

Guidelines for Short-Term Electricity Market Suspension Published

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On January 12, 2024, the National Energy Control Center ("CENACE") published the "Guidelines to Suspend Operations in the Short-Term Electricity Market" (the "Guidelines") in the Federal Official Gazette.

The purpose of the Guidelines is to establish criteria for the suspension and subsequent resumption of operations in the Short-Term Electricity Market ("Short-Term Market"), as well as the timing and means of announcing these measures to Participants of the Short-Term Market, and the manner in which prices of energy and related services will be determined during the suspension.

The Guidelines details the provisions of Rule 10.7 of the Electricity Market Rules, that establishes the procedures in case of suspension of the Short-Term Market in the National Electric System. Rule 10.7 includes the following topics, as described below: the announcement of suspension by CENACE, the subsequent resumption of Short-Term Market operations and the issuance of reports with details prior to and during the suspension, along with recommendations to prevent similar situations.

By way of context, Rule 10.7.1, section (a) of the Electricity Market Rules establishes conditions for market suspension in emergencies, highlighting three situations that may lead to partial or total market suspension:

1. **Operational Emergency State:** Refers to collapses in the National Electricity System, divisions into electric islands, electrical variables beyond operational limits, or impediments to return to a normal or alert state.
2. **Technological Infrastructure Failures:** Includes hardware, software, or communication system failures used by CENACE to conduct the Short-Term Market.
3. **Emergencies Not Attributable to CENACE:** Includes events such as terrorism, vandalism, sabotage, facility seizures, strikes, demonstrations, or natural disasters that disable the use of CENACE's Control Center and prevent immediate recourse to an alternate location.

The Manual states that, in any of the aforementioned events, CENACE will evaluate the possible suspension of the Short-Term Market, whether partial or total, in entirety or a portion of the National

Electricity System. It will determine if its ability to operate the Short-Term Market has been affected, considering various factors:

- 1. Situation Evaluation:** Affected physical assets, estimated time to return to normal operation, involved computer systems, the source of the problem (including technology providers), and situations jeopardizing CENACE's integrity or public safety, such as natural disasters or force majeure events.
- 2. General Suspension Criteria:** Specific criteria are established to determine if Short-Term Market suspension will be partial or total, depending on the estimated duration of adverse operational conditions in different scenarios.
- 3. Exceptions to Non-Suspension of Operations:** Operations of the Short-Term Market will not be suspended due to energy price variations or load reduction compared to forecasted demand.
- 4. Exceptional Nature of Suspension:** Short-Term Market suspension is considered an exceptional and last resort solution, applying for the minimum time necessary to restore conditions allowing normal and safe operation.

It is important to note that a "partial suspension" consists of the suspension of operations in the Real-Time Market, while a "total suspension" entails the suspension of operations in the Day-Ahead Market and Real-Time Market.

In the event of a suspension of the Short-Term Market, CENACE must implement the following actions:

- 1. Restoration and Coordination:** Restore the safe operation of the National Electricity System and the normality of the Short-Term Market with a priority on safety, and request information on facility operations.
- 2. Communication and Recording:** Keep all stakeholders informed about the status of the suspension or resumption through defined channels, and issue relevant instructions to Market Participants.
- 3. Supervision and Announcements:** Monitor the conditions leading to the suspension, determine when to restart normal market operations, and announce the market's resumption.
- 4. Reports and Evaluation:** Issue preliminary and final reports detailing circumstances, measures taken, actions of Market Participants, and recommendations to avoid future suspensions.

In the event of a Short-Term Market suspension, Market Participants, Transporters and Distributors must comply with instructions, maintain a record of actions, report non-compliance, and cooperate with CENACE in resuming operations, among other responsibilities.

Finally, the Guidelines also establish that, during a suspension, CENACE will determine and publish prices for energy and ancillary service. These prices will apply only to affected nodes, settling the corresponding payment to Electric Power Plant Units and Responsible Load Entities in the affected region. The Manual details conditions for the payment of energy and related services and establishes different methodologies for calculating prices based on the nature and scope of the suspension (partial or total). It also determines the payment of Financial Transmission Rights and addresses aspects related to the Power Balance Market and Clean Energy Certificates during market suspension.

During the suspension, all information, including prices, must be published by CENACE in the Market Information System.

If you have any questions or comments, please feel free to contact our team.

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