

All interested parties,  
stakeholders in GB and beyond,  
and other regulatory bodies

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Dear colleague,

### **Approval of the Common Grid Model Methodology**

On 10 March 2017, we<sup>1</sup> received an amended proposal from GB TSOs in accordance with Article 9(12) of the guideline on Capacity Allocation and Congestion Management (the CACM Regulation)<sup>2</sup>. The proposals were submitted to us by the relevant GB TSOs in line with our assignment of obligations<sup>3</sup>.

This letter sets out our decision to approve the Common Grid Model Methodology (CGMM) proposal, pursuant to Article 9(12) of the CACM Regulation, and outlines the necessary next steps that must be taken.

### **Background**

The CGMM proposes processes for TSOs to create a common grid model (CGM) representing the European interconnected system for the purposes of single day ahead and intraday coupling. These processes are required by the CACM Regulation to provide TSOs with accurate and timely information in order to calculate cross-zonal capacity in a coordinated way<sup>4</sup>.

The CGMM is an EU proposal developed by all EU TSOs. The proposal was first submitted to us by GB TSOs on 11 July 2016. Following consultation with all Regulatory Authorities we requested that GB TSOs resubmit an amended proposal by 11 March 2017, pursuant to Article 9(12) of the CACM Regulation. The requested amendments were set out in the all Regulatory Authority agreement, which was published as an annex 2 to our decision on the CGMM<sup>5</sup>.

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<sup>1</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>2</sup> [Commission Regulation \(EU\) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management](#). The CACM Regulation came into force 14 August 2015. It aims to maximise the efficient use of interconnection and facilitate greater cross-border electricity trade, through market coupling in the day-ahead and intraday timeframes. Market coupling should make sure power is produced where it is most efficient and used where it is most valued, to lower prices for consumers and support secure and sustainable supply.

<sup>3</sup> <https://www.ofgem.gov.uk/publications-and-updates/decision-our-consultations-assignment-transmission-system-operator-obligations-under-capacity-allocation-and-congestion-management-regulation-within-gb>. The relevant GB TSOs that were assigned responsibilities for the CGMM under Article 17 of the CACM Regulation are National Grid Electricity Transmission plc, Moyle Interconnector Limited, East-West Interconnector Company, BritNed Development Limited, National Grid Interconnectors Limited.

<sup>4</sup> Similar proposals will be required under the [Commission Regulation \(EU\) 2016/1719 establishing a guideline on forward capacity allocation](#), and are foreseen by the current [draft Regulation establishing a guideline on system operation](#).

<sup>5</sup> Our decision to request an amendment to the CGMM and the all Regulatory Authority agreement can be found here: <https://www.ofgem.gov.uk/publications-and-updates/decisions-generation-and-load-data-provision-methodology-and-common-grid-model-methodology>. All Regulatory Authority agreements provide evidence that a

The CACM Regulation requires the competent Regulatory Authorities to decide on the amended terms and conditions or methodologies within two months following their submission<sup>7</sup>.

## **Our Decision**

In our original decision we requested three amendments. The re-submitted proposal meets two of these requests fully:

- i. removing specific operational timelines for the operation of the CGM; and
- ii. removing the allocation of tasks to ENTSO-E.

We had also requested TSOs to remove the term “agreed measures”, and the provisions related to this notion, from the methodology. It was not clear what the purpose or the need for this term was. We were also concerned that it may prejudice the content of other methodologies to be developed in line with CACM Regulation or other EU Regulations for the coordination of remedial actions, such as the methodology for remedial actions in capacity calculation and the common methodology for coordinated redispatch and countertrading.

The amended proposal has removed some of the provisions for agreed measures and, following consultation with TSOs and all Regulatory Authorities, we are now comfortable that the remaining term and provisions related to “agreed measures” are not detrimental to the upcoming methodologies on remedial actions.

We have consulted, and closely cooperated and coordinated with other Regulatory Authorities to reach agreement on the amended CGMM proposal. The all Regulatory Authority agreement, reached on 8 May 2017, is attached as an annex to this decision letter and constitute the reasons for our decision.

In line with this all Regulatory Authority agreement, we hereby approve the CGMM proposed by National Grid Electricity Transmission plc, Moyle Interconnector Limited, East-West Interconnector Company, BritNed Development Limited, and National Grid Interconnectors Limited.

### *Decision to not undertake an Impact Assessment*

As set out in our decision on the original CGMM proposal, we have not undertaken an Impact Assessment because the proposal does not constitute a significant change to existing GB requirements and arrangements, whereby network modelling is already required by industry for NGET to plan and manage the network. Accordingly, we consider that an impact assessment is unnecessary.

## **Next Steps**

In accordance with this decision, the CGMM will take effect following approval by all competent authorities. As such the relevant GB TSOs listed above must publish the CGMM on the internet in line with Article 9(14) of the CACM Regulation, and must meet the implementation deadlines required by Article 24 of the CGMM, following the approval of the last competent regulator.

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decision does not, at this stage, need to be adopted by the Agency for Cooperation of Energy Regulators (ACER) pursuant to Article 9(11) of the Regulation 2015/1222 on a particular proposal, and are intended to constitute the basis on which all Regulatory Authorities will each subsequently make decisions on the relevant proposal.

<sup>6</sup> Article 9(12) of the CACM Regulation.

<sup>7</sup> The date of receipt of the proposal from the last regulatory authority was 14 April 2017.

If you have any queries regarding the information contained within this letter or the all Regulatory Authority agreement in the annex please contact [matthew.ramsden@ofgem.gov.uk](mailto:matthew.ramsden@ofgem.gov.uk).

Yours faithfully,

Emma Kelso  
Partner, Wholesale Markets