



Response to Consultation on Ofgem's Minded to Decision to assign TSO obligations under the Capacity Allocation and Congestion Management Regulation (CACM Regulation) within GB

A submission by EirGrid plc.

9 June 2015

INTRODUCTION

EirGrid Group welcomes the publication of the Consultation on Ofgem's Minded to Decision to assign TSO obligations under the Capacity Allocation and Congestion Management Regulation (CACM Regulation) within GB and the opportunity to respond.

EirGrid holds licences as independent electricity Transmission System Operator (TSO) and Market Operator (MO) in the wholesale trading system in Ireland, and is the owner of the System Operator Northern Ireland (SONI Ltd), the licensed TSO and market operator in Northern Ireland. The Single Electricity Market Operator (SEMO) is part of the EirGrid Group, and operates the Single Electricity Market on the island of Ireland.

Both EirGrid, and its subsidiary SONI, have been certified by the European Commission as independent TSOs, and are licenced as the transmission system and market operators, for Ireland and Northern Ireland respectively. EirGrid also owns and operates the East West Interconnector, while SONI acts as Interconnector Administrator for both of the interconnectors that connect the island of Ireland and GB.

It is in the context of our role as owner and operator of the East West Interconnector that we are submitting this response to Ofgem's consultation.

GENERAL COMMENTS

EirGrid Group would like to make a number of high level observations related to the consultation paper and supporting annex. In considering our response, we have also considered the roles in the context of the I-SEM market, with SONI and EirGrid having the same roles as NGET in the GB context.

The focus of this consultation is on the assignment of TSO obligations under the Capacity Allocation and Congestion Management Regulation (CACM Regulation) within GB. This is relevant to EirGrid Group given our role as owner and operator of the East West Interconnector linking Ireland to GB. Although the consultation is looking at assigning CACM obligations to TSOs in GB, a similar exercise will need to be done in the Integrated-Single Electricity Market (I-SEM) to assign the CACM obligations to TSOs in the I-SEM. It is appropriate that the approach taken in the Ofgem consultation in assigning CACM obligations to certified TSOs in GB is coordinated with the likely approach to be adopted in the I-SEM. Therefore, it is imperative that the NRA's

and TSO's in both SEM and GB work closely together to ensure consistency in terms of the approach taken.

COMMENTS ON OFGEM QUESTIONS

1. Do you agree that we have correctly identified the Articles of the CACM Regulation which place an obligation on TSOs?

It is unclear how some articles (e.g. Article 2 on definitions) confer direct obligations on TSOs.

2. Do you agree with Ofgem's application of Article 1(3) in assigning obligations to GB TSOs?

Yes, we agree with this approach.

3. Do you agree with Ofgem's minded to decision on the assignment of obligations under the CACM Regulation to GB TSOs as set out in Annex 1?

The annex to this consultation is useful and provides a good basis from which to assess the relevant requirements and where they should ideally sit. However, we consider that the annex needs to be more nuanced and reflect the requirement in Article 1(3) of CACM to assign individual obligations to one or more TSOs.

It is unclear exactly what responsibilities the 'obligations' confer on the TSOs identified with tick marks in the annex. Language used in the 'Analysis' column does not seem consistent with the description of an 'obligation'. Comments on a number of Articles refer variously to TSO 'involvement' or a TSO's 'opportunity to contribute' or their right to 'have a role'. Such comments imply optional participation, not an obligation or responsibility. Articles in CACM generally mandate either the establishment of new business processes/methodologies or ongoing compliance with those processes/methodologies. In the case of the latter it is clear that many or all of the TSOs will have to comply and will therefore have an 'obligation' under such articles. In the case of the former, there would be benefit in identifying the relative levels of responsibility/influence of each TSO with respect to the development of the relevant business process/methodology. We note that in each area a tick may represent a lead involvement from

one TSO and a very light involvement from another. While, all certified TSOs might have a role to play or be impacted by a certain obligation (e.g. data provision, reporting) and therefore perhaps should be potentially involved to a greater or lesser extent, this does not mean that all should be obliged to fulfil this obligation. As such, the annex serves to indicate the TSOs which are impacted by the CACM obligation rather than those that are legally obliged to fulfil it. The annex needs to differentiate between those TSO(s) who are legally obliged to meet the obligation; those that have a supporting role e.g. data provision; and those who are impacted by the obligation.

The annex would also benefit from increased granularity in places. There are a number of articles where the obligation is placed on all TSOs. However, it is possible that within an article there may be a number of different obligations with perhaps one obligation resting with a particular type of TSO (e.g. NGET)) and another obligation residing with a different type of TSO (e.g. NGIC), or all TSOs depending on the specific obligation. A good example of this can be found in Articles 8 and 9 of the annex: TSO tasks related to Single Day Ahead and Intraday Coupling and Adoption of Terms, Conditions and Methodologies that confer multiple disparate tasks, deliverables, roles and responsibilities. Such articles would benefit from a more granular approach to TSO obligation assignment.

Articles 45 and 57 in the 'Analysis' column of the annex on arrangements concerning more than one NEMO in one Bidding Zone and for Interconnectors which are not certified for day ahead and intraday respectively appear to be different in terms of allocating responsibility for the obligation. We consider the obligation on TSOs should be the same for both day ahead and intraday and should include NGET, SHETL and SPT in Article 57.

In Articles 49 & 61 in the 'Analysis' column of the annex, we consider it appropriate that only NGET has this obligation as it will be responsible for ensuring the Scheduled Exchange calculation is performed relative to its control area. Similarly for Articles 69 & 77, but on the basis that we think it more appropriate for NGET to be the shipping Agent for the GB control area rather than an Interconnector TSO.

Comments on Articles 69, 71 and 79 in the 'Analysis' column of the annex suggest that firmness refers to interconnector capacity only and that the Articles should therefore only confer obligations on interconnector TSOs. It should be noted that the CACM Guideline provides for Cross-Zonal Capacity on any given bidding zone border to be restricted on the basis of operational security constraints internal to either bidding zone. Interconnector TSOs would have little control or influence over such Cross-Zonal Capacity restrictions.

In Articles 69 and 79 in the 'Analysis' column of the annex we consider it appropriate that NGET should also be involved. Where cross-zonal capacity is allocated implicitly in the Day Ahead Market Coupling, the real-time responsibility for that delivery of that energy flow on an interconnector after the Day Ahead Firmness Deadline is with the TSO concerned with Balancing. It may also be appropriate to extend Article 74 to the Interconnector TSOs as they will have an interest in the approaches taken to ensure interconnector flow is maximised.

We consider that Article 83 in the 'Analysis' column of the annex should apply to NGET also, insofar as some obligations interacting with the I-SEM and SONI/EirGrid control areas are deferred.

It should be noted that a number of the terms and conditions and methodologies referred to in the CACM Guideline (e.g. the Common Grid Model Methodology and Generation and Load Data Provision Methodology) are currently in the process of being developed in ENTSO-E. The annex assigns obligations for the development of some of these terms and conditions and methodologies to all GB TSOs. However, not all GB TSOs are members of ENTSO-E and actively involved in delivering on these obligations. As the obligations are on all TSOs at a pan-European or regional level it is important that GB TSOs are involved in developing the terms, conditions and methodologies in ENTSO-E, either directly or through an existing ENTSO-E member.

4. How do you think Ofgem should assess future changes to the assignment of TSO obligations under the CACM Regulation?

EirGrid Group has no comment on this point.