



*Promoting choice and value for
all gas and electricity customers*

To: electricity generators,
interconnector owners and
operators, suppliers and other
interested parties

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Dear Colleague

National Grid Interconnectors Limited (NGIC) and Réseau de Transport d'Electricité (RTE) joint consultation on revised access rules for the England-France Interconnector (IFA)

The purpose of this letter is to draw your attention to NGIC's and RTE's joint consultation on revised access rules for IFA¹ (launched on 7 May) and to encourage interested parties to respond. This letter also explains the process that the Authority² intends to follow and the basis on which the Authority will consider for approval the revised access rules for IFA interconnector.

NGIC and RTE are consulting on changes required to be made to the IFA access rules in order to introduce implicit auctions for day ahead-capacity allocation (market coupling) on IFA. This is in accordance with work being pursued under the North West European (NWE) electricity initiative³. The implementation of market coupling on IFA will be a significant step towards the completion of the European internal energy market.

Any consultation responses should be submitted to NGIC. Following its consultation NGIC will provide all consultation responses to the Authority and submit the final version of the amended access rules to the Authority for consideration. We will take responses to NGIC's consultation process into consideration in the approval process.

We will liaise with Commission de Régulation de l' Energie (CRE)⁴ on process and substance for access rules approval.

The Authority will assess the amended access rules against the relevant access rules objectives and the requirements set out in the licence⁵ and relevant domestic and European

¹ IFA is a 2000MW high voltage direct current (HVDC) link, connecting the transmission systems of Great Britain (GB) and France. IFA is owned and operated jointly by NGIC and 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 The European Target Model requires that the Transmission System Operators (TSOs) allocate all the cross border capacity in the day-ahead timeframe using implicit auctions by 2014. The North West European (NWE) Regional Initiative (RI) is a TSO lead project to introduce single price coupling in the region. NWE comprises Central West Europe (CWE), North Europe and GB (IFA and BritNed interconnectors). A form of market coupling already covers the NWE area, with the exception of the IFA interconnector. The expected go live date for the NWE day-ahead market coupling is November 2013.

⁴ The French regulatory body for gas and electricity markets.

⁵ The licence:

http://epr.ofgem.gov.uk/EPRFiles/Electricity_Interconnector_Standard%20Licence%20Conditions%20Consolidated%20-%20Current%20Version.pdf

legislation, in particular, the Third Package Electricity regulation⁶ and the annexed congestion management guidelines (CMGs).

Attached to this letter, for your information, is a copy of the draft access rules, the overview document of the consultation package and IFA's covering letter accompanying the consultation. Full details of the consultation are available on NGIC's website⁷.

Any requests for further information should be directed to Evridiki Kaliakatsou (email: evridiki.kaliakatsou@ofgem.gov.uk, tel: 0207 901 3090).

Yours sincerely

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⁶ Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003

⁷ Link to IFA access rules consultation: <http://www.nationalgrid.com/uk/Interconnectors/France/consultations/>