



FAB PROJECT

An interconnector to provide electricity
between France and Britain via Alderney



Correspondence address:

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Thomas Jones
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Dear Thomas,

Consultation on the Congestion Income Distribution Methodology proposed by all Transmission System Operators

FAB Link Ltd (FAB Link), in partnership with the French national grid company RTE, is leading on the development of the FAB interconnector, a 1400MW electricity interconnector between France and Britain via Alderney (the “FAB” project). FAB Link was granted an Initial Project Assessment (IPA) in July 2015 and is scheduled to submit its Final Project Assessment (FPA) application in mid-2017.

We welcome the fact that the proposed Congestion Income Distribution (CID) Methodology offers the possibility to apply a specific sharing key reflecting the investment share on an Interconnector for two TSOs on each side of a Bidding Zone Border. This is consistent with Article 5 of the All TSO’s Proposal for a CID Methodology. It is also fair that the specific key is based upon an agreement between the two TSOs owning the Interconnector. We expect a specific sharing key will be applied to FAB Link Interconnector between FAB link and RTE and we will discuss with Ofgem in due course the regulatory process to approve this key.

We agree with the general objective of the proposed CID Methodology to share the income collected centrally at a European level through an allocation methodology per interconnector and then per TSO. However, we need to caveat our positive response as several concepts are not detailed in the proposed CID Methodology and we would welcome any clarity that Ofgem may be able to offer in this regard.



FAB Link Limited is a Guernsey registered company (registered number 54637) and has its registered office at Gategny Court, Gategny Esplanade, St Peter Port, Guernsey, GY1 1WR

The concepts which we consider need further clarification or explanation include:

- The definition of and calculation methodology for “allocated capacity” (Article 4 of the Proposal) used in the case of HVDC Interconnectors for the distribution of the Congestion Income.
- The reference to Long Term Rights in the collection of Congestion Income arising from the Single Day-Ahead Coupling and the Single Intraday Coupling (Chapter IV of the CID methodology) – are these just not nominated or returned LTRS's?
- How transmission losses and ramp rates are accounted for in the allocation per Interconnector of the Congestion Income.
- Whether any constraints caused by the national AC networks may have an impact on the capacity of GB interconnectors made available for the day-ahead and intraday markets.

We should also be grateful if further clarity was provided as to whether the rules addressing “non-intuitive Commercial Flows” and non-negative Net Border Income in Chapter V. 3 b & c of the proposed CID Methodology are, or may in the future be, applicable to the GB market.

Yours sincerely,



James Dickson

Project Director – FAB Link