator, including their appendices and definitions as published on the Auction Administrator's Websites.
Long Tem Auction Administrator:	Service provider jointly designated by both TSOs, acting in its own name but on behalf of the TSOs, for the performance of certain specific functions or activities as established in these IFE Rules. CASC.EU is designated as Long Term Auction Administrator.
Long Term Auction Administrator's IS Rules:	The rules for access to the Information System and use of the applications of the Long Term Auction Administrator, including their appendices and definitions as published on the Long Term Auction Administrator's Website.
Long Term Auctions:	Yearly and Monthly Auctions.
Marginal Price:	The lowest Bid price selected for a Block at an Auction.
Megawatt or MW:	The unit of electrical power expressed in megawatts.
Monthly Auction:	The Auctioning by the Long Term Auction Administrator of Capacity over a Period from the first Day of the month to the

last Day.

Monthly Product:	The Block sold for the Period 00:00:00 to 24:00:00 from the first Day to the last Day of a month.
Nomination Agent:	A legal entity authorized to Nominate an Exchange Program to at least one of the two TSOs, under Programming Authorization acquired by the Participant following an Auction or through transfer or resale from other Participant. The Nomination Agent may be the Participant or other legal entity complying with the Spanish and French normative for making imports and/or exports operations in their systems.
Nomination or Nominate:	Where a Nomination Agent, who has received a mandate from the Participant, Notifies the corresponding Transmission System Operator of his Exchange Program(s) or, when applicable, the use of its PTRs, as the only possible way to access the IFE.
Notification or Notify:	The transmission of information between the Participant and the TSOs or the Auction Administrator under the conditions set out in Article 2.11.
Offered Capacity:	The Capacity made available by the Auction Administrator for a specific Auction and which is guaranteed by both TSOs under the terms of the IFE Rules.
Operating Procedure:	Official document published in the Spanish Official Gazette (BOE), which sets out the coordinated explicit auction system on the Spanish-French interconnection.
Participant Financial Agreement (PFA):	The agreement between the Long Term Auction Administrator and a Participant, setting forth their respective rights and obligations concerning the Business Account. The PFA is published on the Long Term Auction Administrator's Website.
Participant:	A legal entity which is Entitled and has signed the IFE Declaration of Acceptance.
Participation Agreement in the I/E Rules:	The agreement between RTE and a Participant, by which the Participant undertakes to observe the I/E Rules, as they appear on the RTE Website.
Party or Parties:	Refers to the Auction Administrator and/or a Participant.
Period:	A given length of time, expressed as a Time Interval according with ISO 8601.
Physical Transmission Right (PTR):	Right to use Capacity for electricity transfers expressed in MW.
Power System or Network:	The system made up of electrical networks, generating facilities connected to the said networks and which inject electrical

energy, and consumption sites connected to the networks and which withdraw electrical energy.

Price Caps:	Has the meaning set forth in Article 9.01.
Product:	A Block or set of Blocks sold at Auction.
Programming Authorization:	The PTR acquired for each Hourly Period of a given Day at Yearly Auctions, Monthly Auctions, Daily Auctions and/or, Intraday Auctions taking into account, as per the IFE Rules, any Capacity Reductions made to Allocated Capacity Profiles.
Proposal for Transfer:	A message indicating the non-binding intention (i.e. not constituting an offer of which the acceptance would form the transfer) of a Participant to Transfer Capacity.
PTR holder:	The Participant, which has obtained a PTR in the Auction or via Secondary PTR Markets.
PTR Transfer:	The mechanism defined in Article 7.01 by which a PTR holder may transfer a PTR to Participant.
Reduction or Reduce:	The reduction in Allocated Capacities or Exchange Programs as referred to in Article 3.06.
Reseller:	A PTR holder that offers PTR to be sold through Monthly Auction in respect of a Resale Notification.
Result:	The Capacity selected per Block put up for Auction and the Marginal Price of each Block.
Safety of the Power System or Safety:	The extent to which the Power System can be operated normally, limiting the number of incidents, avoiding major incidents and limiting their consequences where they do occur.
Secondary PTR Markets:	The mechanisms that permit transfer and resale by a PTR holder of the PTRs acquired in Yearly and Monthly Auctions, or in Secondary PTR Markets.
Short Term Auction Administrator:	Both TSOs jointly operating the Auctions for the performance of certain specific functions or activities as established in these IFE Rules.
Short term Auctions:	Daily and Intraday Auctions.
Spanish Regulatory Commission:	Comisión Nacional de los Mercados y la Competencia (CNMC). Spanish National Commission for the Markets and Competition.
Splitting Rules:	The rules agreed between TSOs used as guidance to split the Capacity between the different Allocation timeframes (Yearly, Monthly, Daily and Intraday). The Splitting Rules are published

on the Websites of the TSOs.

Tax Gross-up:	Has the meaning set forth in Article 9.05.
Transfer Notification:	The mechanism and information transmission process between a PTR holder and the Long Term Auction Administrator defined in Article 7.01.
Transferor:	PTR holder that effectuates a PTR Transfer.
Transmission System Operator(s) or TSO(s):	REE and/or RTE.
Websites:	The Internet site whose address is https://sujetos.esios.ree.es , www.esios.ree.es or www.rte-france.com or www.casc.eu .
Working days:	For activities related to Short Term Auctions: From Monday to Friday excluding the public holidays in France and/or Spain. For activities related to Long Term Auctions and Secondary Market: from Monday to Friday excluding the public holidays Luxembourg.
Yearly Auction:	The Auctioning by the Auction Administrator of Capacity over a Period from the first Day of the year to the last Day.
Yearly Product:	The Block sold for the Period 00:00:00 to 24:00:00 from the first Day to the last Day of a year.

(b) Interpretation

The sections and headings of the present IFE Rules are given for clearer reference only and in no way express the intentions of the Parties. They shall not be taken into account when interpreting the stipulations contained in the present IFE Rules.

If any provision of the present IFE Rules is deemed invalid for any reason, it shall not affect the validity of the other provisions of the IFE Rules.

Article 2.02 General principles for Entitlement

(a) Declarations of Acceptance

In order to qualify for participation in Auctions, the Participant wishing to adhere to the IFE Rules must duly complete and sign the two Declarations of Acceptance attached to these Rules as Article 4.01 and Article 11.01.

These Declarations of Acceptance shall be duly completed and signed by authorized representatives of the Participant and shall be sent to the respective Auction Administrators (according to the process described below (b)). By signing both Declarations of Acceptance, the Participant shall comply with all the provisions of the IFE Rules. The Participant shall keep the information contained in its Declarations of Acceptance, up to date, and Notify the Auction Administrators of any changes in this information no later than five (5) Working Days before they take effect.

(b) Entitlement

In order to be Entitled, the Participant shall:

- meet the conditions set out in Article 4.01 and Article 11.01;

- sign a Participation Agreement in the I/E Rules with RTE, needed to conduct imports or exports to or from the French Power System;
- have a “Certificado del Operador del Sistema-Sujeto del Mercado” issued by REE;
- sign the Participants Financial Agreement, as set forth in Article 4.02;
- have an EIC Code; Provide the financial guarantees provided for in article 11.02;
- undertake to behave as a professional, preventing from any action which may lead to the damaging or reduction in effectiveness of the Auction Tool and/or Information System (it being understood that such an action is deemed to happen in case of any behavior that can be assimilated to an attack on the Information System such as, but not limited to, deny of service, spam, virus, brute forcing, trojan horse attack, DoS attack, ping of death attack, sniffing and spoofing, dictionary attack, ...); and
- not be under a Payment Incident as set out in Article 9.04 and Article 15.03.

A Participant who is in Insolvency Situation does not qualify for Entitlement.

Within the registration process, the Auction Administrators check if the Participant has signed the agreement(s) as specified above. Should the Entitlement be refused by one of the Auction Administrators according to the conditions described above, the Entitlement cannot be granted by the other Auction Administrator.

Entitlement is effective on the date indicated in both Declarations of Acceptance or in case different dates are indicated in the documents on whichever is the latest, countersigned by the relevant Auction Administrator.

Entitlement is granted for an undefined Period and may be suspended or withdrawn in accordance with the provisions of Article 2.03, Article 4.03 and Article 11.03.

Article 2.03 General principles for Suspension

The Entitlement may be suspended by the Long Term Auction Administrator or the Short Term Auction Administrator in an independent way only in its timeframe if the requirements for that particular timeframe are no longer met.

Article 2.04 General principles for Withdrawal

(a) Withdrawal of Entitlement initiated by the Auction Administrator

A Participant's Entitlement is withdrawn by the Auction Administrator:

- in the event that the Participant has no longer legal personality; or
- following receipt by the Auction Administrator of a decision by the European Commission or another competent authority stating that the Participant has committed a misusing or fraudulent act with regard to the Allocation of Capacities on one of the Borders and requesting for the withdrawal of Entitlement; or
- in the event of a persistent and/or intentional breach of the Auction Rules following the prior Notification thereof to the Participant.
- in the event the Suspension of Entitlement of a Participant lasts more than 6 months;
- in the event that a Force Majeure event lasts more than 30 days.

The withdrawal of Entitlement takes effect on the date indicated in the Notification of the withdrawal of Entitlement, which also indicates the reasons for the withdrawal.

The withdrawal of Entitlement to participate to the Long Term Auctions shall automatically imply the withdrawal of Entitlement to participate to the Short Term Auctions, and vice versa. If a Participant's Entitlements are withdrawn, the said Participant may no longer take part in Auctions and/or in the Secondary Market.

Any Held Capacity that has not yet been Nominated may no longer be Nominated, Transferred or Resold and will not be taken into account for the “Use it or sell it” valuation. Resales previously accepted by the Long Term Auction Administrator are cancelled.

The Capacities released as a result of the withdrawal of Entitlement are put at the disposal of the following Allocation such as Monthly Auctions and Daily Allocation Process.

Withdrawal of Entitlement does not exonerate the Participant from its payment obligations in accordance with Section IX and Section XV, including Capacities of which it loses the benefit. The Participant may not claim any indemnity as a result of the application of the present stipulation. If Entitlement is withdrawn, both Declarations of Acceptance are automatically terminated.

The Participant whose Entitlement has been withdrawn at the initiative of the Auction Administrator may claim status as a Participant at a later date under the following conditions:

- The Participant has registered full payment of invoices due;
- The Participant must complete and sign new IFE Declarations of Acceptance and comply with all requirements set forth in these Rules;
- The Participant must comply again with all conditions required for Entitlement.

(b) Withdrawal of Entitlement by the Participant

The Participant may request the withdrawal of Entitlement at any time, in order to terminate his participation in the IFE Rules. The withdrawal shall apply for all timeframes simultaneously.

Any such request must be made by registered mail with acknowledgement in accordance with APPENDIX 8.

The withdrawal of the Entitlement takes effect ten (10) calendar Days after the Auction Administrator receives Notification of the withdrawal by the Participant.

If Participant withdraws his Entitlement, he may no longer take part in Auctions and PTR that remains unused may no longer be Nominated by the Nomination Agent.

The Auction Administrator shall offer the PTR Capacities freed up as a result at the following Auctions.

The Participant continues to owe any amounts corresponding to the acquisition of PTR Capacities lost by him as a result of his Entitlement being withdrawn. He may not claim any compensation due to the application of the present provision.

The Participant may also withdraw his Entitlement by Notifying the Auction Administrator by registered mail with acknowledgement, and with immediate effect upon reception of this Notification, if the Auction Administrator has not respected one or more of his essential obligations despite formal Notification from the Participant, made by registered mail with acknowledgment, ordering the Auction Administrator to respect his obligations, and if any such demand has remained without response for ten (10) calendar Days.

In either of these cases where Entitlement is withdrawn at the Participant's initiative, the IFE Declarations of Acceptance are automatically terminated.

The Participant whose Entitlement has been withdrawn at his own initiative and under the terms of the present Article, may once more claim Participant status by following the IFE Rules procedure.

Article 2.05 Offered Capacities for Auctions

The Capacities put up for Auctions are determined by the TSOs, in application of agreed capacity Splitting Rules between the different timeframes.

Participants are directly informed through the relevant Auction Tool of the Offered Capacities for each Auction. This information is also published on the TSO's Websites.

Article 2.06 Base on which Capacities are put up for Auction

Capacities are put up for Auction in units of one (1) MW with a minimum of one (1) unit.

Yearly and Monthly Capacities are put up for Auction for the entire Year and Month respectively, unless otherwise expressed in the Auction Specifications due to network elements and/or generation units unavailability or other limitations affecting the NTC.

Daily Capacities and Intra-day Capacities are put up for Auction per Hourly Period.

Article 2.07 Firmness of Exchange Programs

After each Nomination, once the matching of nominations is made, the resulting accepted Exchange Programs are firm, except in cases of Force Majeure. Both TSOs will apply the necessary countermeasures in order to guarantee the Exchange Programs avoiding any reduction on them, on condition that the Safety is always assured.

In case of Force Majeure, the TSOs will proportionally Reduce the Exchange Programs regardless of the horizon in which the PTR has been obtained.

Article 2.08 Conduct of Participants

Prior to, during and after an Auction, Participant(s) must refrain from any action or behavior which adversely affects or threatens to adversely affect competition in the bidding proceedings or which aims at gaming or which in any other way disrupts or threatens to disrupt the Auction proceedings, or the transparency, cost-effectiveness or fairness thereof.

The Auction Administrators shall report data to the TSOs so they can inform competent authorities and take appropriate measures against those who act or behave or have acted or behaved in violation of the previous paragraph, who misuse any right or position obtained pursuant to an Auction or who do not comply with any other provision of the Auction Rules.

The Participant shall closely monitor the Auctions. In case of any other irregularities occurring that have no impact on the Auction Results, the Participant may communicate these irregularities to the Auction Administrators within the deadline as set out in Article 6.01 and Article 13.02.

Article 2.09 Currency

Bank Guarantees, Business Accounts, prices, payment conditions, Auction-related payments and all financial information are expressed in Euros (€).

Article 2.10 Timing

All timings set in the Auction Rules make reference to the Central European Time (CET) and Central European Summer Time (CEST) respectively.

Article 2.11 Notifications

All Notifications made under the IFE Rules must be sent to the address specified in the IFE Declaration of Acceptance or to any other address specified by one Party to the other Party, subject to stipulations laid down in IFE Rules.

All Notifications shall be made by registered mail with acknowledgement or, if no specific form is required by the IFE Rules, by any other means that enables the date of reception by the receiving Party to be certified.

Article 2.12 Liability

(a) General principles of liability

The Auction Administrator shall only be liable for damage caused to Participants if it is the result of willful misconduct or gross negligence.

The Participant shall only be liable for damage caused to the Auction Administrator if it is the result of willful misconduct or gross negligence.

No indemnification will be due unless the Party proves specifically that the damage suffered, resulted directly from the breach and that the Party took reasonable steps to mitigate the damages suffered.

This Article does not apply to the cancellation of an Auction, to contestations after the expiry of the Contestation Period, to the compensation of the UIOSI in case of cancellation of a Daily Auction, to the Reduction in Held Capacities or in the event of Force Majeure or for reasons linked to the Safety of the Power System and in case Daily Offered Capacity becoming lower than the non-nominated Yearly and Monthly Programming Authorization, or in the event of Decoupling of the Day Ahead Market, in accordance to the Article 3.06, the Article 2.07 and the Article 5.04 for which the respective compensation mechanisms are described in Section IX. The application of these compensation mechanisms is strictly limited to the cases described in said Articles and does not extend to any breach of any provision of the IFE Rules.

Neither the TSOs nor the Auction Administrator are responsible for the timely arrival of Bids and Transfer and Resale Notifications or if the Auction Administrator is unable to contact the Participants via the channels foreseen in accordance with these IFE Rules.

(b) Liability for Long Term Auction

As a legal consequence of the fact that the Long Term Auction Administrator is, pursuant to Article 1.04, acting on behalf of the TSOs but in its own name under the present IFE Rules, the Long Term Auction Administrator bears a contractual liability towards the Participants for any breach of its obligations described in the Part 2, as well as for any breach of the present Part 1, Section II – General points. The Short Term Auction Administrator can only be held liable in tort towards the Participants for Long Term Auctions.

(c) Liability for Short Term Auctions

The Short Term Auction Administrator bears a contractual liability towards the Participants for any breach of its obligations described in Part 3 – Short Term Auction, as well as for any breach of the present Part 1 - Section II – General points. The Long Term Auction Administrator can only be held liable in tort towards the Participants for Short Term Auctions.

Article 2.13 Financial provisions

A claim made by a Participant against one or both Auction Administrators does not relieve such a Participant from the obligation to settle Auction payments owed. No set-off may be made between the amounts owed by/to the Participant and the amounts owed by/to the relevant Auction Administrator.

No set-off may be made between the amounts owed by/to the Participant by/to the Short Term Auction Administrator on the one hand and the amounts owed by/to the Participant by/to the Long Term Auction Administrator on the other hand.

Article 2.14 Transfer of rights and obligations

The Participants may not transfer, in any way, any of the rights and obligations arising from the IFE Declaration of Acceptance without prior written consent from the Auction Administrators.

In the event of a change in the Participant's legal status, such as a merger / takeover or a change in the company name, the Participant shall Notify the Auction Administrator of the change by sending a registered letter with acknowledgement, as soon as possible, and in all cases at least fifteen (15) Days before the date on which the change takes effect. The Participant is obliged to provide all information and documents (e.g. financial guarantee) that take into account the new situation.

Article 2.15 Intellectual property

The signature of an IFE Declaration of Acceptance does not confer any rights to patents, knowledge or any other form of intellectual property concerning information or tools made available or sent by one Party to the other under the terms of the IFE Rules.

Article 2.16 Confidentiality

In compliance with the statutory and regulatory provisions applicable in France and Spain, the IFE Declaration of Acceptance and any other information exchanged relative to its preparation and application, are confidential.

Moreover, each Party will determine by all means available any other information of any type or on any support, which it considers confidential, without prejudice to application of the Articles of the present IFE Rules concerning publications by the TSOs.

Without prejudice to the aforementioned statutory and regulatory provisions, the Party which receives such confidential information may only use it within the framework of application of the IFE Declaration of Acceptance. He may not disclose such information to a third party without the other Party's prior written consent and subject to the said third party making the same undertakings of confidentiality as stipulated in the present Article. Each Party undertakes to take every step necessary to ensure that its personnel respect the present obligation of confidentiality. These conditions do not affect the rights conferred upon the TSOs by the statutory and regulatory provisions, permitting them to disclose certain information. The Participant authorizes the TSOs to disclose to third parties the information referred to in Article 2 of the French Decree 2001-630 dated 16th June 2001, concerning the confidentiality of information held by the public electricity transmission and distribution system operators, where this disclosure is necessary for the execution of the IFE Declaration of Acceptance.

Each Party shall Notify the other Party as soon as possible of any breach of obligations arising from Article 2.16

The obligations arising from Article 2.16 are not applicable:

- If the Party which receives the information can prove that at the time of disclosure, the said information was already publicly available;
- If the information is sought by an administrative authority carrying out its missions. The Party which has been contacted by the administrative body will inform the other Party of any such request as soon as possible and will remember the administrative authority the confidentiality obligations stipulated in Article 2.16;
- If the receiving Party provides proof that, since the time of disclosure, the said information has been legally received from a third party or has become publicly available.

The Parties undertake to comply with the present confidentiality obligation throughout the Entitlement period and for a period of five (5) years after Entitlement is withdrawn, for whatever reason.

Article 2.17 Applicable law and Settlement of disputes

(a) For Long Term Auction

Any claim relating to the interpretation or the execution of the IFE Rules regarding the Long Term Auctions shall be raised towards the Long Term Auction Administrator or by the Long Term Auction Administrator.

To this end, the requesting Party shall send Notification to the other Party by registered mail with acknowledgement of receipt, indicating:

- the Declaration of acceptance reference; and
- the reason for the dispute; and
- a proposal for a future meeting with a view to settling the dispute amicably.

If no agreement is reached or no response received within a Period of thirty (30) Days from the date of the aforementioned Notification, either Party may refer the matter to the Commercial Court in which jurisdiction the Long Term Auction Administrator Office is domiciled.

Nothing in this Article shall preclude the Parties from applying for injunctive relief in summary proceedings before the Commercial Court in whose jurisdiction the Long Term Auction Administrator is domiciled.

The applicable law for any dispute raised towards or by the Long Term Auction Administrator and related to the obligations as regards Long Term Auctions shall be Luxembourgian Law.

(b) For Short Term Auctions

Any claim relating to the interpretation or the execution of the IFE Rules regarding the Short Term Auctions shall be raised towards the Short Term Auction Administrator or by the Short Term Auction Administrator.

To this end, the requesting Party shall send Notification to the other Party by registered mail with acknowledgement, indicating:

- the Declaration of acceptance reference;
- the reason for the dispute;
- A proposal for a future meeting with a view to settling the dispute amicably.

If no agreement is reached or no response received within a period of thirty (30) Days from the date of the aforementioned Notification, either Party may refer the matter to the competent bodies in whose jurisdiction the Short Term Auction Administrator towards which the claim is raised is domiciled.

Nothing in this Article shall preclude the Parties from applying for injunctive relief in summary proceedings before the Commercial Court in whose jurisdiction the Short Auction Administrator towards which the claim is raised is domiciled.

The applicable law for any dispute raised towards or by the Short Term Auction Administrator and related to the obligations as regards Short Term Auctions shall be Spanish Law.

Article 2.18 Force Majeure

Force Majeure means any unforeseeable event or situation beyond the reasonable control of a Party, and not due to a fault of such Party, which cannot be avoided or overcome with reasonable foresight and diligence, which cannot be solved by measures which are from a technical, financial and/or economic point of view, reasonably possible for the claiming Party, which has actually happened and is objectively verifiable, and which makes it impossible for such Party to fulfill temporarily or definitively, its obligations hereunder in accordance with the terms of the Rules.

The Party, which invokes a Force Majeure event, shall send the other Party a Notification describing the nature of Force Majeure and its probable duration.

The affected obligations, duties and rights of a Party subject to Force Majeure, shall be suspended from the beginning of Force Majeure. Allocated Capacities that have been paid for and which become subject to Force Majeure are reimbursed for the period of that Force Majeure.

The Party can in no circumstances be held responsible or held liable to pay any compensation for damage suffered, due to the non-performance or faulty performance of all or part of their obligations, when such non-performance or faulty performance is due to an event of Force Majeure.

The Party, which invokes a Force Majeure event, shall make every possible effort to limit the consequences and duration of the Force Majeure.

If a Force Majeure event lasts for more than thirty (30) Days, the TSOs may withdraw Entitlement of the Participant and/or the Participant may request the withdrawal of its Entitlement by sending Notification by registered mail with acknowledgement of receipt, with due explanation. The withdrawal of Entitlement will take effect on the date of receipt of the said Notification.

Article 2.19 Amendment of Rules

These Rules are subject to the technical and legal conditions at the time of their creation. If these conditions change materially, in particular due to legal requirements, action by authorities or Rules imposed by the Regulatory Commissions, or if the auctioning process is enhanced, the rules will be amended. Such amended rules will become effective, after approval by the French and Spanish Regulatory Commissions and publication by the relevant entities.

The Participants who have already submitted a Declaration of Acceptance to the TSOs are not required to send a new Declaration even though this Declaration makes explicit reference to a prior version of the IFE Rules. The Participant accepts all terms and conditions of these Rules unless it notifies its intention to terminate the Declaration of Acceptance to the TSOs.

Article 2.20 Language

Notwithstanding any translations that may be made, whether signed or not, the sole applicable language for questions of interpretation or application of the IFE Rules is English.

PART 2 – Long Term Auctions and Secondary Market

Section III. General points for Long Term Auctions

Article 3.01 Access to the Information System for Long Term Auctions

To consult Results and the Programming Authorizations and to send Bids, Transfer and Resale Notifications, the Participant accesses the Information System of the Long Term Auction Administrator and uses the applications made available in accordance with the conditions defined by the Long Term Auction Administrator, in the Long Term Auction Administrator's IS Rules.

The Participant will designate in the "Contact Registration" form, of which a specimen is supplied in the Long Term Auction Administrator's IS Rules, all persons authorized to act in its name and on its behalf in each application to which it has access. The Long Term Auction Administrator will grant an access to the Information System by providing username and password as set forth in the Long Term Auction Administrator's IS Rules.

Article 3.02 Recovery of Auction payments for Long Term Auctions

The Long Term Auction Administrator has a mandate from the TSOs to recover Auctions payments for Yearly and Monthly Auctions.

If such payments are due, the Participant is officially released from its obligations once it has credited the Business Account with the appropriate amount and the Long Term Auction Administrator has collected it from the Business Account.

Article 3.03 Characteristics of Auctions Products for Long Term Auctions

Separate Auctions are implemented in the direction from France to Spain and the direction from Spain to France.

In general, the following Products are offered:

- Yearly Product, that can:
 - a. either be a continuous Yearly Product for the Allocation of PTR from the first Day to the last Day of each Year;
 - b. or a non-continuous Product, for the Allocation of PTR from the first Day to the last Day of each Year, provided Long Term Auction Administrator is able to specify in the relevant Auction Specification, which days and periods exactly the interconnection will not be available or the capacity will be reduced;
- Monthly Product, that can:
 - a. either be a continuous Monthly Product for the Allocation of PTR from the first Day to the last Day of each Month;
 - b. or a non-continuous Monthly product, from the first Day to the last Day of each Month, provided Long Term Auction Administrator is able to specify in the relevant Auction Specification, which days and periods exactly the interconnection will not be available or the capacity will be reduced.

Article 3.04 Offered Capacities for Long Term Auctions

For the Monthly Auctions, when relevant, the Long Term Auction Administrator adds to these values determined by TSOs the Resold Capacities from Yearly Auction to Monthly Auction.

Participants are informed on the Long Term Auction Administrator's Website of the Offered Capacities for Yearly and Monthly Auctions.

Article 3.05 Secondary Market for Yearly and Monthly Auctions

A Secondary Market as described in Section VII is established:

- It enables the Transfer of Capacities Allocated at Yearly and/or Monthly Auctions between Participants;
- It enables the Resale of Capacities Allocated at Yearly Auctions to Monthly Auctions performed by the Long Term Auction Administrator when feasible.

The Participant which has acquired Capacities at the Auctions must fulfill its financial obligations towards the Long Term Auction Administrator, even if it Transfers or Resells all or part of its Capacities.

Article 3.06 Firmness of Yearly and Monthly PTR

For reasons linked to the Safety of the Power System or in the event of Force Majeure, the Held Capacities can be Reduced until the sending of Programming Authorizations. After sending and except in case of Force Majeure, the Programming Authorizations are firm for Nominating with the TSOs.

(i) Reduction methodology

Yearly and Monthly Held Capacities are reduced on a pro rata basis. Reductions are applied on a non-discriminatory basis. Each Yearly and Monthly Capacity reduced is rounded down to the nearest MW value. Remaining Capacity after the rounding down is not attributed.

When reducing the Held Capacities, the Long Term Auction Administrator blocks momentarily (i.e. during operational manipulations for Reduction) all services related to the Secondary Market, and cancels the Resales in accordance with Article 7.02.

(ii) Reimbursement and Compensation of Capacities Reduction

The Long Term Auction Administrator shall, as soon as possible, Notify the Participant, by electronic message, of the Reduced Capacities.

The Long Term Auction Administrator publishes on its Website, as soon as possible, the reasons for Reduction (Force Majeure or reasons linked to the Safety of the Power System).

Reduction of Capacities in case of Force Majeure or for reasons linked to the Safety of the Power System as described in (a) shall lead to the reimbursement or compensation as described in Section IX.

As stated in Article 2.12 the liability of the Long Term Auction Administrator shall not be triggered by any damages caused to Participants due to the Reduction of Capacities as described in paragraph (i).

Article 3.07 Publications concerning Long Term Auctions

The Long term Auction Administrator publishes the following information on its Websites or via the relevant Auction Tool:

- The present IFE Rules and their Appendices, and any amendments thereof;
- Bank holidays of Luxembourg;
- Announcements pursuant to these IFE Rules;
- The details of the implementation of Auctions;
- The names, fax and telephone numbers and e-mail addresses of persons to be contacted at the Long Term Auction Administrator;
- Formats of documents related to the Auction to be downloaded and used by Participants;
- The forms to be sent by Participants;
- The calendar of Yearly and Monthly Auctions;
- The Auction Specifications and notably the Offered Capacity for each Auction;
- Auction Results (bidding curves, Marginal Price, Allocated quantity for all Products);

- The number of Participants having obtained Capacity and the total number of Participants having taken part in the Auction;
- The name of the Capacity Holders of Yearly and Monthly Capacity;
- A list of all IFE Rules signatories;
- All information related to Reductions;
- Notices related to Fallback Modes;
- The Participant Financial Agreement (PFA);
- Long Term Auction Administrator's IS Rules;
- Any other useful information.

Section IV. Participant conditions for Long Term Auctions and Secondary Market

Article 4.01 Registration requirements

(i) Declaration of Acceptance for Long Term Auctions and Secondary Market

The legal entity wishing to participate, shall register with the Long Term Auction Administrator, by submitting two (2) duly completed and signed copies of the long term Declaration of Acceptance (APPENDIX 1). The Declaration of Acceptance will then be returned to the applying legal entity, countersigned by the Long Term Auction Administrator, thereby certifying that the legal entity is registered as a Participant.

A legal entity identified by one EIC code and wishing to adhere to the IFE Rules may not hold more than one (1) long term Declaration of Acceptance.

The Participant will be able to participate in the Auctions in two weeks time from the date it complies with all requisites established in Article 2.02.

Article 4.02 Financial guarantees for Yearly and Monthly Auctions and Secondary Market

For each entity seeking for Entitlement to participate in Yearly and Monthly Auctions and/or in the Secondary Market, a dedicated Business Account is opened at the bank selected by the Long Term Auction Administrator, allowing the Long Term Auction Administrator to withdraw money in respect of the Allocated Capacities directly from that Business Account. The Business Account remains the property of the Long Term Auction Administrator.

At all times, the Business Account shall contain a positive disposable balance. The disposable balance (Credit Limit) is the funds in the Business Account minus the aggregate amount of debts payable to the Long Term Auction Administrator, as blocked by the Long Term Auction Administrator in accordance with Article 9.02, regardless whether or not these debts have been invoiced yet.

The Participant must credit the appropriate amount on the Business Account in accordance with Article 9.02. Any bank charges or interests relative to the Business Account are to be borne by or credited to the Participant on the Business Account.

As indicated in more detail in the Participant's Financial Agreement, which sets forth all of the rights and obligations of the Parties with respect to the Business Account, the funds on the Business Account are blocked, which means that the Participant shall make a request to the Long Term Auction Administrator if the Participant wishes to withdraw money from the Business Account. The agreement of the Long Term Auction Administrator following such request depends in particular on the disposable balance of the Participant.

The Participant's Financial Agreement is available on the Long Term Auction Administrator 's Website. For the sake of clarity, Participants already having signed a Participant's Financial Agreement with the Long Term Auction Administrator in the framework of other auction rules do not need to sign a new Participant Financial Agreement.

Article 4.03 Suspension of Entitlement by the Long Term Auction Administrator

(a) General procedure

The Participant's Entitlement may be suspended by the Long Term Auction Administrator, at the end of a suspension procedure as described in this paragraph, without prejudice to immediate suspension in case of violation of essential contractual obligations, as stated in paragraph (ii) of the present Article.

When a Participant fails to comply with one or more of its contractual obligations, the Long Term Auction Administrator Notifies in writing by registered letter or by fax with acknowledgment of receipt, to the Participant, the obligation to remedy to any breach or non-compliance of its contractual obligations.

This Notification indicates:

- the reasons for the launch of the general procedure of suspension and,
- the necessary action(s) that should be taken by the Participant to remedy to the breach and/or non-compliance of its contractual obligations which is (are) the reason(s) for launching the general procedure of suspension and,
- a deadline of minimum ten (10) Working Days, starting on the date of receipt of the Notification, within which these action(s) should be taken; and
- the possibility for the Participant, upon its request in writing to answer to this Notification and/or to discuss orally the reason(s) of the Notification with the Long Term Auction Administrator.

The Participant has the right to discuss the reason(s) for the launch of the general procedure of suspension with the Long Term Auction Administrator in order to address any contradictory information and to defend its position. If the Participant intends to request for such meeting and contradictory discussion, the Participant shall request for it to the Long Term Auction Administrator and the meeting shall be held within the abovementioned deadline within which the Participant should take any action to remedy to the situation.

Without prejudice of the outcome of the meeting, if the Participant does not take the requested action(s) to remedy the situation, within the abovementioned deadline, the Participant's Entitlement may be suspended by the Long Term Auction Administrator. This decision of suspension shall be taken within minimum five (5), and maximum ten (10), Working Days starting at the end of the abovementioned deadline. The Long Term Auction Administrator Notifies in writing and confirmed by registered letter and/or by fax with acknowledgment of receipt, to the Participant, the suspension of its Entitlement.

This Notification of suspension indicates:

- the reasons for the suspension of the Participant's Entitlement; and
- the date and time of the suspension of Entitlement; and
- the consequences of the suspension.

Suspension of Entitlement takes immediately effect on the date and time indicated in the Notification of the suspension of Entitlement, unless the Participant has remedied the situation that causes the suspension.

Any suspension of a Participant's Entitlement will be communicated by the Long Term Auction Administrator to the TSOs in order to enable them to fulfil any obligations of information towards the relevant competent authorities. This communication will enclose a copy of the Notification to the Participant.

Nothing in this article shall preclude the Participant from applying for injunctive relief in summary proceedings ("procédure en référé") before the Commercial Court in whose jurisdiction the Long Term Auction Administrator is established, in application of Article 2.17.

(b) Immediate suspension in limited cases

Notwithstanding the abovementioned suspension procedure, the Participant's Entitlements may be immediately suspended by the Long Term Auction Administrator only in the following limitative cases of violation of an essential contractual obligation imposed to the Participant:

- the necessary agreement(s) as required in Article 2.02 is (are) suspended or withdrawn, during the time they are not replaced by another valid agreement; and/or

- the Participant is under a Payment Incident; and/or
- of an urgency, in the course of which the Participant jeopardizes the proper functioning of the Long Term Auction Administrator or in case of any behavior that can be assimilated to an attack on the Information System.

Such a suspension is Notified by registered letter and by fax with acknowledgment of receipt by the Long Term Auction Administrator to the Participant and shall take effect immediately.

Any suspension of a Participant's Entitlement will be communicated by the Long Term Auction Administrator to the TSOs in order to enable them to fulfill any obligations of information towards the relevant competent authorities. This communication will enclose a copy of the Notification to the Participant.

(c) Consequences of suspension

The following provisions are applicable to any suspension decision taken in application of the general procedure of suspension (i) or in application of an immediate suspension (ii).

In case of suspension, the Participant may no longer take part in Yearly and Monthly Auctions and/or in the Secondary Market. If relevant, any Held Capacities may no longer be Transferred or Resold and the Programming Authorizations for the Yearly and the Monthly Capacities are set to zero (0) until the Participant's Entitlement has been restored.

In case the suspension is caused by a Payment Incident, the Held Capacity is not taken into account for the "Use it or sell it" valuation and the Resales previously accepted by the Long Term Auction Administrator from Yearly to Monthly Auctions are cancelled.

The Capacities released as a result of a suspension are put at the disposal of the following Daily Auctions.

Suspension of Entitlement does not exonerate the Participant from its payment obligations in accordance with Section IX including for Capacities of which it loses the benefit. The Participant may not claim any indemnity as a result of the application of the present stipulation.

The Participant shall be Entitled again on the Day after the Working Day on which the Long Term Auction Administrator observes before 15:00, that the conditions set out in Article 3.03 have once again been met.

If the suspension of the Entitlement lasts more than six (6) months, the Entitlement will be withdrawn by the Long Term Auction Administrator without further Notice.

When the Participant's Entitlement has been restored, the Held Capacity prior to the suspension of Entitlement, related to a Period after the restoration of the Entitlement, and which has still not been Nominated may again be Nominated, Transferred or Resold and be taken into account for the "Use it or sell it" valuation. The Participant shall also be able to take part again in Auctions and in the Secondary Market.

Section V. Long term Auction process

Article 5.01 Auctions Specifications for Yearly and Monthly Auctions

Before each Auction the Long Term Auction Administrator publishes on its Website the Auction Specifications.

The Auction Specifications consist of information regarding:

- Products made available for Auctions;
- Time frame: Yearly or Monthly;
- Product (when applicable): base, peak, off-peak or Hourly blocks as specified in Article 3.03;
- Maintenance Period (when applicable);
- Capacities to be Allocated;
- Gate openings and closures;
- Timeframe for the publication of Auction Results;
- Deadline to contest Auction Results in accordance with Article 6.01;
- Other additional information.

Article 5.02 Yearly and Monthly Auctions

Yearly and Monthly Auctions as well as their fallbacks shall be performed by the Long Term Auction Administrator.

(a) Yearly Auctions

The Yearly Auctions take place during Working Days.

The Auction Specifications will be published by the Long Term Auction Administrator on the Long Term Auction Administrator's Website seven (7) Days before the Day of the Auction of the Yearly Auction. Detailed information about the Yearly Auction is published in the Auctions Specifications according to Article 5.01.

Bids must have been Notified to the Long Term Auction Administrator at the latest on the Day of the Yearly Auction in accordance with the Auction Specifications. Bidding is possible as soon as the Auction Specifications have been published.

Bids submitted by Participants in accordance with Article 5.03, or where applicable with Article 5.05, are taken into account on the Day of the Yearly Auction.

Each Participant is informed of the Result of its Bids, in accordance with Article 6.01, no later than thirty (30) minutes after the Yearly Auction has been closed. Data resulting from the Yearly Auction are published on the Long Term Auction Administrator's Website no later than thirty (30) minutes after the Yearly Auction has been closed.

However, in exceptional circumstances, the Long Term Auction Administrator may announce on Long Term Auction Administrator's Website Auction dates and Auction Specifications which deviate from the above. Justification of such modification will be published on the Long Term Auction Administrator's Website.

(b) Monthly Auctions

The Long Term Auction Administrator publishes the Auction Specification defining the Offered Capacity on the Long Term Auction Administrator's Website no later than two (2) Working Days before the Day of the Monthly Auction.

The Monthly Auctions take place, on a Working Day, the Month before the Month concerned by the Auction on the dates and time published in the Auction calendar.

The Monthly Offered Capacity consists of:

- the Monthly Available Transmission Capacity provided by the concerned TSOs;
- the Resales from Yearly Auction to Monthly Auction;
- the Yearly Capacity already Allocated which has been withdrawn from a suspended or excluded Participant as described in Article 2.03 and Article 4.03;
- the Yearly Capacity not Allocated in the Yearly Auction.

Bids must have been Notified to the Long Term Auction Administrator at the latest on the Day of the Monthly Auction in accordance with the Auction Specifications. Bidding is possible as soon as the Auction Specifications have been published.

Bids submitted by Participants in with Article 5.03, or where applicable with Article 5.05, are taken into account on the Day of the Monthly Auction.

Each Participant shall be informed of the Result of its Bids, in accordance with Article 6.01, no later than thirty (30) minutes after the Monthly Auction has been closed. Data resulting from the Monthly Auction are published on the Long Term Auction Administrator's Website no later than thirty (30) minutes after the Monthly Auction has closed.

However, in exceptional circumstances, the Long Term Auction Administrator may announce on its Long Term Auction Administrator's Website Auction dates and Auction Specifications which deviate from the above. Justification of such modification will be published on the Long Term Auction Administrator's Website.

Article 5.03 Submitting Bids for Yearly and Monthly Auctions

(a) Format of Bids

Bids must be submitted in accordance with the formats defined in the documentation available on the Long Term Auction Administrator's Website. Bids not submitted in the required format will not be taken into account.

Bids will be considered as unconditional and irrevocable after the Auction session closing time, as defined in the Auction Specification.

Bids are subject to Functional Acknowledgement of Receipt. If the Long Term Auction Administrator does not issue a Functional Acknowledgement of Receipt for a Bid, such Bid is deemed not to have been submitted.

(b) Auction Tool

The Auction Tool enables Participants to submit Bids for a given Auction.

The Participant accesses the Auction Tool according to the conditions set out in the documentation available on the Long Term Auction Administrator's Website.

(c) Limitation

Participants may submit a maximum of twenty (20) Bids for an Auction.

Bids Volumes contain whole MW units, and Bid Prices in Euros per MWh expressed to a maximum of two (2) decimal places.

If one Bid submitted (or several Bids submitted for the same Period) by a Participant for a specific Auction causes the total Bid Volume to (i) exceed the Offered Capacity for a given Auction, then this Bid (or these Bids) will be completely rejected.

Article 5.04 Yearly and Monthly Auction cancellation

In the event of unavailability or technical difficulties with the Auction Tool or the Information System, the Long Term Auction Administrator may be forced to cancel an Auction:

- before and during the course of the Auction itself: Participants are informed by a message that appears directly on the Auction Tool, on the Long Term Auction Administrator's Website and/or by an email;
- after the Auction Results have been sent, in the event of erroneous Results: Participants are informed on the Auction Tool, on Long Term Auction Administrator's Website and/or by an email. The Results of the Auction are there upon cancelled.

Financial settlements of the Auction cancellation are detailed Section IX.

The Long Term Auction Administrator Notifies the Participants as soon as possible of the reasons which caused the Auction cancellation. Additionally, the Long Term Auction Administrator publishes on its Long Term Auction Administrator's Website, as soon as possible, the reasons which caused the Auction cancellation.

Article 5.05 Downgraded Mode of Yearly and Monthly Auctions

If the Long Term Auction Administrator is unable to hold Yearly Auctions or Monthly Auctions under the standard condition, the Long Term Auction Administrator can organize a Fallback Mode. In this situation, the Long Term Auction Administrator Notifies the Participant, by an email, via the Auction Tool and/or on the Long Term Auction Administrator's Website or by fax, of the switch to Fallback Mode for the Auctions. Fallback Mode are:

- Auction postponed to a later date: the Notification specifies, as a minimum, the new date scheduled for the Auction;
- Auction performed by fax, where applicable: the Notification specifies the Auction Specifications; in this case, Participants submit their Bids by fax;

The Notification of the switch to Fallback Mode for the Auctions indicates the type (1 or 2) of fallback and all details for the fallback procedures on the Yearly and Monthly Auctions.

The Long Term Auction Administrator may under no circumstances be held responsible if it is unable to contact the Participants via the channels above, or if it is unable to publish an announcement on its Long Term Auction Administrator's Website. Bids submitted prior to the switch to Fallback Mode for the Auctions are deemed invalid and must be submitted again according to the conditions stipulated in case of Fallback Mode for the Auctions.

If the conditions stipulated in the event of Fallback Mode for the Auctions cannot be implemented in time for a given Auction, this Auction is postponed or is cancelled and Bids already submitted are automatically cancelled.

Section VI. Determining the Long term Auction Results

Article 6.01 Results of Yearly and Monthly Auctions

(a) Awarding of Capacities

The Results of Auctions are determined according to the following principles:

- If the total Capacity for which valid Bids have been submitted is equal to or lower than Offered Capacity for the Auction in question, the Marginal Price is nil;
- If the total Capacity for which valid Bids have been submitted exceeds Offered Capacity for the Auction in question, the Marginal Price is equal to the lowest Bid Price selected in full or in part;
- The results of Auctions are obtained using the resolution algorithm described below for each Block. This resolution algorithm is the one used by the Auction Tool.
 1. First, for each Auction Block, the Bid Prices are ranked in decreasing order;
 2. Only Bids that comply with the terms of Article 5.03 are taken into account in this ranking;
 3. The highest Bid received for a Capacity requested is selected. The remaining Offered Capacity is then allocated to the Participant(s) who has (have) submitted the next highest priced Bids, if the Capacity requested does not exceed the remaining Capacity; this process is then repeated for the rest of the remaining Capacity;
 4. If the Capacity requested under the next highest priced is equal to or greater than the remaining Offered Capacity, the Bid is selected either in full, or partially up to the limit of remaining Offered Capacity. The price of this Bid constitutes the Marginal Price;
 5. If two or more Participants have submitted valid Bids with the same price, for a total requested Capacity which exceeds remaining Offered Capacity, the remaining Offered Capacity is allocated in proportion to the Capacity requested in the Bids by these Participants, in units of at least 1 MW. The PTR are rounded down to the nearest Megawatt. The price of these Bids constitutes the Marginal Price.
- The Capacity is deemed to have been Allocated to a Participant from the moment when the Participant is informed of this, unless Auction Cancellation needs to be applied in the terms of Article 5.04.

(b) Yearly Auctions

For the Yearly Auctions, the Credit Limit of the Participants is checked during the Auction iteration process against the amount resulting from two twelfth ($2/12^{\text{th}}$) of the product of the Auction Marginal Price of the Yearly Product, the volume of the Participant's selected Bids and the duration in Hours of the corresponding Product.

In the event that the Credit Limit of one (1) or several Participant(s) is not respected during the Auction process, for all winning Bids of the Participant(s) for the concerned Auction iteration, a new Auction iteration will be run after elimination, for each Participant that did not respect its Credit Limit, of:

- all non-winning Bids;
- one (1) by one (1), winning Bids, starting with the lowest Bid Price, until the Credit Limits are met.

(c) Monthly Auctions

For the Monthly Auctions, the Credit Limit of the Participants is checked during the Auction iteration process against the amount resulting from the product of the Auction Marginal Price, the volume of selected Bids and the duration in Hours of the corresponding Products.

In the event that the Credit Limit of one (1) or several Participant(s) is not respected during Auction iteration process, for all winning Bids of the Participant(s) for the concerned Auction iteration, a new Auction iteration will be run after elimination, for each Participant that did not respect its Credit Limit, of:

- all non-winning Bids;
- one (1) by one (1), winning Bids, starting with the lowest Bid Price, until the Credit Limits are met.

(d) Notification of Auction Results

After each Yearly and Monthly Auction each Participant is informed of its Auction Results by an email and/or on the Auction Tool.

The Long Term Auction Administrator Notifies the Auction Results file to the Participant, specifying the Capacity selected for each Auctioned Product and the Marginal Price of each Product, according to the format defined in the documentation available on the Long Term Auction Administrator's Website. If the Information System or the Auction Tool is unavailable, Participants are informed of the Auction Results via other means of communication.

(e) Contestation Period

The Participant may contest the Auction Results no later than one (1) Working Day after the Results have been Notified to the Participant;

The Participants' Contestation has to be marked as "contestation" and it has to be Notified by fax and confirmed by letter to the Long Term Auction Administrator.

The Long Term Auction Administrator shall reply to the Participant no later than two (2) Working Days after the Results have been Notified to the Participant;

If the Participant does not contest the Auction Result within the deadline and under the condition specified above, the Participant shall be irrevocably deemed to renounce to any contestation.

Section VII. Secondary Market

Article 7.01 Transfers

(a) Features of Transfers

Capacities Allocated through Yearly and Monthly Auctions or resulting from Transfer may be transferred by a Transferor to a Beneficiary provided that the Transfer Notification is sent by the Transferor to the Long Term Auction Administrator according to point (c) of this Article.

The Transfer Notification can only be initiated if:

- the Contestation Period is closed;
- the amount for the respective Capacity has been blocked on the Business Account of the Transferor, as described in Article 9.02;
- the Transferor and the Beneficiary comply with these IFE Rules.

The Capacities Allocated through Daily and Intraday Auctions cannot be transferred.

The minimum volume for a Transfer is one (1) MW over one (1) hour.

A Capacity remains the same Product after Transfer, no matter what the period of Transfer is.

(b) Financial arrangements

The Participant which was Allocated Capacity at the Auctions must fulfill its financial obligations towards the Long Term Auction Administrator, even if it Transfers all or part of its Capacity, and even in the case of multiple Transfers among several Participants.

The Participant can Transfer Capacities without any additional fee.

In case of Reduction according to Article 3.06, the refund or the compensation of the Reduced Transferred Capacities is done to the Participant which holds the Capacity at the moment the Reduction is performed.

(c) Notification of Transfer

After a successfully initiated Transfer by the Transferor, the Auction Tool generates information to the Beneficiary. Within four (4) Hours upon receiving the Transfer information, but at the latest until the Transfer deadline, the Beneficiary has to accept or reject the Transfer on the Auction Tool. If within four (4) Hours upon receiving the Transfer information or until the Transfer deadline the Beneficiary does not react, the Transfer is evaluated as rejected.

The Transfer Notification must be made by the Transferor to the Long Term Auction Administrator and has to be accepted by the Beneficiary no later than two (2) Week Days at 12:00 CET before the Day to which the Capacity relates, that is

- no later than Thursday before 12:00 (noon) for a Transfer for which the start-date of the Period of Transfer is the following Saturday, Sunday or Monday;
- no later than Friday before 12:00 (noon) for a Transfer for which the start-date of the Period of Transfer is the following Tuesday;
- no later than Monday before 12:00 (noon) for a Transfer for which the start-date of the Period of Transfer is the following Wednesday;
- no later than Tuesday before 12:00 (noon) for a Transfer for which the start-date of the Period of Transfer is the following Thursday;
- no later than Wednesday before 12:00 (noon) for a Transfer for which the start-date of the Period of Transfer is the following Friday.

Notification is done in accordance with the format defined in the documentation available on the Long Term Auction Administrator's Website. The Notification of a Transfer to the Long Term Auction Administrator must include among others the information:

- the Transferor's EIC Code; and
- the Beneficiary's EIC Code; and
- the period of Transfer, i.e. the dates concerned for the Transfer, including start and end dates; and
- the volume (in MW) of Transferred Capacity defined per Hourly Periods.

Transfer Notifications are subject to Functional Acknowledgement of Receipt. If the Long Term Auction Administrator does not issue a Functional Acknowledgement of Receipt for a Transfer Notification, the Transfer Notification in question is deemed not to have been submitted.

The Transfer Notification for the respective Border and the respective timeframe may however, in accordance with Article 3.06, be blocked momentarily (i.e. during operational manipulation for Reduction) when the Auction Administrator has to apply a Reduction in Held Capacities.

In case of a Reduction in Held Capacities, all the Transfer Notifications that have not been yet accepted by the Beneficiary are automatically cancelled prior to the Reduction.

When receiving a Transfer Notification, the Long Term Auction Administrator will check:

- that the Transferor and Beneficiary are Entitled up to the end of the Transfer Period; and
- that the Transferor holds the Capacity it wishes to Transfer at the time of Notification of that Transfer. For this, the Long Term Auction Administrator calculates the Held Capacity at the time of receiving the Transfer Notification; and
- whether or not the relevant financial obligations have been fulfilled; and
- that the Notification time limit has not been exceeded.

The Functional Acknowledgement of Receipt sent by the Long Term Auction Administrator to the Transferor and/or the Beneficiary after receiving this Transfer Notification includes:

- for the Transferor and the Beneficiary, a message accepting the Transfer if the Notification meets the aforementioned conditions; or
- for the Transferor only, a message that sets out the reasons for rejection if the Transfer was rejected.

If the Transfer is accepted by the Beneficiary, the Held Capacity by the Transferor is reduced and the Held Capacity by the Beneficiary is increased by the amount of the Transfer.

(d) Bulletin Board

The Bulletin Board is a functionality of the Auction Tool for posting a Proposal for Transfer. Thus, the intention of the Bulletin Board is to facilitate the Transfer of Capacity via Secondary Market as defined in this Article 7.01. The Bulletin Board is not related to other functionalities of the Auction Tool, therefore:

- The information published by Participants on the Bulletin Board are not verified by the Long Term Auction Administrator;
- The Bulletin Board does not replace the "Transfer" module of the Auction Tool. Any negotiated Transfer (with or without Bulletin Board usage) is valid only if Notified to the Long Term Auction Administrator by the Transferor and confirmed by the Beneficiary in accordance with Article 7.01, (a), (b) and (c) of the Auction Rules.

Proposals for Transfer shall include the following information:

- identity of the Participant;
- date of publication;
- type of proposal (buy/sell);
- Border with the relevant direction;
- contract period start and stop;
- Product (base, peak, off-peak);
- quantity (MW);
- contact information (e. g. name, phone number, e-mail).

The Bulletin Board is available only via web forms in the Auction Tool, therefore the corresponding data flows cannot be exchanged via other means.

The Long Term Auction Administrator will respect all provisions on the protection of individuals with regard to the processing of personal data as set forth in Directive 95/46/EC. In this respect, any Participant using the Bulletin Board hereby guarantees that individuals concerned by the disclosure of the above mentioned information have given their consent prior to such disclosure.

The Long Term Auction Administrator reserves the right to delete any Proposal for Transfer not relevant for the purpose of the Bulletin Board. In case of any such deletion made, the Long Term Auction Administrator will provide the corresponding reasons for the deletion to the respective Participant.

Article 7.02 Resale

(a) Features of Resales

Resale of Capacities is only possible coming from Yearly Auction to Monthly base Auction. Automatic Resale of Capacities coming from Yearly and/or Monthly Auction to Daily Auction is not possible from the Full Go-live of the Day Ahead Market Coupling in the South West European region pursuant to the Article 1.06 when the "Use It Or Sell It" principle, as described in Section IX, is in place.

The Capacity that can be Resold at a Monthly Auction can contain a Maintenance Period. The minimum volume for a Resale through a Monthly Auction is one (1) MW over one (1) month.

Where the Resale can contain Maintenance Periods, the Resale is accepted by the Long Term Auction Administrator only if the Resale contains the same Maintenance Periods as the Monthly Offered Capacity provided by TSOs.

(b) Starting time for sending Resale

Starting from the end of the Contestation Period and the corresponding amount of the relevant Capacity has been blocked on the Business Account of the Reseller, the Held Capacity in the framework of a Yearly Product may be Resold at the Monthly Auctions.

(c) Financial arrangements

The financial conditions related to the Resale of Capacity are described in Article 9.01(d).

The Participant that has acquired Capacity at the Auctions must fulfill its financial obligations towards the Auction Administrator, even if it Resells all or part of its Capacity.

(d) Notification of Resale

Notification of Resale is done via an electronic message in accordance with the format defined in the documentation available on the Long Term Auction Administrator's Website. The Notification of a Resale to the Long Term Auction Administrator must include among others, the following information:

- the Reseller's EIC Code; and
- the Period of Resale – i.e., the dates concerned for the Resale of Capacity, including start and end-dates; and
- the volume of Capacity for Resale being a constant band of Capacity (MW) over the whole calendar month to which the Monthly Auction relates.

Resale Notifications are subject to Functional Acknowledgement of Receipt. If the Long Term Auction Administrator does not issue a Functional Acknowledgement of Receipt for a Resale Notification, the Resale Notification in question is deemed not to have been submitted.

Should the Participant want to correct a Resale, it must send a Notification of Resale to the Long Term Auction Administrator with a modified volume of Capacity for Resale. If the minimum volume of a Capacity for Resale is zero (0) MW, this will effectively cancel the Resale.

The Resale Notification must be made by the Reseller to the Long Term Auction Administrator no later than 12:00 CET, four (4) Week Days before the Day of the relevant Monthly Auction.

The Resale Notification for the respective Border and the respective timeframe may however, in accordance to Article 3.06, be blocked momentarily (during operational manipulations for Reduction) when the Auction Administrator has to apply a Reduction in Held Capacities.

When receiving a Resale Notification, the Long Term Auction Administrator will check:

- that the Reseller is Entitled up to the end of the Resale Period; and
- that the Reseller holds the Capacity it wishes to Resell at the time of Notification of that Resale. In order to check this, the Long Term Auction Administrator calculates the Held Capacity at the time of reception of the Resale Notification; and
- that the Resale Notification time limit has not been exceeded; and
- that the Reseller Notifies a constant Capacity over the exact duration of the calendar month to which the Monthly Auction relates; and

The Functional Acknowledgement of Receipt sent by the Long Term Auction Administrator to the Reseller after receiving this Resale Notification includes:

- a message accepting, under reserve, the Resale if the Notification meets the aforementioned conditions; or
- a message setting out the reasons for rejection if the Resale has been rejected.

If the Resale is accepted by the Long Term Auction Administrator, the Held Capacity by the Reseller is reduced by the amount of the Resale.

A Reseller may Notify a Resale of Capacity that cancels and replaces a prior Notification, provided that:

- the new Notification has the same identifier as the Notification that it cancels and replaces; and
- the new Notification meets the aforementioned conditions and Resale Notification time limit mentioned above.

(e) Reduction in Held Capacity

In the event of Force Majeure or Reasons linked to the Safety of the Power System, the Long Term Auction Administrator may have to apply a Reduction in Held Capacities of the month concerned by the Resale. In this circumstance, the Long Term Auction Administrator will cancel all Resales that have been accepted to a Monthly Auction for which the Auction Specifications have not been yet published.

By this cancellation, the Capacity for Resale is given back to the Reseller before the Reduction in Held Capacities is applied.

(f) Postponement of the Monthly Auction

In the event of a postponement, in accordance with Article 5.05, of a Monthly Auction at which the Capacity was to be Resold, the Capacities for Resale are kept for the postponed Monthly Auction.

(g) Cancellation of the Monthly Auction

In the event of a cancellation, in accordance with Article 5.04, of a Monthly Auction at which the Capacity was to be Resold, the Capacity for Resale is given back to the Reseller.

Article 7.03 Fallback Mode for Secondary Market

If the modalities for Transfer or Resale Notifications cannot be put into effect, the Long Term Auction Administrator will Notify the Participant, by electronic message or fax, of the switch to Fallback Mode for Transfer and Resale Notifications.

The Fallback Mode for Transfer and Resale Notifications consists of the sending by electronic message of a file according to the format defined in the documentation available on the Long Term Auction Administrator's Website.

In case of Fallback Mode, the deadline for sending Resale and Transfer Notifications as described in Article 7.01 and Article 7.02 also apply.

In this regard, the Long Term Auction Administrator will send acceptances or rejections of operations on the Secondary Market:

- before 17:00, three (3) Week Days before the Day of the Auction for a Resale at a Monthly Auction;
- before 12:30, on the Day of sending of Programming Authorizations for a Transfer.

In certain cases, an unexpected breakdown in the Information System may incur the suspension of the Secondary Market. Such suspension shall not give rise to any compensation against the Long Term Auction Administrator.

The Long Term Auction Administrator may under no circumstances be held responsible if it fails to reach the Participants through the means of communication above or if it fails to publish an announcement on the Long Term Auction Administrator's Website.

Section VIII. Rules on the use of Capacity

Article 8.01 Notification of Results and Yearly and Monthly Allocated Capacity Profiles

After each Auction, each Participant is informed of his Results and Allocated Capacity Profiles by means of electronic messages.

The Long Term Auction Administrator Notifies the Results file or message to the Participant in accordance with Article 5.01, specifying the Capacity selected for each Block put up for Auction and the Marginal Price of each Block, according to the format defined in the documentation available on the Long Term Auction Administrator's Website. If the Information System or the Auction Tool is unavailable, Participants are informed of the Auction Results via other means of communication.

The Long Term Auction Administrator Notifies the Allocated Capacity Profile to a Participant who has had at least one Bid selected, within a maximum of two (2) Working days.

If the Information System or the Auction Tool is unavailable, Participants are informed of the Auction Results and Allocated Capacity Profiles via other means of communication.

Article 8.02 Use of Programming Authorization

(a) Yearly and Monthly Capacities

The Long Term Auction Administrator Notifies by electronic message the Programming Authorization to the Participant and to French Nomination Agents, while REE publishes the Programming Authorization to Spanish Nomination Agents. The Programming Authorization indicates for a given Day, by Hour, the Held Capacities, as defined in this article, taking into account any Reductions made, as the case may be, in accordance with Article 3.06.

(i) Content of Programming Authorizations

The Programming Authorization identifies clearly for each Capacity the Participant according to the format available on the Long Term Auction Administrator’s Website.

The Programming Authorization is an aggregation of all Yearly and Monthly Held Capacities.

(ii) Timing of sending

The Programming Authorizations are sent at 16:00 CET as shown in the table:

Day where the Programming Authorizations are sent,, the Programming Authorizations concerning:
Monday	Following Wednesday
Tuesday	Following Thursday
Wednesday	Following Friday
Thursday	Following Saturday, Sunday and Monday
Friday	Following Tuesday

As stated in Article 3.06, in case Programming Authorizations have to be reduced after their sending, new versions of the Programming Authorization are sent by the Long Term Auction Administrator.

(b) Nomination

Nomination Agents are legal entities entitled to Nominate an Exchange Schedule under Programming Authorizations. They must have signed the agreement or comply with relevant normative upon to the TSOs:

- the I/E Rules for Nominations with RTE;
- the Operating Procedures for Nominations in the Spanish system.

(i) Nomination principles

By default, the Participant is designated in the Auction Tool as Nomination Agent on both sides of the borders for all the Products.

This designation may however be modified with the TSOs.

The principle of in IFE is as shown in the table:

Type of Nomination	Principle	Diagram
A to B	The Participant A may appoint one legal entity B as Nomination Agent on the importing TSO side.	
B to A	The Participant A may appoint one legal entity B as Nomination Agent on the exporting TSO side.	

(ii) Exchange Schedules

Following Auctions and Secondary Market, the Nomination Agent(s), as long as it (they) has (have) the appropriate agreement(s) with the concerned TSOs, may Nominate their Exchange Schedules.

These Exchange Schedules must, in particular, comply with the Programming Authorization referred to in this Article, as communicated to the respective TSOs by the Long Term Auction Administrator based on the unique EIC Code of the respective Participant as mentioned in the Declaration of Acceptance. The Long Term Auction Administrator will at no moment verify during the whole process that the Nomination Agents designated, if other than the Participant, have signed the appropriate agreement(s). It is the sole responsibility of the Participants and the designated Nomination Agents to have signed the relevant agreement(s) to Nominate with the TSOs.

Section IX. Financial provisions

Article 9.01 Valuation

(a) Of PTR

The valuations of the different elements listed below are free of taxes. They will be increased to include taxes and levies at the official rates in force.

Participants are required to pay the relevant Auction Administrator the valuation amounts of PTR Allocated at Auctions.

The gross pre-tax valuation of a Bid selected at an Auction is equal to the product of:

- The Auction Marginal Price;
- The duration in Hours of the corresponding Block;
- The Capacity obtained as it results from the Auction, i.e. after any fractioning.

(b) Of Automatic Resale through Daily Auctions

Until the Full Go-live of the Day Ahead Market Coupling in the South West European region pursuant to the Article 1.06, the monthly valuation of all resale through Daily auctions, which affect a Bid selected at a Daily Auction during the course of the month M, is equal to the sum of all hourly amounts obtained in periods included in the resold block, calculated as the product of:

- The resale Auction Marginal Price;
- The Capacity resold as it results from the Auction, i.e. after any fractioning.

(c) Of UIOSI mechanism

As from the Full Go-live of the Day Ahead Market Coupling in the South West European region pursuant to the Article 1.06, the monthly valuation of all UIOSI is equal to the sum of all hourly amounts obtained in periods included in the resold block, calculated as the product of:

- The positive Day Ahead Market Spread;
- The Capacity resold as it results from the daily Allocation, i.e. after any fractioning.

(d) Of Resale through Monthly Auctions

The monthly valuation of through Monthly Auctions, which affect a Bid selected at an Auction during the course of the month M, is equal to the product of:

- The resale Auction Marginal Price;
- The duration in Hours of the corresponding resold Block;
- The Capacity resold as it results from the Auction, i.e. after any fractioning.

(e) Of Compensations

The "Day Ahead Market Spread" term used in the next paragraphs is always defined as the importing market hourly price minus exporting market hourly price, being considered the importing and exporting markets the ones that correspond respectively to the destination and the origin of the energy transaction.

(f) Reductions in PTR and Exchange Programs

The monthly valuation of compensations for all PTR Reductions, as defined in Article 3.06, and which affect a Bid selected at an Auction during the course of the Month M, is equal to the sum of all hourly amounts obtained in periods affected by a PTR Reduction in the Month M, calculated as the product of:

For Reductions of PTR for reasons linked to the Safety of the Power System

- Positive Day Ahead Market Spread in the affected period with a cap in the same direction than the PTR Reduction (If the Day Ahead Market Spread is on the opposite direction from the Reduction, the price taken into account for the compensation will be equal to 0 € / MWh);
- The energy in MWh in the affected period represented by the Reduction. This energy is equal to the difference between the Capacity initially Allocated minus the PTR after Reduction, as defined in the Programming Authorization (Article 8.02).

For Reductions of PTR and Exchange Programs due to Force Majeure:

- a coefficient of reimbursement equal to 100%;
- the Marginal Price of the initial Auction at which this Capacity was Allocated; and
- the energy in MWh corresponding to the difference between the Held Capacity before and after Reduction, for the considered Hourly Period.

In the exceptional circumstance of the cancellation of an Auction after the end of the Contestation Period, a compensation applies as the product of:

- a coefficient equal to 110% (or 100% in case of Force Majeure); and
- the Marginal Price of the cancelled Auction; and;
- the energy in MWh Allocated at the cancelled Auction.

In case the cancellation concerns a Yearly Auction, the remaining monthly installments to be paid by the Participant to the Long Term Auction Administrator are deducted from the valuation of the compensation. The money is paid to the Participant which is the last owner of the Held Capacities.

(g) PTR resale in case of cancellation of Daily Auction

Until the Full Go-live of the Day Ahead Market Coupling in the South West European region pursuant to the Article 1.06., the monthly valuation of compensations due for PTR Automatic Resale in case of daily auction cancellation and which affect a Bid selected at an Auction during the course of the Month M, is equal to the sum of all hourly amounts obtained in periods affected by a daily auction cancellation in the Month M, calculated as the product of:

- The positive Day Ahead Market Spread in the affected period with a cap in the same direction than the PTR Resale (If the Day Ahead Market Spread is on the opposite direction from the reduction, the price taken into account for the compensation will be equal to 0 € / MWh).
- The energy in MWh in the affected period represented by PTR Resale through Daily Auction which have not been effectively resold as a consequence of the cancellation of Daily Auction.

(h) PTR UIOSI in case of Decoupling of Day Ahead Market Coupling on IFE

From the Full Go-live of the Day Ahead Market Coupling in the South West European region pursuant to the Article 1.06., the monthly valuation of compensations due to Decoupling of the Day Ahead Market Coupling on IFE is equal to the sum of all hourly amounts obtained in periods affected by the Decoupling in the Month M, calculated as the product of:

- The positive Day Ahead Market Spread in the affected period with a cap in the same direction than the PTR Resale (If the Day Ahead Market Spread is on the opposite direction from the reduction, the price taken into account for the compensation will be equal to 0 € / MWh).
- The energy in MWh in the affected period represented by UIOSI which have not been effectively resold as a consequence of insufficient Daily Capacity.

(i) PTR UIOSI in case of insufficient Daily Capacity in Daily Allocation process

If due to network security reasons, the Capacity has to be reduced at least in an hourly period before the Daily Allocation process, the Daily Capacity in such period can be lower than the respective amount of PTR to be resold in the daily Allocation process. In this case, the PTR affected are reduced in a pro rata basis and the PTR holders are compensated for the part of the PTR that are unable to be sold in that Daily Allocation process according to the compensation scheme established in case of Decoupling of Day Ahead Market Coupling on IFE.

(j) Caps for Compensations

The Caps defined in this chapter apply to the following kinds of Compensations: Reductions in PTR; PTR Automatic Resale in case of cancellation of Daily Auction and PTR UIOSI in case of Decoupling of Day Ahead Market Coupling on IFE.

The first type of caps, Price Caps, are different in each direction of the France – Spain Border and apply to the Day Ahead Market Spread when calculating the Compensation value. This Compensation value will be equal to the minimum between the Day Ahead Market Spread and the respective Price Caps. It is expressed in €/MWh.

The Price Caps are published on the Auction Administrators' web site. The Price Cap will be updated once a year the 1st of January of the year Y. The Price Caps published in year Y shall apply for Compensations during the year Y.

Calculation of Price Caps:

- i. In relation to the direction France to Spain, the Price Caps shall be an amount (expressed in €/MWh) equal to the ninety-fifth (95th) percentile value of the positive Day Ahead Market Spread hourly values in the direction France to Spain observed during the reference period, ranked in order from lowest to highest value. The positive Day Ahead Market Spread hourly values mean the values equal or higher than 0€/MWh.
- ii. In relation to the direction Spain to France, the Price Caps shall be an amount (expressed in €/MWh) equal to the ninety-fifth (95th) percentile value of the positive Day Ahead Market Spread hourly values in the direction Spain to France observed during the reference period, ranked in order from lowest to highest value. The positive Day Ahead Market Spread hourly values mean the values equal or higher than 0€/MWh.
- iii. For the purposes of paragraphs (i) and (ii), when the ninety-fifth (95th) percentile has no corresponding value, then the value corresponding to the closest higher percentile for which there is a corresponding value will be used.
- iv. The reference Period used for the calculation of the Price Caps during the year Y as for paragraphs (i) and (ii) is the previous year, from the 1st of January to the 31st of December of Y-1.

The second Cap applies to the total monthly amount of Compensations. This Cap is defined for each month as the sum of:

- The Monthly Auction revenues in both directions raised in this particular Month;
- The part of the Yearly Auction revenues corresponding to that Month (a twelfth of the revenues raised at Yearly Auction in both directions).

If this monthly amount is reached, it will be shared on a pro-rata basis between the Participants deserving compensations in that Month according to their compensation amount. This sharing will be done after taking into account the cap on the Day Ahead Market Spread.

Article 9.02 Payment deposits for Yearly and Monthly Auctions

All amounts referred to in this Article will have to be increased by the Tax Gross-up.

Prior to a Yearly or Monthly, the Participant must credit the appropriate amount to the Business Account in order to avoid limitations in accordance with Section VI.

(a) For Yearly Auctions

For Allocated Capacities at Yearly Auctions, the two (2) first monthly installments, as calculated in Article 9.03 will be blocked by the Long Term Auction Administrator from the moment the corresponding Capacity, in accordance with Article 6.01(a), is deemed to have been Allocated to the Participant and the Credit Limit will be reduced accordingly.

The remaining monthly installments must be paid by the Participant on the Business Account at the latest on the first (1st) Working Day of each month M for use of Capacities during Month M+1, starting from February included and ending in November included (e.g. monthly installment for March has to be paid to the Business Account latest by 1st of February). The corresponding amounts will be blocked by the Long Term Auction Administrator from the first Working Day of each month M for use of Capacities during Month M+1.

If this amount is not credited before the first (1st) Working Day of the month M, the Long Term Auction Administrator Notifies by registered letter with acknowledgment of receipt and/or registered e-mail on the first (1st) Working Day of Month M the Participant of the lack of credit on the Business Account regarding the payment of Yearly Capacities for use during the month M+1. If the amount is not credited on the Business Account within a deadline of five (5) Working Days following this Notification, the Long Term Auction Administrator will Notify the Participant of a Payment Incident pursuant to Article 9.04.

(b) For Monthly Auctions

For Allocated Capacities at Monthly Auctions, the entire valuation amounts, as calculated in Article 9.01 will be blocked by the Long Term Auction Administrator from the moment the corresponding Capacity, in accordance with Section VI, is deemed to have been Allocated to the Participant and the Credit Limit will be immediately reduced in accordance.

Article 9.03 Invoicing and payment conditions for Yearly and Monthly Products

(a) Invoice and payment conditions

For Yearly Auctions, the valuation amounts of Allocated Capacities in the Yearly Auctions will be invoiced to the Participant by the Long Term Auction Administrator in twelve (12) monthly installments calculated pursuant to Article 9.01. Each installment, corresponding to a month M, is invoiced to the Participant no later than on the fifth (5th) Working Day of the month M+1 and collected automatically from the Business Account the fifth (5th) Working Day of the month M+1. As soon as this amount has been collected from the Business Account by the Auction Office, it is no longer blocked.

For Monthly Auctions, the valuation amounts of Allocated Capacities in the Monthly Auctions for use during the month M will be invoiced to the Participant by the Long Term Auction Administrator on a monthly basis no later than on the fifth (5th) Working Day of month M+1 and collected automatically from the Business Account on the fifth (5th) Working Day of the month M+1. As soon as this amount has been collected from the Business Account by the Auction Office, it is no longer blocked.

Reimbursement and Compensation:

The monthly valuation amounts of:

- Reductions in Held Capacities within the month M,
- Reductions in Exchange Programs from Nominations of Yearly and Monthly Products within the month M,
- Capacities Resold at Monthly Auctions for month M,
- "Use it or sell it" within the month M,
- Compensation in the exceptional circumstance of the cancellation after the end of Contestation Period of an Auction within the month M,
- Compensation of the "Use it or sell it" in case of cancellation of a Daily Auction or Decoupling of Day Ahead Market on IFE within month M.

will be sent via a self billing (i.e., the mechanism where the Long Term Auction Administrator issues invoices in the name and on behalf of the Participant) to the Participant on a monthly basis no later

than on the fifth (5th) Working Day of month M+1 and paid by the Long Term Auction Administrator on the Participants' bank account no later than on the tenth (10th) Working Day of the month M+1.

The charges due for Yearly Auctions are invoiced on a monthly basis: 1/12th of the gross valuation rounded down the nearest Euro cent each month for eleven (11) months, with the balance due in the twelfth (12th) month.

The charges due for Monthly Auctions are invoiced all at once.

Invoices and self-billings are Notified to the Participant at the address indicated in the Declaration of Acceptance.

The Participant Notifies the Long Term Auction Administrator of any changes in its invoicing address. Such change will take effect on the first (1st) Day of month M+1, on condition that Notification of the change has been received at least five (5) Working Days before the end of Month M.

Any bank charges relative to the settlement of the invoice are to be borne by the Participant.

(b) Invoice disputes

To be admissible, any claims made relating to an invoice must be Notified by registered letter with acknowledgement of receipt to the Long Term Auction Administrator, within thirty (30) Days of the invoice's date of issue. Beyond this period, the invoice will be deemed to have been accepted by the Participant. The above-mentioned registered letter must contain a precise and detailed description of the reasons for the objection to the invoice.

A claim in no way relieves the Participant from the obligation to pay the invoice in accordance with the terms of paragraph (a) of the present Article.

If the claim proves to be justified, reimbursement will be made, including interest. The rate of interest, determined on the Day on which the invoice is sent, is equal to the interest rate applied by the European Central Bank to its most recent refinancing operation, plus seven (7) percentage points. The interest is applied from the first (1st) Day following the date of payment by the Participant of the unjustified amounts up to the date of payment by the Long Term Auction Administrator of the reimbursement of the unjustified amounts. This interest will be increased by Tax Gross-up.

Article 9.04 Payment incident

On the first (1st) Working Day of the Month M, the balance of the Business Account shall cover all credits due pursuant to Article 9.02 and Article 9.03 not collected pursuant to, corresponding to the sum of :

- the monthly installments blocked or payable and not collected regarding Allocated Capacity at a Yearly Auction;
- the amounts blocked and not collected regarding Allocated Capacity at Monthly Auctions.

Otherwise, the Long Term Auction Administrator Notifies the Participant of the lack of credit in accordance with Article 9.02 on the first (1st) Working Day of the Month M. If the corresponding payment is not done in full within five (5) Working Days after the Notification, the Long Term Auction Administrator will register this and Notify by registered letter with acknowledgment of receipt and/or registered e-mail the Participant of a Payment Incident.

As a consequence of the Payment Incident, the Participant's Entitlement will be suspended pursuant to Article 4.03.

Interest for late payments are charged and invoiced to the Participant without further notice on all amounts due and not paid by it at the due date for payment. Such interest will be at the rate of seven (7) percentage points per annum above the base lending rate of European Central Bank plc, and apply from the date due for payment until the date of actual payment. The minimum amount to be charged for late payment is €140. Interests are increased by the Tax Gross-up. The Payment Incident will run until the Participant pays on the Business Account (or on the Long Term Auction Administrator's Bank Account) all overdue amounts and all interests for late payments pursuant to this Article.

The same disposition applies to the Long Term Auction Administrator in case of late payment.

If the Auction Participant does not fulfil or only partially fulfils payment obligations resulting from Yearly or Monthly Auctions in time, the Long Term Auction Administrator is entitled to enforce the completion of the obligations and hold the Auction Participant liable for the Auction price, interests, charges and

expenses including attorney's fees, arising from the enforcing of the completion of the obligations. The Auction Participant shall not be entitled to offset and/or withhold any debts arising in connection with obligations resulting from an auction to any claim of the Long Term Auction Administrator.

Article 9.05 Tax Gross-up

(a) Each Participant shall make all payments to be made by it under the Auction Rules to the Long Term Auction Administrator without any Tax Deduction, unless a Tax Deduction is required by law.

(b) If a Tax Deduction is required by law to be made by a Participant, the amount of the payment due from the Participant to the Long Term Auction Administrator will be increased to an amount which (after making the Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required ("Tax Gross-up").

(c) Paragraph (b) above does not apply with respect to any Tax assessed on the Long Term Auction Administrator on any payment received in connection with the Auction Rules under the laws of the jurisdiction in which the Long Term Auction Administrator is incorporated or, if different, the jurisdiction (or jurisdictions) in which the Long Term Auction Administrator is treated as resident for tax purposes or has or is deemed for tax purposes to have a permanent establishment or a fixed place of business to which any payment under the Auction Rules is attributable. Paragraph (b) does not apply to value added tax as provided for in the VAT directive 2006/112/EC as amended from time to time, as implemented in Luxembourg by the Value Added Tax Law of 12 February 1979 as amended from time to time and any other tax of a similar nature.

PART 3 – Short term Auctions

Section X. General points for Short term Auctions

Article 10.01 Recovery of Auction payments for Short term Auctions

The Short Term Auction Administrator is in charge of recovering the Auction payments for Daily and Intraday Auctions.

Article 10.02 Characteristics of Auctions Products for Short term Auctions

Separate Auctions are implemented in the direction from France to Spain and the direction from Spain to France.

In general, the following Products are offered:

- Daily Product for the Allocation of PTR over each Hourly Period of the next Day, until the Full Go-live of the Day Ahead Market Coupling in the South West European region pursuant to the Article 1.06.;
- Two Intra Day Products for the Allocation of PTR over pre-defined Hourly Periods of a Day.

Article 10.03 Offered Capacities for Short term Auctions

The PTR Allocated at Yearly and Monthly Auctions and which are unused by the Participants, are re-Allocated at Daily Allocation.

The PTR Allocated at Daily Auctions and which are unused by the Participants, are re-Allocated at Intra-Day Auctions until the Full Go-live of the Day Ahead Market Coupling in the South West European region pursuant to the Article 1.06..

Netting of the firm Nominations resulting from every matching process performed by the TSOs will also be applied and considered in the calculation of the Offered Capacities for the subsequent explicit Auctions.

Article 10.04 Firmness of Daily and Intraday PTR

Allocated Capacities at Daily and Intraday Auctions are firm and cannot be reduced by the TSOs, except Force Majeure.

Article 10.05 Publications concerning Short term Auctions

The Short term Auction Administrator publishes the following information on its Websites or via the relevant Auction Tool:

- The present IFE Rules and their Appendices, and any amendments thereof;
- Announcements pursuant to these IFE Rules;
- The details of the implementation of Auctions;
- The names, fax and telephone numbers and e-mail addresses of persons to be contacted at the Short Term Auction Administrator;
- Formats of documents related to the Auction to be downloaded and used by Participants;
- The forms to be sent by Participants;
- The Auction Specifications and notably the Offered Capacity for each Auction;
- Auction Results (bidding curves, Marginal Price, Allocated quantity for all Products);
- The number of Participants having obtained Capacity and the total number of Participants having taken part in the Auction;
- A list of all IFE Rules signatories;
- All information related to Reductions;
- The guidelines to the sharing of capacity allocation among the different timeframes;
- Notices related to Fallback Modes;
- Calculated non binding commercial Capacity values for Yearly and Monthly timeframes;
- Any other useful information.

Section XI. Participant conditions for Short term Auctions

Article 11.01 Registration requirements

(i) Declaration of Acceptance for Short Term Auctions

The legal entity wishing to participate, shall register with the Short Term Auction Administrator, by submitting three (3) duly completed and signed copies of the short term Declaration of Acceptance (APPENDIX 2). The Declaration of Acceptance will then be returned to the applying legal entity, countersigned by the Short Term Auction Administrator, thereby certifying that the legal entity is registered as a Participant.

A legal entity identified by one EIC code and wishing to adhere to the IFE Rules may not hold more than one (1) short term Declaration of Acceptance.

The Participant will be able to participate in the Auctions in two weeks time from the date it complies with all requisites established in Article 2.02.

Article 11.02 Financial guarantees for Daily and Intraday Auctions

For each entity seeking for Entitlement to participate in Daily and Intraday Auctions must first provide a Bank Guarantee in accordance with this.

At the moment of the registration, the Participant provides the Short Term Auction Administrator with the Bank Guarantee based on the model shown in APPENDIX 3, and in accordance with conditions described in this article and in APPENDIX 3.

The Bank Guarantee to be provided for Daily explicit Auction is requested only until the Full Go-live of the Day Ahead Market Coupling in the South West European region pursuant to the Article 1.06.

The Bank Guarantee is accepted once the Short Term Auction Administrator has Notified both the Participant and the credit institution that issued it of its agreement with the terms of the said Bank Guarantee.

The Short Term Auction Administrator shall suspend the entitlement of a Participant the first day the Bank Guarantee validity is shorter than ninety (90) days unless the Participant has provided a new Bank Guarantee with a longer validity period, which has been accepted by the Auction Administrator.

(i) Amount of the Bank Guarantee

For Participants requiring first Entitlement, the minimum amount of the Bank Guarantee is one hundred thousand Euros (€ 100,000).

Notwithstanding the above, to be entitled, the Participant shall always hold a Bank Guarantee in the Auction and directions specified in APPENDIX 7, and covering the sum of unpaid invoices and the amounts to be invoiced for the current month.

(ii) Modification of the amount of the Bank Guarantee

The Bank Guarantee is subject to modifications according to the procedure described below.

If the Short Term Auction Administrator has invoked a Participant's Bank Guarantee under the conditions of Article 11.02 (iii) or if a Participant came up with two payment incidents, as described in Article 15.03, within the last twelve (12) months, such Participant shall provide a new Bank Guarantee for an amount equal or higher to whichever of the following three values is highest:

- Total of all unpaid invoices issued under the present agreement, where this absence of payment can be observed the day after the Day on which the Short Term Auction Administrator invokes the Bank Guarantee or observes the second late payment;
- One hundred thousand Euros (€ 100,000) * (1+ NPI), where NPI is the "Number of Payment Incidents", i.e. the number of months out of the last twelve sliding months, including the current month, when payment incidents have been observed on the part of the Participant;
- The highest Bank Guarantee amount actually required from this Participant during the previous twelve (12) months, excluding the current month.

Within eight (8) Working days after the Notification from the Short Term Auction Administrator, the Participant shall forward the Short Term Auction Administrator by registered letter with acknowledgement of receipt, the new Bank Guarantee. The new guarantee must match the amount Notified by the Short Term Auction Administrator. The new Bank Guarantee must last for at least one year.

In the event the new Bank Guarantee is not received within the specified time limit, the Short Term Auction Administrator may suspend the Entitlement of the Participant.

(iii) Invocation of the Bank Guarantee

The Short Term Auction Administrator may, using the template attached in APPENDIX 3, invoke the Participant's Bank Guarantee in the event of failure to pay all or part of an invoice that has arrived at its payment deadline, in accordance with Article 15.03.

The Participant may see its Entitlement suspended in accordance with Article 11.03, with effect from the Day on which the Auction Administrator invokes the Bank Guarantee.

Article 11.03 Suspension of Entitlement by the Short Term Auction Administrator

The Entitlement shall be suspended by the Short Term Auction Administrator if at least one of the conditions listed in Article 2.02 is no longer met, or if the Participant falls under the provisions of Article 15.03 (payment incident).

If the Auction Administrator suspends an Entitlement, the Participant shall no longer take part in Auctions in both directions.

Suspension of Entitlement takes effect from the date of suspension (DS) indicated in the communication Notifying suspension of Entitlement. The following measures will be taken:

- The participation in Daily Auctions will be prevented from DS-1;
- The participation in first Intraday Auction will be prevented from DS-1;

- The participation in second Intraday Auction will be prevented from DS;

The Auction Administrator shall notify the Participant the re-entitlement day (DR) once having observed the following conditions:

- Register full payment of invoices due and which have not yet been paid by the Participant;
- And observe that the conditions set out in Article 2.02 have once more been met.

The Notification will be sent the DR before 12:00, and re-entitlement will be effective as of the following days:

- The participation in Daily Auctions will be allowed from DR+1 (delivery day DR+2);
- The participation in first Intraday Auction will be allowed from DR+1 (delivery day DR+2);
- The participation in second Intraday Auction will be allowed from DR+2 (delivery day DR+2);

If the suspension of the Entitlement lasts more than six (6) months, the Entitlement will be withdrawn by the Long Term Auction Administrator without further Notice.

Section XII. Short term Auctions process

Article 12.01 Auction schedules for Daily and Intraday Auctions

The deadlines of Auction schedules are listed in the following table:

	Publication Auction Specifications:	Reception of Bids:	Publication of Results to Participants:	Results of Auctions published on Auction Administrator Websites:
Daily Auctions	No later than 08:35	09:15 at the latest	No later than 09:30	Approximately 09:45
First Intraday Auctions	No later than 16:05	16:45 at the latest	No later than 17:00	Before 17:10
Second Intraday Auctions	No later than 11:05	11:45 at the latest	No later than 12:00	Before 12:10

The Auction Specifications and Results are published on the Short Term Auction Administrator' and if relevant on the Auction Tool Websites.

Bids received by Short Term Auction Administrator in accordance with Article 12.02 or where applicable with Article 12.04, are taken into account on the Day of the Auction.

Each Participant is informed of its Results in accordance with Article 13.01.

However, the Short Term Auction Administrator will announce at least on Auction Tool Website Auction Times and Auction Specifications which deviate from the above.

Article 12.02 Submitting Bids for Daily and Intraday Auctions

(a) Format of Bids

Only an unconditional and irrevocable Bid will be considered as having been validly transmitted to the Short Term Auction Administrator.

Bids received at the Auction Tool give rise to Functional Acknowledgement of Receipt. If the Short Term Auction Administrator through the Auction Tool does not issue a Functional Acknowledgement of Receipt for a Bid, the Bid in question is deemed not to have been received. Bids received at the Auction Tool using the forms available on the Auction Tool Website would not raise any Functional Acknowledgement of Receipt, hence its processing must be confirmed by the Participant by means of the corresponding screens and/or on-screen messages of the Auction Tool Website.

(b) The Auction Tool

The Auction Tool enables Participants to submit a Bid file, form or message for a given Auction. The Participant accesses the Tool according to the conditions set out in APPENDIX 6.

A Bid may only be submitted for an Auction during the time period in which the Auction session remains open as indicated in the Auction Specifications.

Only the last valid Bids submitted by each Participant shall be taken into account in the Auction algorithm.

(c) Limitation

Participants submit a Bid including a maximum of ten (10) Bids for an Auction.

Bids contain whole MW units, and Bid Prices in Euros per MW*h expressed to a maximum of 2 decimal places.

Article 12.03 Auction cancellation for Daily and Intraday explicit Auctions

In the event of unavailability or technical difficulties with the Auction Tool and/or anomalies in the information exchanges, the Short Term Auction Administrator may be forced to cancel an Auction:

- During the course of the Auction itself: Participants are informed by a message that appears directly on the Auction Tool and also by e-mail;
- After the Auction Results have been sent and until the end of the deadline for contesting results. Participants are informed by e-mail. The Results of the Auction are therefore cancelled.

The cancellation of an Auction will not generate any financial compensation to Participants.

Article 12.04 Downgraded Mode for Daily and Intraday Auctions

If the Bid submission conditions specified in Article 12.02 cannot be implemented for a given Auction, the Short Term Auction Administrator shall communicate the Participant, via the Auction Tool, of the switch to Downgraded Mode, as specified in APPENDIX 5.

The Short Term Auction Administrator may under no circumstances be held responsible if they are unable to contact the Participants via the channels above, or if they are unable to publish an announcement on their Website.

Bids submitted prior to the switch to Downgraded Mode are deemed invalid and must be submitted again according to the conditions stipulated in the event of Downgraded Mode being adopted.

If the conditions stipulated in the event of Downgraded Mode being adopted cannot be implemented in time for a given Auction that Auction is cancelled and Bids already submitted are automatically cancelled.

Section XIII. Determining the Short term Auction Results

Article 13.01 Results of Daily and Intraday Auctions

The Results of Auctions are determined according to the following principles:

- If the total Capacity for which valid Bids have been submitted is equal to or lower than Offered Capacity for the Auction in question, the Marginal Price is nil;
- If the total Capacity for which valid Bids have been submitted exceeds Offered Capacity for the Auction in question, the Marginal Price is equal to the lowest Bid Price selected in full or in part;
- The results of Auctions are obtained using the resolution algorithm described below for each Block. This resolution algorithm is the one used by the Auction Tool.
 1. First, for each Auction Block, the Bid Prices are ranked in decreasing order;

2. Only Bids that comply with the terms of Article 12.02 are taken into account in this ranking;
 3. The highest Bid received for a Capacity requested is selected. The remaining Offered Capacity is then allocated to the Participant(s) who has (have) submitted the next highest priced Bids, if the Capacity requested does not exceed the remaining Capacity; this process is then repeated for the rest of the remaining Capacity;
 4. If the Capacity requested under the next highest priced is equal to or greater than the remaining Offered Capacity, the Bid is selected either in full, or partially up to the limit of remaining Offered Capacity. The price of this Bid constitutes the Marginal Price;
 5. If two or more Participants have submitted valid Bids with the same price, for a total requested Capacity which exceeds remaining Offered Capacity, the remaining Offered Capacity is allocated in proportion to the Capacity requested in the Bids by these Participants, in units of at least 1 MW. The PTR are rounded down to the nearest Megawatt. The price of these Bids constitutes the Marginal Price.
- The Capacity is deemed to have been Allocated to a Participant from the moment when the Participant is informed of this, unless Auction Cancellation needs to be applied in the terms of Article 12.03;
 - The resolution algorithm may lead to the last Bid selected being split or fractioned, so as to ensure that the entire Block Capacity is Allocated in full. This fractioning corresponds to a reduction in the power requested for the range of Hourly Periods or Days of the Block. Consequently, the Participant acknowledges and accepts that his Bid may be split according to the conditions described above.

After each Auction, each Participant is informed of his Results by means of electronic messages, through the Auction Tool.

Article 13.02 Contesting Results of Daily and Intraday Auctions

The Participant may contest the Result and the Auction Administrator respond to the Participant according to the conditions and within the deadlines indicated in the Auction Specifications, TSOs' Websites and in the Auction Tool.

Section XIV. Rules on the use of Capacity

Article 14.01 Use of Programming Authorization

(a) Daily and Intraday Capacities

The Programming Authorizations are published by RTE and REE for the daily timeframe and only by REE for the intraday timeframe based on the unique EIC Code of the respective Nomination Agent through the TSOs IS mentioned in the APPENDIX 6.

The following table shows the deadlines for sending the Daily and Intraday Programming Authorization.

PTR acquired at ... auctions	Deadline for RTE to make available the Programming Authorization to Nomination Agents	Deadline for REE to make available the Programming Authorization to Nomination Agents
Daily	10:30	10:30
1 st Intraday	-	17:15
2 nd Intraday	-	12:15

(b) Nomination

Nomination Agents are legal entities entitled to Nominate an Exchange Schedule under Programming Authorizations. They must have signed the agreement or comply with relevant normative upon to the TSOs:

- the I/E Rules for Nominations with RTE;
- the Operating Procedures for Nominations in the Spanish system.

(i) Nomination principles

By default, the Participant is designated in the Auction Tool as Nomination Agent on both sides of the borders for all the Products.

This designation may however be modified with the TSOs.

The principle of in IFE is as shown in the table:

Type of Nomination	Principle	Diagram
A to B	The Participant A may appoint one legal entity B as Nomination Agent on the importing TSO side.	
B to A	The Participant A may appoint one legal entity B as Nomination Agent on the exporting TSO side.	

(ii) Exchange Schedules

Following Auctions, the Nomination Agent(s), as long as it (they) has (have) the appropriate agreement(s) with the concerned TSOs, may Nominate their Exchange Schedules.

These Exchange Schedules must, in particular, comply with the Programming Authorization referred to in this Article, based on the unique EIC Code of the respective Nomination Agent as mentioned in the Declaration of Acceptance or in the designation file of the Nomination Agents.

(c) ‘Use it or lose it’ for daily and intra-day capacities

The Participant loses Daily or Intra-Day PTR that has not been Nominated in accordance with paragraph (b), with no financial compensation.

Section XV. Financial provisions

Article 15.01 Valuation

(a) Of PTR

The valuations of the different elements listed below are free of taxes. They will be increased to include taxes and levies at the official rates in force.

Participants are required to pay the relevant Auction Administrator the valuation amounts of PTR Allocated at Auctions.

The gross pre-tax valuation of a Bid selected at an Auction is equal to the product of:

- The Auction Marginal Price;
- The duration in Hours of the corresponding Block;
- The Capacity obtained as it results from the Auction, i.e. after any fractioning.

Article 15.02 Invoicing and payment conditions for Daily and Intraday Products

(a) Invoices

Short Term Auction Administrator invoices the Participant for the Allocation of Capacity, according to APPENDIX 7.

No later than the thirtieth (30th) day of each month M, Short Term Auction Administrator sends the Participant (via the Notification process described in the Definitions section of this document) an invoice including the amounts due for:

- PTR Allocated at Daily Auctions for use during month M-1;
- PTR Allocated at Intra-Day Auctions for use during month M-1;

Bids selected at Daily and Intra-Day Auctions are invoiced all at once and grouped together on a single line per day. The unit prices indicated on the Invoice are therefore average prices provided as an indication only.

In case of Compensation due to Reduction of Exchange Schedule due to Force Majeure event, the amount of the Compensation will be deducted from the monthly invoice.

Invoices are Notified to the Participant at the address indicated in the IFE Declaration of Acceptance.

The Participant Notifies the Short Term Auction Administrator of any changes in their invoicing address. These changes will take effect on the first Day of month M+1, on condition that Notification of the changes has been received at least seven (7) Calendar Days before the end of Month M.

(b) Invoice disputes

To be admissible, any claims made relative to an invoice must be Notified by registered letter with acknowledgement to the Short Term Auction Administrator, within thirty (30) Calendar Days of the invoice's date of issue. Beyond this period, the invoice will be deemed to have been accepted by the Participant. The above-mentioned registered letter must contain an accurate and detailed summary of the grounds for the claim.

A claim in no way absolves the Participant from the requirement to pay the invoice in accordance with the terms of paragraph (c) below.

(c) Payment conditions

The Participant settles invoices with the Short Term Auction Administrator within thirty (30) Days of the date on which they are issued, by bank transfer to the account specified by the TSOs in the IFE Declaration of Acceptance.

If the Participant adopts a direct debit system, the sums invoiced will be debited from the thirtieth (30th) Day after the invoice's date of issue.

Any bank charges relative to the settlement of the invoice are borne by the Participant.

In the event of payment by bank transfer, the Participant will ensure that his bank transmits the corresponding invoice number with the payment order. In the event of a SWIFT transfer, the Participant undertakes to ensure that his bank indicates the invoice number on the line "Payment reason". The absence of an invoice number means that the Short Term Auction Administrator' accounting services must identify the transfers made to their accounts manually. Such manual identification will give rise to an administrative fee of one hundred (100) Euros, plus any duties and taxes in force.

Payment is deemed to have been made on the Day on which it appears on the Short Term Auction Administrator' bank Declaration, which is read each working Day, provided that the Participant has specified the correct reference for the invoice(s) concerned.

The Participant is responsible for anticipating bank processing and payment registration times.

The Short Term Auction Administrator will make every effort to minimize these times, but may not be held responsible if a period of one or two Working Days elapses between the moment when the Participant makes payment and the moment when it is observed by the Short Term Auction Administrator.

A claim made by the Participant to the Short Term Auction Administrator does not absolve him of the requirement to settle Auction payments owing to the Short Term Auction Administrator. No compensation will be possible between the amounts owed by/to the Short Term Auction Administrator.

Article 15.03 Late payment

If full payment is not received by the deadline set forth in Article 7.02 (c), the Auction Administrator will register a "payment incident", and will send the Participant an official reminder (by Notification) including a new deadline for payment.

If the sums invoiced are not paid in full by the deadline specified in the official reminder, the said sums will be subject to interest without any further Notification of notice to pay being required.

The rate of interest, determined on the Day on which the invoice is sent, is equal to the interest rate applied by the European Central Bank at its most recent refinancing operation, plus seven (7) points. This interest is calculated from the first Day following the expiry date, until the date on which the invoice is paid in full.

This interest will be increased to include taxes and levies in force.

The minimum amount of this interest is fixed at two hundred (200) Euros plus tax.

In accordance with Article 11.03, the Participant may be suspended by the Auction Administrator.

If full payment is not received by the deadline specified in the official reminder, the Auction Administrator shall be entitled to invoke the Bank Guarantee in accordance with Article 11.02(iii).

After two payment incidents, the amount of the Bank Guarantee shall be reviewed with the scheme defined in the Article 11.02(ii).

APPENDIX 1 Declaration of Acceptance (DoA) of IFE Capacity Allocation Rules on the France-Spain Interconnection (IFE Rules) for the Long Term Auctions and Secondary Market

Declaration of Acceptance N° _____

FOR

_____, a company [give company form], with capital of ____ €, having its registered offices at _____[give full address], registered under the number _____[Trade and Business Register n° and Town] and with the intra-community VAT n° _____ represented by _____ acting in the capacity of _____, hereafter referred to as "Participant",

Article 1 Definitions

All the words or groups of words used in the present Declaration of Acceptance, whose first letter is a capital letter, have the meaning that has been given to them in the IFE Rules, as published on the Long Term Auction Administrator’s Website.

Article 2 Object

By signing this Declaration of Acceptance, the Participant declares that it is aware of and commits to abide by the IFE Rules, including any subsequent version thereof enacted in accordance with Article 2.19 of the IFE Rules.

Article 3 Prerequisites

By signing this Declaration of Acceptance, the Participant declares that it has signed, or has the following contractual document(s):

- a Participation Agreement for the Import/Export Rules with RTE,
- a Certificado del Operador del Sistema-Sujeto del Mercado issued by REE
- the Declaration of Acceptance of the Capacity Allocation Rules on the France-Spain Interconnection (IFE Rules) for the Short term Auctions
- the Participant’s Financial Agreement, as set forth in Article 4.02

Article 4 Access to the Information System (IS)

By signing this Declaration of Acceptance, the Participant acknowledges that it has read and understood the IS Rules and undertakes to abide by them.

Article 5 Participant's contact details

EIC CODE:	
------------------	--

The present EIC Code identifies in particular the Participant, as the case may be, in respect with the modalities mentioned in the Article of the present IFE Rules relative to the use of Programming Authorizations.

Invoicing and credit notes

(Please indicate a single invoicing telephone number, fax number and e-mail)

Contact:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

Operational contact

(Please indicate a single operational telephone number, fax number and e-mail)

Contact:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

All correspondence

Contact:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

Article 6 Long Term Auction Administrator's contact details

Contact:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

Article 7 Bank details

All payments made by the Long Term Auction Administrator to the Participant will be made to the following Payment Account:

Bank: _____
Agency: _____
Account Holder: _____
Account N°: _____
SWIFT Code: _____
IBAN Code: _____

Article 8 Changes to information

The Participant undertakes to Notify the Long Term Auction Administrator of any changes in the information provided by the Participant in the present Declaration of Acceptance, no later than five (5) Working Days before such changes take effect.

Article 9 Effective date

The present Declaration of Acceptance will be effective as from _____¹
The Declaration of Acceptance will expire in accordance with the IFE Rules.

Article 10 Applicable law

According to Article 2.17, the applicable law for any claim relating to the interpretation or the execution of the IFE Rules regarding the Long Term Auctions and Secondary Market, and resulting from a improper execution of the present Declaration of Acceptance shall be Luxembourgian Law.

For the Participant:

For the Long Term Auction Administrator:

Name and position of the legal representative:

Name and position of the legal representative:

Date: _____

Date: _____

Signature:

Signature:

¹ Completed by the Long Term Auction Administrator upon confirmation of Entitlement

APPENDIX 2 Declaration of Acceptance (DoA) of the Capacity Allocation Rules on the France-Spain Interconnection (IFE Rules) for the Short Term Auctions

DECLARATION OF ACCEPTANCE N° _____ 2

FOR

XXX, a company [give company form], with capital of ____ €, having its registered offices at _____[give full address], registered under the number _____[Trade and Business Register n° and Town], with the intra-community VAT n° _____ and with the European Identification Code (EIC) _____represented by its legal representatives, residing as such at the said registered offices,
Hereafter referred to as "Participant",

Article 1 Definitions

All the words or groups of words used in the present Declaration of Acceptance whose first letter is a capital letter, have the meaning that has been given to them in the IFE Rules, as published on the Websites of the TSOs.

Article 2 Object

In signing this Declaration of Acceptance, the Participant declares that he is aware of and agrees to abide by the IFE Rules.

Article 3 Prerequisites

By signing this Declaration of Acceptance, the Participant declares that it has signed, or has the following contractual document(s):

- a Participation Agreement for the Import/Export Rules with RTE,
- a Certificado del Operador del Sistema-Sujeto del Mercado issued by REE
- the Declaration of Acceptance of the Capacity Allocation Rules on the France-Spain Interconnection (IFE Rules) for the Long Term Auctions and Secondary Market
- the financial guarantees as set forth Article 11.02

Article 4 Access to the TSOs' Information System

By signing this Declaration of Acceptance, the Participant acknowledges that he has read and understood the IS Rules and undertakes to abide by them.

Article 5 Participant's contact details**Invoicing:**

Contacts:	
Invoice address:	
Telephone number:	
Fax number:	
E-mail:	

All correspondence

Contacts:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

Auctions

Contacts:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

Article 6 Short Term Auction Administrator's contact details

Contact:	
Address:	Red Eléctrica de España Mercados de Operación Paseo del Conde de los Gaitanes, 177 28109 La Moraleja (Madrid) SPAIN RTE – CNES Service Relations Clientèle Bâtiment La Rotonde 204, boulevard Anatole France 93206 Saint-Denis Cedex 06 FRANCE
Telephone number:	
Fax number:	+34 916 504 542 +33 1 41 66 72 65
E-mail:	

Article 7 Bank details

All payments made by the Participant to the Spanish TSO are to be credited to the following account:

Bank: Bilbao Vizcaya Argentaria (BBVA)
Agency: Bilbao Vizcaya Argentaria (BBVA)
Alcalá 16
28014 Madrid
España
Account Holder: Red Eléctrica de España, S.A.U.
Account N°: ES0182-3994-02-01-00045368
SWIFT Code: BBVAESMM
VAT Registration: ES85309219

All payments made by the Participant to the French TSO are to be credited to the following account:

Bank: Société Générale (Société Anonyme RCS Paris 552 120 222)
Account Holder: Réseau de Transport d'Electricité
Account N°: FR76 30003 04170 00020122549 73
SWIFT Code: SOGEFRPP
VAT Registration: FR03552081317

Article 8 Payment method

The Participant chooses to pay invoices issued by the TSOs via the following method:

bank transfer direct debit

Article 9 Changes to information

The Participant undertakes to Notify both TSOs of any changes in the information provided by the Participant in the present Declaration of Acceptance, no later than seven (7) days before the said changes take effect.

Article 10 Effective date

The present Declaration of Acceptance will be effective as from _____³

The Declaration of Acceptance will expire in accordance with the IFE Rules.

Article 11 Applicable law

According to Article 2.17, the applicable law for any claim relating to the interpretation or the execution of the IFE Rules regarding the Sort Term Auctions, and resulting from an improper execution of the present Declaration of Acceptance shall be Spanish Law.

For the Participant:

For the Spanish TSO:

Name and position of the legal representative:

Name and position of the legal representative:

Date: _____

Date: _____

Signature:

Signature:

For the French TSO:

Name and position of the legal representative:

Date: _____

Signature:

APPENDIX 3 Bank Guarantee to be provided to Short Term Auction Administrator (RTE and REE)

Conditions for Bank Guarantee to be provided to each TSO, as Short Term Auction Administrator

The Bank Guarantee required by each TSO, as Short Term Auction Administrator, in accordance with Article 11.02 and APPENDIX 7 of these Rules shall be provided by a credit institution which complies with the following requirements:

- To be permanently established in a Member State of the European Union or in Switzerland or in Norway for the RTE Bank Guarantee and to be permanently established in Spain, for the REE Bank Guarantee.
- Not to be the Participant itself or not to control this Participant or be controlled by it under the meaning of corporation law.
- To be acknowledged as solvent with a Long Term financial rate obtained from the subsequently referred international rating agencies at least BBB with a stable outlook (Standard & Poor's) or Baa2 with a stable outlook (Moody's).

If, during the execution of the IFE Rules Declaration of Acceptance, the Long Term financial rate of the credit institution which issued the Bank Guarantee becomes lower than BBB with a stable outlook (Standard & Poor's) or Baa2 with a stable outlook (Moody's), the Auction Administrator is entitled to require the Participant to provide, within thirty (30) days, a new Bank Guarantee complying with the criteria defined above.

The Bank Guarantee to be provided for Daily Auction is requested only until the Full Go-live of the Day Ahead Market Coupling in the South West European region pursuant to the Article 1.06..

Besides these conditions, the Bank Guarantee shall be based on the model shown below.

Model: Guarantee upon first request

A duly signed copy to be returned to Red Eléctrica de España and RTE, each one covering the Auctions and directions specified in APPENDIX 7 addresses below indicated:

[_____] ⁽⁴⁾ a company incorporated under [_____] ⁽⁵⁾, law, its registered offices being located at [_____] , represented by [_____] ⁽⁶⁾ (the "Guarantor") undertakes, by virtue of the present document, irrevocably and unconditionally, by order and on behalf of [_____] ⁽⁷⁾, company incorporated under [_____] ⁽⁸⁾ (registration number [_____]) (the "Originator") to pay (*to choose between one of the TSOs*) Red Eléctrica de España, S.A.U., VAT number A-85309219, Paseo Conde de los Gaitanes, 177, 28109, Alcobendas, Madrid; (*/or*) RTE Réseau de transport d'électricité, limited company with a Supervisory Board and an Executive Board, with capital of 2,132,285,690 Euros, listed in the Trade and Business Register of Nanterre under the number 444 619 258, having its registered offices at Initiale, 1 terrasse Bellini, TSA 41000, 92919 La Défense (the "beneficiary"), independently of the validity of the legal effects of the Declaration of Acceptance, n° [_____] ⁽⁹⁾ signed by the Originator (the "Agreement"), upon first request, in accordance with the conditions below and without asserting any exception or objection, resulting from the Agreement, any sum up to a maximum amount of:

- (4) Name of the bank issuing the Bank Guarantee
- (5) Nationality of applicable law
- (6) Name of the authorised representative
- (7) Company name of the Participant
- (8) Nationality of applicable law
- (9) Number and notification date of the Declaration of Acceptance

[_____]⁽¹⁰⁾,

including interest, costs and ancillary charges, (the "Guaranteed Amount").

Modification or removal of factual or legal relations or links that may exist as of this day between the Guarantor and the Originator, may not discharge us from the present guarantee.

All the provisions of the present undertaking will retain their full effect, irrespective of any change in the financial or legal status of the Originator.

The present Guarantee upon first request may be invoked from the date of the present document until xxx inclusive (the "Expiry Date").

The request for payment must be sent to us by registered letter with acknowledgement of receipt (the "Letter of Invocation of Guarantee") no later than the Expiry Date.

The present Guarantee upon first request will stop to be valid at the Expiry Date.

The Guarantor may only be dispensed from the obligations incumbent upon him under the terms of the present guarantee before the Expiry Date, if the beneficiary gives its written consent.

Any payment must be made within the ten (10) Working days following reception of the Letter of Invocation of Guarantee. The Guarantor will carry out this payment in compliance with the instructions contained in the Letter of Invocation of Guarantee.

The present Guarantee is governed by (*put that applies*) Spanish law / French law. For interpretation and execution of the present document, (*put that applies*) the Courts of Madrid (Spain) / the Commercial Court of Nanterre (France) will be competent.

Drawn up in, on.....

Signature of Guarantor

⁽¹⁰⁾ Amount of the Bank Guarantee

Model: Letter of Invocation of Bank Guarantee

Register letter with acknowledgment of receipt

[]¹¹ []¹² on []¹³

Object: Your Guarantee payable upon First Request

Dear Sirs,

We write with reference to the Bank Guarantee payable upon first request, which your banking establishment issued to us on []¹⁴ (the "Guarantee"). Terms beginning with an upper-case letter and which are not defined in the present letter, have the meanings attributed to them in the terms of the Guarantee.

We hereby request that you honour your undertaking as Guarantor and pay to us, by crediting our account n° []¹⁵ held with []¹⁶, the sum of []¹⁷ Euros. We remind you that under the terms of the Bank Guarantee upon first request issued on XXXX, we must receive this payment within ten (10) Working Days following receipt of this Letter of Invocation of Bank Guarantee.

Furthermore, for your full information, we inform you that as of today, the Principal []¹⁸ has breached the terms of his Participant's Entitlement.

Entity status n° (XXXX)¹⁹

[]²⁰

[]²¹

¹¹ Company name of the banking establishment issuing the Bank Guarantee

¹² Address of the banking establishment issuing the Bank Guarantee

¹³ Dispatch date of the Letter of Invocation of Guarantee

¹⁴ Date of issue of the Guarantee payable upon First Request

¹⁵ Indicate Auction Administrator's bank account number.

¹⁶ Indicate the name and address of the bank with which the above account is held

¹⁷ Amount requested

¹⁸ Company name of Balance Responsible Entity

¹⁹ PA reference

²⁰ Name, forename and title of signatory

²¹ Signature

APPENDIX 4 Downgraded Mode for Yearly and Monthly Auctions

If the Long Term Auction Administrator is unable to hold Yearly or Monthly Auctions under the standard conditions stipulated, the Long Term Auction Administrator Notifies the Participants of the switch to Downgraded Mode and indicates which of the following two options applies:

- 1.1. Auction postponed to a later date: the Notification specifies, as a minimum, the new date scheduled for the Auction;
- 1.2. Auction held by fax: the Notification of the switch to Downgraded Mode indicates the Auction Specifications; the Participants submit their Bids by fax, based on the documentation available on the Long Term Auction Administrator's Website.

APPENDIX 5 Downgraded Mode for Daily and Intraday explicit Auctions

If the Short Term Auction Administrator is unable to hold Daily Auctions under the standard conditions stipulated, the Short Term Auction Administrator Notifies the Participants of the switch to Downgraded Mode and indicates the Auction Specifications, it being understood that, exceptionally:

- the Daily Product will consist of a single Block from 0:00:00 to 24:00:00 for the given Day;
- the Participants submit a Bid file including a single Bid for the Auction by fax.

Downgraded Mode for Intraday Auctions

- Due to the time constraints of the Intraday Auctions no Downgraded Mode is foreseen. If the Short Term Auction Administrator is unable to hold Intraday Auctions under the standard conditions stipulated, the Auction will be not performed or eventually cancelled.

APPENDIX 6 Contact details for the Auction Administrators' applications and Auction Tools used to execute the IFE Rules

AUCTION ADMINISTRATOR CONTACT DETAILS:

RTE - Hotline	
Contact email:	rte-hotline@rte-france.com
Telephone number from France:	0810 80 50 50
Telephone number from outside France:	+800 80 50 50 50
Fax number:	+33 1 78 66 59 90
Contractual Questions RTE – CNES	
Contact email:	rte-marketservices@rte-france.com
Address :	Service Relations Clientèle Bâtiment La Rotonde 204, boulevard Anatole France 93206 Saint-Denis Cedex 06 France
Telephone number:	+33 (0) 1 41 66 70 00
Fax number:	+ 33 (0) 1 41 66 72 65
REE	
Contact:	Markets Operational Department (progr_interc_intern@ree.es)
Telephone number:	+34 91 659 91 19
Fax number:	+34 91 650 45 42
Technical support contact:	soportesios@ree.es
CASC.EU S.A.	
Contact email:	operations@casc.eu
Telephone number:	+352 27 62 38 38
Fax number:	+352 27 61 66 05
Address	2 rue de Bitbourg L-1273 Luxembourg-Hamm

Auction Administrator's applications

MORGAN: RTE system for sending Programming Authorisations to French Nomination Agents.

e-sios Application: REE system for sending Programming Authorisation to Spanish Nomination Agents and publishing Auction Dates, Auction Specifications, and Auction Results.

Auctions Tools

EXAU: CASC Auction Tool

MORGAN: RTE system for performing the daily auctions in both directions.

e-sica: REE system for performing the intraday auctions in both directions (<https://www.esica.eu>).

The conditions to connect to the secure platform e-sica and its use are described in the corresponding IS User Guide.

There will be a disaster recovery system available in exceptional cases in order to continue providing the auctioning services (<https://www.esicares.esica.eu>).

The IS User Guide is available under the Documentation tab <https://www.esica.eu/fr/documentacion/ES/eSICA%20ManualParticipante%20v3.0.pdf>.

APPENDIX 7 Auction Administrators

The Auction Administrators are the entities performing the functions described in the table below.

The functions are shared between REE, RTE and CASC.EU, acting the later as service provider, according to the following table. Activities related to Daily Auctions will be performed until the Full Go-live of the Day Ahead Market Coupling in the South West European region pursuant to the Article 1.06.

Functions	Yearly/Monthly Auctions	Daily Auction		Intraday Auction
	Both directions	FR→SP	SP→FR	Both directions
Performance of the Auctions through its Auction Tool	CASC.EU	RTE		REE
Calculation of the amounts due and invoicing of the Participants	CASC.EU	RTE	REE	
Reception of Participants' payments	CASC.EU	RTE	REE	
Reception of the claims related to the Auction process	CASC.EU	RTE		REE
Reception of the claims related to the Invoice disputes	CASC.EU	RTE	REE	
Registration of Participants' payments incidents	CASC.EU	RTE	REE	
Reception and verification of the validity of the Bank Guarantees of the Participants (for Daily explicit Auction: only until the Full Go-live of the Day Ahead Market Coupling in the South West European region pursuant to the Article 1.06)	-	RTE	REE	
Suspension of Participants in the cases described in Article 4.03 and Article 11.03	CASC.EU	RTE and REE		
Withdrawal of Participants	CASC.EU, RTE and REE			
Invocation of Bank Guarantees in the cases described in Article 3.02	-	RTE	REE	

APPENDIX 8 Request for withdrawal of Entitlement for the Auction Allocation Mechanisms on the France-Spain Interconnection

A copy of the Request for withdrawal of Entitlement must be sent to the each Auction Administrator, according to the procedure outlined in Article 2.04.

Company name:	
Declaration of Acceptance N°:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

Under the terms of the IFE Rules, _____ wishes to withdraw his Entitlement on the France-Spain Interconnection.

For the Participant:

Name and position of the legal representative:

Date: _____

Signature:

APPENDIX 9 Application for e-sica access

Form to be sent to REE:

Participant's name:

Participant's EIC code:

Address:

Fax number:

IFE Declaration of Acceptance n°:

Under the terms of the IFE Rules, _____ [name of signatory] _____ informs REE of his Card N°s (6 max.)

Card N° 1:

Card holder name	
Card holder identification	[Passport number or equivalent]
Card ID number	
E-mail (to send e-sica notifications)	

Card N° 2:

Card holder name	
Card holder identification	[Passport number or equivalent]
Card ID number	
E-mail (to send e-sica notifications)	

Card N° 3:

Card holder name	
Card holder identification	[Passport number or equivalent]
Card ID number	
E-mail (to send e-sica notifications)	

Card N° 4:

Card holder name	
Card holder identification	[Passport number or equivalent]
Card ID number	
E-mail (to send e-sica notifications)	

Card N° 5:

Card holder name	
Card holder identification	[Passport number or equivalent]
Card ID number	
E-mail (to send e-sica notifications)	

Card N° 6:

Card holder name	
Card ID number	
Card ID number	
E-mail (to send e-sica notifications)	

Name and capacity of signatory:

Signature:
