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Date: 23 June 2025

Dear Jan,

Approval of the modified Access Rules for the BritNed interconnector pursuant to Standard Licence Condition 11A of the Electricity Interconnector Licence

On 17 April 2025, BritNed Development Limited (BDL) submitted modified Access Rules for the BritNed interconnector¹ to the Authority² for approval.

The modified Access Rules were submitted pursuant to Standard Licence Condition (SLC) 11A of BDL's Electricity Interconnector Licence (the Licence)³, which requires BDL to maintain 'Access Rules', that set out the terms and conditions for access to, and including use of, the interconnector.

We have decided to approve the modified Access Rules on the basis that we are satisfied the modifications achieve the relevant objectives as required under the Licence⁴. This letter

¹ BritNed is a 1016 MW high voltage direct current (HVDC) interconnector, connecting the transmission systems of Great Britain (GB) and the Netherlands (NL). BritNed is a joint venture between National Grid Interconnector Holdings Limited and NLink International, a TenneT subsidiary.

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

³ The "Electricity Interconnector Licence: Standard Conditions" can be found here: <u>Electricity Interconnector</u> Standard Licence Conditions 03 08 2021

⁴ The relevant Access Rules objectives are set out in SLC 11A of the Licence and state that the Access Rules shall be transparent, objective, non-discriminatory and compliant with the Regulation (as amended following UK exit from the EU, as detailed below) and any relevant legally binding decision of the European Commission and/or the Agency.

contains a Direction (attached as Annex 1) approving the modified Access Rules. It also explains the reasons for our approval as required under Section 49A of the Electricity Act 1989.

The proposed modifications to the Access Rules

The modified Access Rules build on the BDL Access Rules approved by Ofgem on 29 August 2024⁵ by introducing the following amendments:

- 1. Inclusion of the Market Time Unit (MTU) in the Intraday Auction Specification
 - 1.1. BDL proposes to include MTUs as the resolution in which capacity will be allocated in Intraday Actions in addition to the existing content of the Auction Specification.
- 2. Inclusion of the self-billing procedure for Participants.
 - 2.1. BDL proposes to include the Self-billing Procedure for Participants within the Access Rules, setting out the obligations of both BDL and the Participant.
 - 2.2. The Procedure states that BritNed will issue self-billed invoices for all supplies made to BritNed by a Participant, and that each invoice will display the name, address and VAT number of the Participant, along with all details constituting a full VAT invoice.
 - 2.3. Participants are to accept these self-billed invoices and are not to raise duplicate sales invoices to BritNed for the transactions which the self-billed invoice has covered.
 - 2.4. Participants must notify BritNed immediately if the Participant's VAT registration number is at all changed, or if the Participant ceases to be VAT-registered.
 - 2.5. Additionally, BritNed proposes to remove C2.2.3 which specified the date from which self-billed invoice arrangements would take effect. Since self-billed invoice arrangements have come into full effect as of 18 November 2024, C2.2.3 has been removed from the Access Rules as the information is no longer pertinent.
- 3. Clarification that Participants must ensure adherence to correct security practices between the Participant's systems and the Allocation and Nomination platform.
 - 3.1. BDL proposes to include a clarification that participants must ensure correct security practices between the Participant's systems and the Allocation and Nomination platform.

⁵ The decision letter on the BritNed Access Rules, approved by Ofgem on 29 August 2024 can be accessed here: <u>Approval of the modified Access Rules for BritNed interconnector pursuant to Standard Licence Condition 11A of the Electricity Interconnector Licence 2024 | Ofgem</u>

- 3.2. BDL further state that the correct security practices are to be adhered to by Participants, whether this is via contractual obligations, internal security policies, or other enforcement mechanisms.
- 3.3. BDL additionally states that it takes over no liability for the security of outgoing communication between the Allocation and Nomination Platform and the Participant's systems i.e. via webhooks, for instance.
- 4. Clarification of "BritNed Market Surveillance" definition, and inclusion of "Market Participant" definition.
 - 4.1. BDL proposes to update the definition of "BritNed Market Surveillance" from the previous set of Access Rules, with the new definition emphasising that the term refers to a team in charge of "market surveillance of orders and transactions..." (as opposed to the previous iteration of just "monitoring transactions").
 - 4.2. The updated definition of "BritNed Market Surveillance" also adds "(EU and domestic legislation or codes)" following mention of the BritNed Market Surveillance team ensuring accordance with REMIT obligations.
 - 4.3. BDL additionally proposes to introduce a definition for "Market Participant", defining it as "any person, including transmission system operators, distribution system operators, storage system operators and LNG system operators, who enters into transactions, including the placing of orders to trade, in one or more wholesale energy markets".
- 5. Change to Nomination Gate schedule specification for Intraday Auctions.
 - 5.1. BDL proposes to remove the current table which specifies the Intraday Auction and Nomination Gate schedule in the Access Rules and replace the relevant information with a new article that explains that this information will now be contained within the Auction Specifications for Intraday Auctions alongside all other relevant information for Intraday Auctions.
 - 5.2. BDL also proposes that Intraday Auctions will have a minimum of twenty-four (24) and a maximum of forty-eight (48) Nomination Gates in one Contract Day.
 - 5.3. In addition, BDL proposes to include a further paragraph in Schedule 2 which specifies that the number of Nomination Gates in one Contract Day shall not be amended more than three (3) times in a calendar year.

Consultation Response

In accordance with the applicable legal and regulatory framework, BDL conducted a public consultation6 on the Access Rules from 17 March 2025 to 14 April 2025. BDL received no responses during the public consultation. As such, no changes were made to the already-proposed amendments post-consultation.

Regulatory framework

SLC 11A of the Licence⁷ introduces relevant Access Rules objectives, against which the Authority assesses the Access Rules and any proposed modifications. The relevant objectives are that the Access Rules shall be transparent, objective, non-discriminatory and compliant with Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast following the UK's exit from the EU) (the Electricity Regulation) and any relevant legally binding decision of the European Commission and/or the Agency for the Cooperation of Energy Regulators retained following the UK's exit from the EU.

The Authority's Decision

We have reviewed the modified Access Rules submitted to Ofgem on 17 April 2025 and have concluded that the proposed changes meet the relevant Access Rules objectives for the following reasons:

- 1. Inclusion of the Market Time Unit (MTU) in the Intraday Auction Specification
 - 1.1. We consider this modification complies with the Access Rules Objectives. This change informs market participants that MTUs will be added to the Auction Specification to define the resolution in which capacity will be allocated. This change is transparent and clarifies how the resolution in which capacity is allocated is defined.
- 2. Inclusion of the self-billing procedure for Participants.
 - 2.1. We consider this modification complies with the Access Rules Objectives. The inclusion of the self-billing procedure for Participants into the Access Rules, which

⁶ The consultation for the Access Rules is available here: https://www.britned.com/wp-content/uploads/2025/03/BritNed-Access-Rules-2025-Public-Consultation.pdf

⁷ The Electricity Interconnector Standard Licence Conditions can be found here: <u>Electricity Interconnector Standard Licence Conditions 03 08 2021</u>

lays out the obligations of both BDL and the Participant, provides full awareness and transparency to market participants. We therefore consider this change to be transparent and in the interest of market participants.

- 3. Clarification of necessary adherence to correct security practices for Participants between the Participant's own systems and the Allocation and Nomination platform.
 - 3.1. We consider this modification complies with the Access Rules Objectives. In setting out the obligation for Participants to ensure correct security practices, this change provides full transparency to market participants of the expectations and obligations that apply to them, as well as BritNed's own non-liability for the security of outgoing communications. We therefore consider this change to be transparent.
 - 3.2. We also consider this change to be non-discriminatory, as the necessity to adhere to correct security practices applies to all Participants universally, meaning all Participants are treated equally under this proposal. As such, we consider this change to be non-discriminatory.
- 4. Clarification of "BritNed Market Surveillance" definition, and inclusion of "Market Participant" definition.
 - 4.1. We consider this modification complies with the Access Rules Objectives. The clarification of "BritNed Market Surveillance", as well as the inclusion of a definition of "Market Participant" provide transparency and full clarity for market participants or any other individuals reading the Access Rules.
 - 4.2. We also consider this change, in providing definitions which are both fair and non-biased, to be objective.
 - 4.3. Additionally, we consider this change, in establishing a non-exclusionary definition of "Market Participant", to be non-discriminatory.
- 5. Change to Nomination Gate schedule specification for Intraday Auctions.
 - 5.1. We consider this modification complies with the Access Rules Objectives. This change clearly outlines that the Nomination Gate schedule is no longer defined within the Access Rules but instead defined as part of the Auction Specification of each Intraday Auction. This is clearly and transparently explained in the new article, alongside the other information that the Auction Specification will contain.
 - 5.2. We also consider that the inclusion of additional articles that specify both the minimum and maximum number of Nomination Gates, as well as the number of times that the Nomination Gates may be changed in a calendar year, is in the interest of market participants and communicated clearly. The change itself

provides BDL with some flexibility in adjusting the number of Nomination Gates as may be deemed necessary in a calendar year but also constrains BDLs ability to indefinitely do so. In restricting the number of times that the number of Nomination Gates may be changed, BDL ensures that Intraday Auction specifications remain as consistent and predictable as possible.

In making our decision we have closely cooperated with ACM⁸, the Dutch regulatory authority, to ensure we make consistent regulatory decisions.

The Authority approves the modified Access Rules on the basis that they meet the relevant Access Rules objectives set out in SLC 11A(4) of the Licence.

The direction relating to the approval of the modified Access Rules and, issued in accordance with SLC 11A(13) of the Licence, can be found in Annex 1 of this letter.

Next steps

Publication of the modified Access Rules

In accordance with SLC 11A(14) of the Licence, BDL is required to publish (at least on its website) the approved Access Rules for a period of 28 days prior to the Access Rules coming into effect (the Publication Period), unless the Authority directs otherwise.

Yours sincerely,

Mo Rahee

Head of Electricity Interconnector Market Arrangements, Energy Systems

Management & Security

⁸ The Netherlands Authority for Consumers and Markets (ACM) is the regulatory authority of the Netherlands energy sector.

ANNEX 1

Direction issued to BritNed Development 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

- This Direction is issued by the Gas and Electricity Markets Authority (the "Authority") pursuant
 to paragraph 13 of Standard Licence Condition 11A of the Electricity Interconnector Licence
 (the "Licence") granted or treated as granted under section 6(1)(e) of the Electricity Act 1989
 (the "Act") to BritNed Development Limited (the "Licensee") in relation to the BritNed
 interconnector.
- 2. Standard Licence Condition 11A, paragraph 4, requires that the Access Rules must be transparent, objective, non-discriminatory and compliant with the Regulation (Regulation (EU) 2019/943 on conditions for access to the network for cross border exchanges in electricity, as amended following the UK's exit from the EU) and any relevant legally binding decision of the European Commission and/or Agency for the Cooperation of Energy Regulators retained following the UK's exit from the EU (collectively "the relevant Access Rules objectives").
- 3. Standard Licence Condition 11A, paragraph 8, requires that the Licensee reviews its Access Rules at least once in each calendar year and makes such modifications to the Access Rules as may be requisite for the purpose of ensuring that the Access Rules better achieve the relevant Access Rules objectives.
- 4. Standard Licence Condition 11A, paragraph 10, requires the Licensee to take all reasonable steps to ensure that all persons, including those in Member States that may have a direct interest in the Access Rules, are consulted and allowed 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 certain information, including 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.
- 5. In accordance with Standard Licence Condition 11A, paragraph 10, on 17 April 2025, the Licensee furnished the Authority with a report setting out the Licensee's proposed modifications to the Access Rules (the "modified Access Rules").

- 6. After careful consideration of the report and the responses to the public consultation and after consulting and closely cooperating with the Dutch regulatory authority, the Authority has decided that the Licensee's proposed modified Access Rules meet the relevant Access Rules objectives for the reasons set out in the letter accompanying this 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. The Authority considers that it is important to ensure that the modified Access Rules come into effect as soon as possible on the basis of facilitating efficient cross border trade.
- 8. The Authority therefore hereby directs that:
 - a) pursuant to paragraph 13 of Standard Licence Condition 11A of the Licence, the Licensee's modified Access Rules are approved; and
 - b) pursuant to paragraph 14 of Standard Licence Condition 11A of the Licence, that the modified Access Rules come into effect when the Licensee publishes them on its website.
- 9. This 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.
- 10. This Direction constitutes notice of the Authority's reasons for the decision pursuant to section 49A of the Act. Copies of the documents mentioned in this Direction can be found on the Ofgem website (www.ofgem.gov.uk).

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Mo Rahee

Head of Electricity Interconnector Market Arrangements, Energy Systems Management & Security

Signed on behalf of the Authority and authorised for that purpose by the Authority on [DATE].