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Date: 31 May 2023

Email: robin.dunne@ofgem.gov.uk

Dear Rebecca,

Notice to vary the direction approving the modifying Access Rules issued on 26 April 2023 for the Interconnexion France-Angleterre 2 (IFA2) interconnector pursuant to Standard Licence Condition 11A the Electricity Interconnector Licence

On 3 February 2023, National Grid IFA2 Limited (NGIFA2) submitted modifications to its Access Rules for the IFA2 interconnector¹ to the Authority² for approval. On 26 April 2023 we issued a direction approving the modified Access Rules.³

On the 25 May 2023 NGIFA2 contacted us to explain errors had been made in the documents provided as part of its consultation and submissions to Ofgem. Between 25 May and 30 May 2023, NGIFA2 identified various instances of text in the modified access rules that it never intended to include in the modified access rules or had been erroneously deleted. In its consultation with interested parties and submissions to the authority this text was not highlighted as modified text.

We have decided to vary our direction issued on 26 April 2023 as on balance it represents a better outcome for users of the interconnector that have been preparing for these modified access rules to go live on 1 June 2023, as opposed to revoking the direction all together.

¹ The IFA2 interconnector is a 1000MW high voltage direct current (HVDC) link, connecting the transmission systems of Great Britain (GB) and France. IFA2 is jointly owned and operated by National Grid IFA2 Limited (NGIFA2) and Réseau de Transport d'Electricité (RTE) (the French transmission system operator).

² The Gas and Electricity Markets Authority. Ofgem is the Office of the Authority. The terms "Ofgem" and "the Authority," "we" and "us" are used interchangeably in this letter.

³ <https://www.ofgem.gov.uk/publications/approval-modified-access-rules-and-modified-charging-methodology-interconnexion-france-angleterre-2-ifa2-interconnector>

In reaching our decision to vary our direction we have also closely cooperated with the Commission de Régulation de l'Énergie (CRE), the French regulatory authority, to ensure we make consistent regulatory decisions.

Attached to this letter is the varied direction in the accompanying Annex.

Changes to the Access Rules that were not highlighted by NGIFA2

1. Triggering events and consequences of curtailment on Transmission Rights (ID Auction Rules, Article 40)

1.1 The following text was accidentally included by NGIFA2 in its original drafts and has therefore been deleted in the latest version of the access rules.

"Interconnector Transmission Rights are curtailed in the following sequential order:

- a. Intraday Transmission Rights first until all the Intraday Transmission Rights have been curtailed, then*
- b. Day Ahead Transmission Rights until all the Day Ahead Transmission Rights have been curtailed, and then*
- c. Long Term Transmission Rights in the following order: from the shortest Product Period duration to the longest Product Period duration. Products with the same Product Period duration (if applicable) will be curtailed in the same proportions."*

2. Deemed Metered Volumes (Day Ahead and Intraday Nomination Rules, Article 9)

2.1 The undernoted paragraph was accidentally deleted by NGIFA2 and has therefore been reinstated. This details how deemed metered volumes are assigned at the Day Ahead and Intraday time frames should a transmission rights holder submit a valid Mid-interconnector Nomination. This aligns with the equivalent provision in the Long Term timeframe.

2.2 The paragraph states:

"a) When a PTR Holder submits a valid Mid-Interconnector Nomination, then the Nomination Platform will ensure that a corresponding Deemed Metered Volume, adjusted for losses and for any reductions in Mid-Interconnector Nominations as a

result of curtailment pursuant to the Allocation Rules, is allocated to the relevant PTR Holder using the allocation rules in the applicable Business Rules.”

3. *Bid processes (Long term allocation rules, Article 31 (bids submission); and Article 33 (default bid))*

3.1 The following wording was accidentally deleted by NGIFA2 in its original drafts and so has been reinstated in Article 31:

“In case where the Information System Rules allows submission of Bids with the same Bid Price by one Registered Participant the Allocation Platform may apply additional criteria or rules to decide which Bid shall be rejected. Such additional criteria or rules shall be included in the information System Rules and shall be one or more from the following:

(a) chronological submission (time stamp); and/or

(b) Bid identification assigned by the Auction Tool; and/or

(c) rejection of all relevant Bids with the same Bid Price.”

3.2 Similar wording was also accidentally deleted by NGIFA2 in Article 33 (default bid) and so has been reinstated.

4. *Other changes*

In addition to the above, certain other minor edits were identified as required to be rectified by NGIFA2 and have been addressed in the revised version of the access rules.

Next Steps

In accordance with SLC 11A(14) of the Licence, NGIFA2 is required to publish (at least on its website) the modified Access Rules for a period of 28 days prior to their coming into effect (the publication period), unless the Authority directs otherwise. In our varied direction we

are directing that NGIFA2 instead publish the amended Access Rules as soon as possible before they come into effect on 1 June 2023.

We ask NGIFA2 to carefully consider future proposals to modify its the Access Rules and ensure these are clearly set out to interested parties and the Authority to facilitate compliance with its Interconnector Licence.

Your Sincerely,

Robin Dunne

Acting Head of Cross Border Market Arrangements

Energy Systems Management & Security

**Signed on behalf of the Authority and authorised for that purpose by the Authority
on 31 May 2023**

Annex – Variation of Direction

Variation of Direction issued to National Grid IFA2 Limited pursuant to paragraph 13 of Standard Licence Condition 11A (Approval of terms for access to the Licensee’s interconnector) of its Electricity Interconnector Licence

1. The Authority hereby varies the direction issued on 26 April 2023⁴ for the Electricity Interconnector Licence for National Grid IFA2 Limited (the Licensee) in relation to the IFA2 interconnector.
2. Standard Licence Condition 11A, paragraph 10, requires the Licensee to take all reasonable steps to ensure that all persons, including those in Member States of the European Union, that may have a direct interest in the Access Rules, are consulted and allow them a period of not less than 28 days within which to make written representations. The Licensee must also furnish to the Authority a report setting out the terms originally proposed for the modification, the representations, if any, made by interested persons and any change in the terms of the modification intended as a consequence of such representations.
3. Standard Licence Condition 11A, paragraph 4, requires that the Access Rules must be transparent, objective, non-discriminatory and compliant with the Regulation (Regulation (EC) No 2019/943 on the internal market for electricity, as modified further to UK exit from the EU) and any relevant legally binding decision of the European Commission and/or Agency for the Co-operation of Energy Regulators (collectively the ‘relevant Access Rules objectives’).
4. On 26 April 2023 the Authority issued a direction pursuant to SLC11A paragraph 13 directing that the access rules were approved. Paragraph 9 of that direction states that the direction shall take effect immediately and shall remain in effect until such time as the Authority may revoke or vary the direction in writing upon reasonable notice.
5. Between the 25 May and 30 May 2023 the licensee highlighted material errors in the modified access rules which would mean the licensee was not compliant with SLC11A paragraph 10, and that it wished to remove certain provisions that were not highlighted as changes (as either additions or deletions) in its consultation, draft revised terms or report pursuant to SLC11A paragraph 10.

⁴ <https://www.ofgem.gov.uk/publications/approval-modified-access-rules-and-modified-charging-methodology-interconnexion-france-angleterre-2-ifa2-interconnector>

In addition to the above, to ensure that the access rules remain compliant with the access rules objectives, namely that its provisions remain transparent, we are hereby varying our direction to take into account the changes set out in this letter.

6. After careful consideration of the report submitted on 3 February 2023, as well as the amended version of the rules submitted on 30 May 2023, and the responses to the public consultation that were provided to the Authority, and after consulting and closely cooperating with the French regulatory authority, the Authority has decided that the Licensee's proposed modified Access Rules (being the version corrected on 30 May 2023) meet the relevant Access Rules objectives for the reasons set out in the letter accompanying this variation to the direction.
7. Standard Licence Condition 11A, paragraph 14 requires that, unless the Authority directs otherwise, the modified Access Rules shall be published 28 days prior to coming into effect. In light of the reasons given above, and given the passage of time since the direction, the Authority instead directs that these Access Rules shall be published as soon as possible before they come into effect on 1 June 2023.
8. The Authority therefore hereby directs that pursuant to paragraph 13 of Standard Licence Condition 11A of the Licence, the Licensee's modified Access Rules are approved (being the version corrected and provided to the Authority on 30 May 2023) and, pursuant to paragraph 14 of the same, the modified Access Rules shall be published by the Licensee on its website as soon as possible before they come into effect on 1 June 2023.
9. This variation to the direction issued on 26 April 2023 shall take effect immediately and shall remain in effect until such time as the Authority may revoke or vary it in writing upon reasonable notice.
10. This variation to the direction constitutes notice of the Authority's reasons for the decision pursuant to section 49A of the Act.

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Robin Dunne

**Acting Head of Cross Border Market Arrangements,
Energy Systems Management & Security**

**Signed on behalf of the Authority and authorised for that purpose by the Authority
on 31 May 2023**