

Consultation on Ofgem's minded to decision to assign TSO obligations under the Capacity Allocation and Congestion Management Regulation (CACM Regulation) within GB - Moyle Interconnector Ltd response

2nd June 2015

Moyle Interconnector Ltd ("Moyle") welcomes the publication of, and the opportunity to respond to, the Consultation on Ofgem's minded to decision to assign TSO obligations under the Capacity Allocation and Congestion Management Regulation (CACM Regulation) within GB.

Moyle has been certified by the European Commission as a TSO, and holds electricity transmission and interconnector licences issued by the Northern Ireland Authority for Utility Regulation and Ofgem respectively. It is in the context of Moyle's position as a certified TSO, with obligations under CACM, that we are submitting this response to Ofgem's consultation.

The focus of this consultation is on the assignment of TSO obligations under the Capacity Allocation and Congestion Management Regulation (CACM Regulation) within GB. We note that a similar exercise is underway regarding the future Integrated-Single Electricity Market (I-SEM) on the island of Ireland to assign the CACM obligations to TSOs in the I-SEM. It is important that decisions taken by Ofgem following conclusion of this consultation are coordinated with the equivalent decisions to be taken by the regulatory authorities on the island of Ireland for I-SEM. Therefore, it is imperative that the NRA's and TSO's in both SEM and GB work closely together to ensure consistency.

We address the questions raised in the consultation document below:

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

In general yes although it is unclear how some articles (e.g. Article 2 on definitions, Article 3 on objectives) confer direct obligations on TSOs. We would welcome the further development of the Annex such that, where relevant, each article is broken down into its sub-paragraphs to identify where exactly obligations are conferred on each *type* of TSO. We note that this style of presentation has already been developed for the equivalent OFTO consultation.

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

Yes, we generally agree with this approach. As we have indicated in previous discussions it is our view that in many articles, while all TSOs will be required to contribute to achieving member state compliance, some would expect to play a minor role in this such as information provision. It would therefore be our preference that Ofgem determined a 'lead' TSO to coordinate achieving member state compliance in such cases. We note that

Ofgem may not be able to make such a decision and it may be up to TSOs to coordinate and determine the most efficient approach to achieving compliance.

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?

As per the above comments we consider that the annex needs to be more nuanced in assigning individual obligations to one or more TSOs. We note Ofgem's view that *"We do not consider that Article 1(3) requires us to decide how TSOs will comply with these obligations once assigned. It is our opinion that the TSOs themselves are best placed to determine the most appropriate method of compliance with these new obligations"*. This indirectly seems to suggest that TSOs themselves should develop a more nuanced approach and use article 81 to delegate obligations to the appropriate party. If this is the case we believe that there should be a role for Ofgem in the delegation process, whether that be coordinating it or assisting TSOs to agree on the appropriate, efficient allocation of roles.

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. onshore) and another obligation residing with a different type of TSO (e.g. interconnector), 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, some of which seem relevant to onshore TSOs and others to interconnector TSOs. Such articles would benefit from the suggested more granular approach to assignment of TSO obligations.

It is unclear exactly what responsibilities the 'obligations' confer on the TSOs identified with tick marks in the annex as language used in the 'Analysis' column does not seem consistent with the description of an obligation. Comments on a number of Articles refer to TSO 'involvement' or 'opportunity to contribute'. These comments imply optional participation rather than an obligation so the allocation of obligations is unclear. For example Articles 17-19 are ticked for all TSOs as it is expected that all TSOs should have the *opportunity* to provide input to the relevant tasks. However, it would not be possible for an interconnector TSO to develop grid models in isolation so it is unclear that interconnector TSOs should be *obliged* to comply with these articles in their entirety. This point is similarly relevant for the majority of Articles that have been highlighted as "All TSO obligation" and could be remedied by adopting the increased granularity suggested above. As it stands the Annex serves to indicate the TSOs which are impacted by each CACM Article rather than those that should be legally obliged to fulfill specific obligations contained in the detail. The annex should differentiate between those TSO(s) who are legally obliged to meet an obligation; those that have a supporting role e.g. data provision; and those who are impacted by the obligation.

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 in Article 57.

Comments on Articles 69 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 for reasons of operational security internal to either bidding zone. Interconnector TSOs would have little control or influence over such Cross-Zonal Capacity restrictions so NGET has an obligation under these articles. 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.

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

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

We have little to add at this stage but any assessment should aim to assign TSO obligations in the most efficient way, assigning obligations to the party best equipped to meet them and minimizing duplication of effort.