

Annual auctions for 2022

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- This amount, which represents an increase of 233% compared to that obtained in the auctions held last year for 2021, will be allocated to reduce the regulated costs of the Spanish electricity system.
- Said annual auctions are a management tool for allocating physical transmission rights for the use, in the long term, of the cross-border connections and therefore enable the exchange of energy between neighbouring countries.

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The Spanish electricity system will receive €110 million as a result of the annual cross-border power capacity auctions with its neighbouring countries, France and Portugal, for 2022, which were held from 2 December until yesterday. This revenue, which represents an increase of 233% over that obtained from the 2021 auctions held last year, will be used to reduce the regulated costs of the electricity system.

Thus, Red Eléctrica de España (REE), Réseau de Transport d'Électricité (RTE) and Redes Energéticas Nacionais (REN), operators of the Spanish, French and Portuguese electricity systems, respectively, have allocated electricity exchange capacity for the electricity interconnections for 2022 by means of four cross-border power capacity auctions: one for each direction of the France-Spain interconnection and another for each direction of the Portugal-Spain interconnection.

These annual auctions represent a long-term management tool for allocating physical transmission rights and access to the cross-border connection and thus enable the exchange of energy between neighbouring countries. These physical transmission capacity rights are awarded to participants in the auctions, which include, among others, energy generation companies, consumers, investors or financial institutions.

The allocation of transmission capacity rights for 2022 has been carried out through JAO (Joint Allocation Office), a company recognised as a Europe's Single Allocation Platform (SAP), which, in addition to these annual auctions, also holds monthly auctions for the interconnection with France and quarterly and monthly auctions for the interconnection with Portugal.

Interconnection with France

Physical transmission rights have been allocated for the interconnection with France. The winning bidders, who have paid the auction price, have the option of either establishing long-term physical energy exchange schedules through the interconnection, or receiving the positive price difference of the Day-ahead Markets between the bidding zones of Spain and France in the direction of the allocated capacity.

In the Spain-France direction, 600 megawatts (MW) were offered and allocated for each hour of the year, establishing a resulting price of 33.77 euros/MWh, an all-time record for these auctions, with 8 of the 36



participating agents having obtained transmission capacity rights. On the other hand, in the France-Spain direction, 760 megawatts (MW) of exchange capacity was offered and allocated, with a resulting price of 6.21 euros/MWh, with 22 of the 47 participating agents having been awarded transmission capacity rights.

The congestion rents (revenues) generated amounted to €219 million, to be shared equally between the Spanish and French electricity system operators.

The exchange capacity offered for the cross-border connection with France represents 40% of the forecasted capacity, with another 40% being offered in the monthly auction and the remaining being offered in day-ahead auctions.

Interconnection with Portugal

Furthermore, financial transmission rights have been allocated for the interconnection with Portugal. Participants awarded these capacity rights, who have paid the auction price, are entitled to receive the positive price difference of the Day-ahead Market between the bidding zones of Spain and Portugal in the direction of the allocated capacity.

Thus, in the Spain-Portugal direction, 580 MW were offered and allocated for each hour of the year, establishing a resulting price of 0.14 euros/MWh, with 14 of the 19 participating agents having obtained transmission capacity rights. In the Portugal-Spain direction, 410 MW were offered, and 409 MW were allocated, with a resulting price of 0.11 euros/MWh, with 11 of the 18 participating agents having obtained transmission capacity rights.

The congestion rents (revenues) generated amounted to €1.1 million, half of which correspond to the Spanish electricity system operator.

In the case of the interconnection with Portugal, 20% of the forecasted capacity is allocated in the annual auction, while another 22.5% is allocated in the quarterly and monthly auctions, respectively. This interconnection capacity, together with the remaining capacity, is then offered on the Day-ahead Market.