

GB Nominated Electricity Market  
Operators, other interested parties,  
stakeholders in GB and beyond, and  
other regulatory bodies

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Date: 14 February 2017

Dear Colleague,

### **Decision on the amended proposal by all Nominated Electricity Market Operators (NEMOs) for the Market Coupling Operator Plan (MCO Plan)**

On 14 December 2016, following our amendment request dated 14 October 2016<sup>1</sup>, and in line with Articles 7(3), 9(6) and 9(12) of the Regulation establishing a guideline on Capacity Allocation and Congestion Management (the CACM Regulation)<sup>2</sup>, we<sup>3</sup> received the amended all NEMO proposal for the Market Coupling Operator Plan (MCO Plan). The proposal was submitted to us by the designated NEMOs in GB<sup>4</sup>.

This letter sets out our decision to request, in line with the all Regulatory Authority agreement and for the second time, an amendment to the proposal for the MCO Plan<sup>5</sup>, pursuant to Articles 9(6) and 9(12) of the CACM Regulation, and outlines the necessary next steps that must be taken.

### **Background**

The MCO Plan outlines how NEMOs will jointly set up and perform the MCO functions<sup>6</sup>, including necessary draft agreements between NEMOs and with third parties. The plan should include a detailed description and the proposed timescale for implementation, which shall not be longer than 12 months, and a description of the expected impact of other terms and conditions or methodologies on the establishment and performance of the MCO functions.

We received the all NEMO proposal for the MCO Plan on 14<sup>th</sup> April 2016. We reviewed the proposal submitted to us in line with the requirements of the CACM Regulation, the wider objectives of the Regulation (EC) 714/2009, and our statutory duties and obligations. In

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<sup>1</sup> [Request for amendment to the all NEMO proposal for the MCO Plan](#)

<sup>2</sup> [Commission Regulation \(EU\) 2015/1222](#)

<sup>3</sup> 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.

<sup>4</sup> When the initial proposal for the MCO Plan was submitted to us, the two NEMOs designated in GB were Nord Pool Spot and APX Commodities Ltd. Please note that on 30 November 2016 we published our [final decisions to designate EPEX SPOT SE a NEMO for single day ahead and intraday coupling in GB and to revoke the designation held by APX Commodities Ltd](#). The relevant decisions took effect on 1 January 2017.

<sup>5</sup> A redacted version of the amended all NEMO proposal for the MCO Plan is attached to this letter. The NEMOs designated in GB have indicated and justified in line with Article 13 of CACM that the draft agreements between NEMOs and third party service providers contain commercially sensitive information. Therefore, the draft agreements have been redacted from the version of the NEMO proposal for the MCO Plan that is attached.

<sup>6</sup> The MCO functions are set out in Article 7(2) of the CACM Regulation.

making our decision we consulted with stakeholders<sup>7</sup>. As required by Article 9(10) of the CACM Regulation, we cooperated closely with the other Regulatory Authorities in order to reach a common position on the MCO Plan. The all Regulatory Authority opinion<sup>8</sup>, agreed on 13 September 2016, constituted the basis for our decision to request an amendment to the all NEMO proposal for the MCO Plan. We published the all Regulatory Authority opinion alongside our decision to request an amendment on the MCO Plan on the 14 October 2016.

On 14 December 2016, in accordance with the Article 9(12) of the CACM Regulation, GB NEMOs<sup>9</sup> submitted to us an amended all NEMO proposal for the MCO Plan.

## **Decision**

Having reviewed the amended proposal for the MCO Plan, we came to the conclusion that NEMOs omitted important parts of the requested amendments set out in the all Regulatory Authority opinion.

On 9 February 2017, all Regulatory Authorities agreed not to approve the amended MCO Plan. This agreement constitutes the reason for our decision. In line with the all Regulatory Authority agreement, and for the second time, we hereby request an amendment to the proposal for the MCO Plan, pursuant to Articles 9(6) and 9(12) of the CACM Regulation.

## **Next Steps**

In accordance with Article 9(12) of the CACM Regulation, GB NEMOs must make the amendments necessary to address the points set out in the all Regulatory Authority opinion and re-submit the proposal to us and to the Agency within two months of this decision; by 14 April 2017.

Please be informed that annex 1 of the all Regulatory Authority opinion cannot be referenced across to the amended proposal of the MCO Plan, as it referred to the structure of the initial proposal for the MCO Plan.

If you have any queries regarding the information contained within this letter or the all Regulatory Authority opinion, please contact [Marcelo.Torres@ofgem.gov.uk](mailto:Marcelo.Torres@ofgem.gov.uk).

Yours sincerely,  
Mark Copley  
Associate Partner Wholesale Markets

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<sup>7</sup> [Consultation on the Market Coupling Operator Plan proposed by all Nominated Electricity Market Operators](#)

<sup>8</sup> [All Regulatory Authority Opinion on the all NEMO proposal for the MCO Plan](#).

<sup>9</sup> Nord Pool Spot and EPEX SPOT SE.