

## Annual auctions for 2021

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- This amount, which represents an increase of 22% compared to that obtained in the auctions held last year for 2020, will be earmarked to reduce the regulated costs of the Spanish electricity system.
- These annual auctions are a long-term management tool for allocating rights of use of transmission capacity to access the interconnection and be able to exchange energy between neighbouring countries

Madrid, 10 December 2020

The Spanish electricity system will receive €33 million as a result of the annual auctions of cross-border power capacity allocation with its neighbouring countries, France and Portugal, for 2021, which were held from 2 December until yesterday. This revenue, which represents an increase of 22% over that obtained from the 2020 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 2021 by means of four auctions: one for each direction of the France-Spain interconnection and another for each direction of the Portugal-Spain interconnection.

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

The allocation of exchange capacity for 2021 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, will also hold 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 in 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, 800 megawatts (MW) were offered and allocated for each hour of the year, establishing a resulting price of 5.03 euros/MWh, with 15 of the 38 participating agents having obtained capacity. On the other hand, in the France-Spain direction, the same capacity volume was offered and allocated, with a resulting price of 4.36 euros/MWh, with 19 of the 38 participating agents having obtained capacity. The congestion rents (revenues) generated amounted to €65.8 million, to be shared equally between the Spanish and French systems.



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The exchange capacity offered in the France interconnection represents approximately one third of the forecasted capacity, with the other two thirds being offered in the monthly and daily auctions, respectively.

### **Interconnection with Portugal**

Furthermore, financial transmission rights have been allocated in the interconnection with Portugal. Participants awarded these capacity rights, who have paid the auction price, are entitled to receive the positive price difference in 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, 340 MW were offered and allocated for each hour of the year, establishing a resulting price of 0.1 euros/MWh, with 13 of the 20 participating agents having obtained capacity. In the Portugal-Spain direction, 350 MW were offered and allocated, with a resulting price of 0.08 euros/MWh, with 13 of the 20 participating agents having obtained capacity. The congestion rents (revenues) generated amounted to €0.5 million, half of which correspond to the Spanish system.

In the case of the interconnection with Portugal, 15% of the forecasted capacity is allocated in the annual auctions, while another 15% 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.