GDF SUEZ answer to CRE/Ofgem joint consultation on the request from ElecLink for an exemption under Article 17 of Regulation (EC) 714/2009 for a GB-France interconnector

General comments

GDF SUEZ believes that ElecLink should be granted an exemption only under the condition that ElecLink doesn't perform any operational activities potentially impacting the European electricity market. Unbundling principle as defined in the European Union's Third Energy Package should be well respected and monitored by National Regulatory Authorities. Indeed, owning and operating the cable in the same time could lead to competition issue as confidential information could be available to the owner of the cable. Therefore, confidentiality of the information between the cable operator and the (usage of) data of the cable users should be guaranteed. In particular, the name of the buyer, the capacity bought, the price paid, and the way the capacity rights are used from a particular capacity buyer should be confidential for the cable operator in order to avoid insight information (especially if the cable operator is also a market player such as a generator, electricity trader, etc...), assuming that it is compliant with the European transparency regulations (e.g. REMIT).

Besides this concern, GDF SUEZ believes that there should be no restriction on the type of products that will be developed for long term capacities (Physical Transmission Rights with the "use-it-or-sell-it" mechanism, Financial Transmission Option Rights, etc.) as it would attract a wider range of market players. Also, long term contracts (more than 5 years, but allocated via market based processes) could be necessary to get ElecLink project financed. From a potential capacity buyer perspective, it is of utmost importance to have the broadest range of products possible in order to be able to manage the risks efficiently.

Additionally, GDF SUEZ is in favour of the proposal to allocate 80% of the capacity in the form of long-term products (longer than day-ahead and intraday maturity) through a market-based Open Season procedure[1]. Depending on the tenor of the contracts, open season and periodical allocations should both be considered. Moreover, GDF SUEZ is in favour to have a global management of the FR-UK border including a ranking of the capacities allo-

[1] By Open Season procedure, we mean one long-term allocation before the interconnector becomes operational. Those contracts would be sold in an open, transparent and non-discriminatory manner. It would engage a third party to run the capacity allocation process, which would likely to take the form of a public tender that specifies clear and transparent selection criteria.

cated on all existing cables in order to avoid arbitration between those cables. This would mean that market players should be indifferent whether an energy flow determined in the Day-Ahead market coupling between UK and France (e.g. 1500 MW) is directed only via the IFA cable (ElecLink remaining unused), or 50/50 (750 MW) on both cables, or any other usage.

Finally, cable interruption is a major risk for capacity buyers. The attractiveness of products (both short-term and long-term) will depend on the capability of ElecLink to manage this interruption risk and provide firm products, even over long-term horizon. Therefore, ElecLink should apply the same provisions on firmness as provided in the paragraph 3 of the Opinion of ACER N°24/2013 of 18th December 2013 on ENTSO-E's Network Code on Forward Capacity Allocation[2]. Especially on the compensation scheme in case of curtailments, the following requirements shall be respected: *"Capacities shall be firm. After the nomination deadline, physical firmness is the preferred approach, but financial firmness may be accepted in case of explicit auctions [...] except in the case of force majeure, capacity holders shall be compensated for any curtailment. Compensation shall generally be equal to the price difference between the concerned zones in the relevant time frame".*

[2] http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2024-2013.pdf