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Date: 27 October 2017

Dear colleague,

Request to the Agency for the Cooperation of Energy Regulators to adopt a decision on the Intraday Cross Zonal Gate Timings proposal

On 22 August 2017, we¹ received a proposal from GB Transmission System Operators (TSOs) in accordance with Article 9(12) of the guideline on Capacity Allocation and Congestion Management (the CACM Regulation).² The proposal was submitted to us by the relevant GB TSOs in line with our assignment of obligations.³

This letter sets out our decision to request the Agency for Cooperation of Energy Regulators (the Agency) to adopt a decision on the Intraday Cross Zonal Gate Timings (IDCZGT), pursuant to Article 9(12) of the CACM Regulation.

Background

The IDCZGT is a pan-EU proposal developed by all TSOs in accordance with Article 59 of the CACM Regulation and was submitted to us by GB TSOs on 14 December 2016. Following consultation with all Regulatory Authorities, on 14 June 2017 we requested that GB TSOs submit an amended proposal by 20 August 2017, pursuant to Article 9(12) of the CACM Regulation. The requested amendments were set out in the all Regulatory Authority agreement, which we published as an annex to our decision on the IDCZGT.⁴

¹ 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.

² [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.

³ See multiple TSO decision letter here: <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 under Article 59 of the CACM Regulation are National Grid Electricity Transmission plc, Moyle Interconnector Limited, EirGrid Interconnector Designated Activity Company, BritNed Development Limited, and National Grid Interconnectors Limited.

⁴ Our decision to request an amendment to the IDCZGT proposal and the all Regulatory Authority agreement can be found here: <https://www.ofgem.gov.uk/publications-and-updates/decision-channel-region-fallback-procedures-iu-region-fallback-procedures-day-ahead-firmness-deadline-and-intraday-cross-zonal-gate-times> All Regulatory Authority agreements provide evidence that a decision does not, at that stage, need to be adopted by the Agency for Cooperation of Energy Regulators (ACER) pursuant to Article 9(11) of the CACM Regulation 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.

The Agency has confirmed the date the last Regulatory Authority received the amended IDCZGT proposal was 29 August 2017. The CACM Regulation requires the competent Regulatory Authorities to decide on the amended terms and conditions, or methodologies within two months following their submission.⁵ National decisions are therefore required for this proposal by 29 October 2017.

Our decision

In forming our decision, we agreed with all regulators that the proposal still contained issues and that we should request the Agency to adopt a decision on the IDCZGT. We do not consider that TSOs have sufficiently and properly taken into account our request for amendment included in our previous decision.

We have reviewed the amended IDCZGT proposal submitted to us in line with the requirements of the CACM Regulation, the wider objectives of the Regulation (EC) no 714/2009,⁶ and our statutory duties and obligations. We have consulted and closely cooperated and coordinated with other Regulatory Authorities to reach an agreement on the amended IDCZGT proposal. The all Regulatory Authority agreement, reached on 18 October 2017, is summarised in a letter from the Chair of the Energy Regulators' Forum (ERF)⁷ that is attached as an annex to this decision. This letter constitutes the reasons for our decision.

In line with this all Regulatory Authority agreement, we hereby request the Agency to adopt a decision on the IDCZGT proposed by all TSOs and submitted to us by National Grid Electricity Transmission, Moyle Interconnector Limited, EirGrid Interconnector Designated Activity Company, BritNed Development Limited, and National Grid Interconnectors Limited.

Decision to not undertake an Impact Assessment

As set out in our decision on the previously proposed IDCZGT, we have not undertaken an Impact Assessment as the proposal in itself only relates to the parameters for the implementation of single intraday market coupling, which constitutes the objective of the CACM Regulation and was as such already subject to an impact assessment. Moreover, the proposal in itself does not constitute a significant change to the existing GB requirements and arrangements. Accordingly, we consider that an impact assessment is unnecessary.

Next steps

In accordance with Article 9(12) of the CACM Regulation, we request the Agency to adopt a decision concerning the amended IDCZGT proposal within six months, in accordance with Article 8(1) of the Regulation (EC) No 713/2009, i.e. by 27 April 2018.

If you have any queries regarding the information contained within this letter, or the all Regulatory Authority agreement in the annex, please contact Thomas Jones at thomas.jones@ofgem.gov.uk.

Yours sincerely,

Ryan McLaughlin
Head of European Wholesale Markets

⁵ Article 9(12) of the CACM Regulation.

⁶ See Regulation 714/2009: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0015:0035:EN:PDF>

⁷ The ERF is the Forum established by all regulatory authorities with rules of procedure to consult and cooperate to reach unanimous agreement.