

**APPROVAL BY THE REGULATORY AUTHORITIES OF
GREAT BRITAIN AND BELGIUM**

ON

**THE CHANNEL TSO PROPOSAL FOR THE
NOMINATION RULES**

19 AUGUST 2019

I. Introduction and legal context

This document elaborates an opinion of the Regulatory Authorities of Great Britain (GB) and Belgium (BE) Bidding Zone Border¹, agreed on 19 August 2019, on the Channel TSO Proposal for the Nomination Rules submitted in accordance with Article 36 of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on Forward Capacity Allocation (the FCA Regulation)².

This agreed opinion of the Regulatory Authorities of Great Britain and Belgium Bidding Zone Border shall provide evidence that a decision on the Nomination Rules does not, at this stage, need to be adopted by the Agency for Cooperation of Energy Regulators (ACER) pursuant to Article 4(10) of the FCA Regulation and Article 8(1) of Regulation (EC) No 713/2009. It is intended to constitute the basis on which the Regulatory Authorities of Great Britain and Belgium Bidding Zone Border will each subsequently make national decisions to approve the Nomination Rules proposal for this border, submitted by TSOs in line with Article 36 of FCA Regulation.

The legal provisions that lie at the basis of the Nomination Rules proposal, and this Regulatory Authorities of Great Britain and Belgium Bidding Zone Border agreed opinion of the Nomination Rules proposal can be found in Article 3, 4, 32, and 36 of FCA Regulation. They are set out here for reference.

Article 3 of Regulation 2016/1719:

This Regulation aims at:

- a) *promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants;*
- b) *optimising the calculation and allocation of long-term cross-zonal capacity;*
- c) *providing non-discriminatory access to long-term cross-zonal capacity;*
- d) *ensuring fair and non-discriminatory treatment of TSOs, the Agency, regulatory authorities and market participants;*
- e) *respecting the need for a fair and orderly forward capacity allocation and orderly price formation;*
- f) *ensuring and enhancing the transparency and reliability of information on forward capacity allocation;*
- g) *contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union.*

Article 32 of Regulation 2016/1719:

Physical transmission rights

1. *Each physical transmission right holder shall be entitled to nominate all or part of its physical transmission rights pursuant to Article 36.*

¹ This document refers to “the Regulatory Authorities of Great Britain and Belgium Bidding Zone Border”, i.e. Ofgem and CREG as these are the Regulatory Authorities responsible for the approval of terms and conditions or methodologies from National Grid Interconnectors Limited and Elia.

² Commission Regulation (EU) 2016/1719 establishing a guideline on forward capacity allocation. The FCA Regulation came into force 16 October 2016. It builds on the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (CACM Regulation) to maximise efficiency in cross-border electricity trading. Specifically, the FCA Regulation provides a harmonised framework for forward capacity allocation to allow market participants to hedge positions before the day ahead timeframe.

2. *Where the physical transmission rights holders do not make a nomination by the deadline specified in the nomination rules, they shall be entitled to obtain remuneration in accordance with Article 35.*

Article 36 of Regulation 2016/1719:

General provisions for physical transmission rights nomination

1. *Where TSOs issue and apply physical transmission rights on bidding zone borders, they shall enable physical transmission rights holders and/or their counterparties to nominate their electricity exchange schedules. Physical transmission rights holders may authorise eligible third parties to nominate their electricity exchange schedules on their behalf in line with the nomination rules in accordance with paragraph 3.*
2. *No later than 12 months after the entry into force of this Regulation, all TSOs issuing physical transmission rights on a bidding zone border shall submit to the relevant regulatory authorities' approval a proposal for nomination rules for electricity exchange schedules between bidding zones. The proposal shall be subject to consultation in accordance with Article 6. Nomination rules shall contain at least the following information:*
 - a) *the entitlement of a physical transmission rights holder to nominate electricity exchange schedules;*
 - b) *minimum technical requirements to nominate;*
 - c) *description of the nomination process;*
 - d) *nomination timings,*
 - e) *format of nomination and communication.*
3. *All TSOs shall progressively harmonise the nomination rules on all bidding zone borders on which physical transmission rights are applied.*
4. *Physical transmission rights holders, their counterparties where applicable or an authorised third party acting on their behalf shall nominate all or part of their physical transmission rights between bidding zones in compliance with the nomination rules.*
5. *In case allocation constraints on interconnections between bidding zones have been included in the day-ahead capacity allocation process in accordance with Article 23(3) of Regulation (EU) 2015/1222, they shall be taken into account in the proposal for nomination rules referred to in paragraph 2.*

Article 4 of Regulation 2016/1719:

Adoption of terms and conditions or methodologies

1. *TSOs shall develop the terms and conditions or methodologies required by this Regulation and submit them for approval to the competent regulatory authorities within the respective deadlines set out in this Regulation. Where a proposal for terms and conditions or methodologies pursuant to this Regulation needs to be developed and agreed by more than one TSO, the participating TSOs shall closely cooperate. TSOs, with the assistance of ENTSO for Electricity, shall regularly inform the competent regulatory authorities and the Agency about the progress of the development of these terms and conditions or methodologies.*
2. (...)
3. (...)
4. (...)
5. *Each regulatory authority shall be responsible for approving the terms and conditions or methodologies referred to in paragraphs 6 and 7.*

6. (...)
7. *The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities of the concerned region:*
 - (e) *the regional requirements of the harmonised allocation rules pursuant to Article 52, including the regional compensation rules pursuant to Article 55.*
8. *The proposal for terms and conditions or methodologies shall include a proposed timescale for their implementation and a description of their expected impact on the objectives of this Regulation. Proposals on terms and conditions or methodologies subject to the approval by several or all regulatory authorities shall be submitted to the Agency at the same time that they are submitted to regulatory authorities. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within three months on the proposals for terms and conditions or methodologies.*
9. *Where the approval of the terms and conditions or methodologies requires a decision by more than one regulatory authority, the competent regulatory authorities shall consult and closely cooperate and coordinate with each other in order reach an agreement. Where applicable, the competent regulatory authorities shall take into account the opinion of the Agency. Regulatory authorities shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs 6 and 7 within six months following the receipt of the terms and conditions or methodologies by the regulatory authority or, where applicable, by the last regulatory authority concerned.*
10. (...)
11. *In the event that one or several regulatory authorities request an amendment to approve the terms and conditions or methodologies submitted in accordance with paragraphs 6 and 7, the relevant TSOs shall submit a proposal for amended terms and conditions or methodologies for approval within two months following the requirement from the regulatory authorities. The competent regulatory authorities shall decide on the amended terms and conditions or methodologies within two months following their submission. Where the competent regulatory authorities have not been able to reach an agreement on terms and conditions or methodologies pursuant to paragraphs 6 and 7 within the two-month deadline, or upon their joint request, the Agency shall adopt a decision concerning the amended terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 713/2009. If the relevant TSOs fail to submit a proposal for amended terms and conditions or methodologies, the procedure provided for in paragraph 4 shall apply.*
12. (...)
13. *TSOs responsible for establishing the terms and conditions or methodologies in accordance with this Regulation shall publish them on the internet after approval by the competent regulatory authorities or, if no such approval is required, after their establishment, except where such information is considered as confidential in accordance with Article 7.*

II. The Channel TSO proposal

The initial Channel Long Term Nomination Rules have been approved by regulatory authorities on 15 March 2018. Channel TSOs subsequently submitted an amended proposal of these rules which was received by the last regulatory authority on 30 April 2019.

The proposal for the Channel Long Term Nomination rules has been consulted publicly by the Channel TSOs. To this end, the Channel TSOs published a draft version of the amended proposal on the ENTSO-E website to allow the stakeholders to provide their views between 25 February and 25 March 2019, in line with the provisions in Regulation 2016/1719.

The Channel Long Term Nomination rules have been revised as follows:

- (i) The references to “IFA Interconnector” have been rendered generic so as to allow the entry of other interconnections on the FR-GB bidding zone border in the future;
- (ii) The references to “National Grid Electricity Transmission Plc.” have been amended so as to reflect the separation between the system operation and transportation activities of National Grid. PTR holders must henceforth enter the Use of System Agreement with “National Grid Electricity System Operator Limited” instead of “National Grid Electricity Transmission Plc.”;
- (iii) The definitions of the Loss Factor in the appendices have been detailed so as to reflect that the Loss Factor is calculated differently in Annex 1 than Annex 2 and Annex 3;
- (iv) Minor housekeeping amendments and correction of inconsistent use of terms have been made.

Article 4(11) of Regulation 2016/1719, requires Regulatory Authorities of the GB-BE bidding zone border to consult, closely cooperate and coordinate with each other in order to reach an agreement, and make a decision within two months following receipt of submission by the last Regulatory Authority concerned. A decision is therefore required by each relevant Regulatory Authority by 30 June 2019 for the Channel Long Term Nomination Rules.

III. GB and BE Regulatory Authorities’ position

TSOs have ensured that the Channel Long Term Nomination Rules are (i) open to the inclusion of new interconnections on the FR-GB border, (ii) up to date with the current corporate structure of National Grid, and (iii) corrected from spotted minor inconsistencies.

GB and BE Regulatory Authorities are satisfied with the above amendments to the rules.

IV. Conclusions

GB and BE Regulatory Authorities have assessed, consulted, closely cooperated and coordinated to reach an agreement about the Channel Long Term Nomination Rules, which meet the requirements of Regulation 2016/1719 and as such can be approved by the GB and BE Regulatory Authorities.

GB and BE Regulatory Authorities shall then issue their national decisions, based on this agreement, by the 30 October 2019.