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All interested parties,
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Direct Dial: 020 7901 9615
Email: ryan.mclaughlin@ofgem.gov.uk
Date: 05 March 2017

Dear colleague,

**Approval of the Generation and Load Data Provision Methodology under the Forward Capacity Allocation Regulation
Request for amendment to the Common Grid Model Methodology under the Forward Capacity Allocation Regulation**

On 13 July 2017, we¹ received two proposals from GB TSOs in accordance with Article 17(1) and Article 18(1) of the guideline on Forward Capacity Allocation (the FCA Regulation)²: the Generation and Load Data Provision Methodology (GLDPM) and the Common Grid Model Methodology (CGMM). Those methodologies take into account and complement the methodologies of the same name developed under the guideline on capacity calculation and congestion management³. The proposals were submitted to us by the relevant GB TSOs in line with our assignment of obligations⁴.

This letter sets out our decision to approve the GLPDM and to request an amendment to the CGMM, pursuant to Article 4(9) and Article 4(11) of the FCA Regulation respectively, and outlines the necessary next steps that must be taken.

Background

The GLDPM and the CGMM propose information and processes to create a Common Grid Model representing the European interconnected system for the purpose of trading in the long term time frame. This information and processes are required by the FCA Regulation to provide TSOs with accurate and timely information in order to calculate cross-zonal capacity in a coordinated way.

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 \(EU\) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation](https://www.ofgem.gov.uk/system/files/docs/2016/10/qcc_fca_final_decision_on_mtso.pdf) The FCA Regulation came into force on 26 September 2016. It builds on the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (CACM Regulation) to maximise efficiency in cross-border electricity trading. Specifically, the FCA Regulation provides a harmonised framework for forward capacity markets to allow market participants to hedge positions before the day-ahead timeframe.

³ Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management.

⁴ See decision here: https://www.ofgem.gov.uk/system/files/docs/2016/10/qcc_fca_final_decision_on_mtso.pdf
The relevant GB TSOs that were assigned responsibilities under Article 31 of the FCA Regulation are National Grid Electricity Transmission plc, Moyle Interconnector Limited, EirGrid Interconnector Designated Activity Company, BritNed Development Limited, National Grid Interconnectors Limited.

Both the GLDPM and CGMM are pan-European proposals, developed by all EU TSOs. The FCA Regulation requires⁵ the competent Regulatory Authorities to consult and closely cooperate and coordinate with each other in order to reach an agreement and take decisions within six months following receipt of the proposals by the last regulatory authority. The Agency for the Cooperation of Energy Regulators (ACER) has confirmed that the last Regulatory Authority received the proposal on the 5 September 2017. National decisions are therefore required for each of these proposals by 5 March 2018.

Our Decision

We have reviewed the proposals submitted to us in line with the requirements of the FCA Regulation, the wider objectives of the Regulation(EC) 714/2009⁶, and our statutory duties and obligations. In making our decisions we have considered the justification, provided simultaneously with submission of both the proposals, for the inclusion or exclusion of views resulting from the consultation undertaken by all TSOs on the GLDPM and CGMM⁷.

As required by the Article 4(9) of the FCA Regulation, we have consulted, and closely cooperated and coordinated with other Regulatory Authorities in order to reach agreements on these proposals. These all Regulatory Authority agreements, reached on 23 October 2017 And 23 February 2018 respectively, are attached as annexes to this decision letter and constitute the reasons for our decisions.

In line with these all Regulatory Authority agreements, we hereby:

1. Approve the GLDPM proposed by National Grid Electricity Transmission plc (NGET).

As set out in the GLDPM and the all Regulatory Authority agreement, NGET may request only the minimum, essential, and not otherwise already available information necessary with respect to the GLDPM. Any potential data required by NGET under the GLDPM in GB must therefore first be demonstrated as meeting these requirements of the GLDPM by raising modification proposals to the relevant existing industry code panel⁸.

2. Request NGET, Moyle Interconnector Limited, EirGrid Interconnector Designated Activity Company, BritNed Development Limited, and National Grid Interconnectors Limited to amend the proposed CGMM in line with the request set out in the all Regulatory Authority agreement annexed to this decision letter.

Decision to not undertake an Impact Assessment

We have not undertaken an Impact Assessment for either of these proposals. This is because data provisions for modelling the network are legal requirements of the FCA Regulation. The proposals, in any case, do not constitute a significant change to existing GB requirements and arrangements, whereby data and modelling is already required by industry for NGET to plan and manage the network. Any data requested under the GLDPM must be demonstrated as the minimum, essential and not otherwise already available information, and will be established through the existing industry code processes. Accordingly, we consider that an impact assessment is unnecessary.

⁵ Article 4(9) of the FCA Regulation.

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

⁷ The consultation documents and information related to the GLDPM are available on the ENTSO-e website, here: <https://consultations.entsoe.eu/entso-e-general/gldpm-v2/> . The consultation documents and information related to the CGMM are available on the ENTSO-e website, here: <https://consultations.entsoe.eu/entso-e-general/cgmm-v2/> .

⁸ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011R1227&from=EN> .

Next Steps

GLDPM

In accordance with this decision, the GLDPM will take effect following approval by all competent authorities. As such NGET must publish the GLDPM on the internet in line with Article 4(13) of the FCA Regulation, and must meet the implementation deadlines required by Article 18 of the GLDPM.

In particular, NGET must inform those entities required to provide data about the information they are required to provide as well as the deadlines for providing the information to ENTSO-E, and prepare draft implementation rules on the practicalities of data provision, pursuant to the GLDPM by 5 April 2018. In the first instance there should be no GB entities required to provide data under the GLDPM. This is because NGET must first establish if any information is the minimum, essential, and not otherwise available information before making any subsequent request.

CGMM

In accordance with Article 4(11) of the FCA Regulation, the relevant GB TSOs must make the amendments to the CGMM necessary to address the points set out in the all Regulatory Authority agreement and re-submit an amended proposal to us and to the Agency within two months of this decision, by 5 May 2018.

If you have any queries regarding the information contained within this letter or the two all Regulatory Authority agreements in the annexes please contact anna.fenton@ofgem.gov.uk .

Yours sincerely,

Ryan McLaughlin

Head of European Wholesale Markets, Wholesale Markets