

**APPROVAL BY THE REGULATORY AUTHORITIES
OF GREAT BRITAIN AND BELGIUM BIDDING ZONE
BORDER**

OF

**THE CHANNEL TSO PROPOSAL FOR THE
NOMINATION RULES**

15 March 2018

I. Introduction and legal context

This document elaborates an opinion of the Regulatory Authorities of Great Britain and Belgium Bidding Zone Border¹, agreed on 15 March 2018, on the Channel TSO Proposal for the Nomination Rules submitted in accordance with Article 36 of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on Forward Capacity Allocation (the FCA Regulation)².

This agreed opinion of the Regulatory Authorities of Great Britain and Belgium Bidding Zone Border shall provide evidence that a decision on the Nomination Rules does not, at this stage, need to be adopted by the Agency for Cooperation of Energy Regulators (ACER) pursuant to Article 8(1) Regulation (EC) No 713/2009. It is intended to constitute the basis on which the Regulatory Authorities of Great Britain and Belgium Bidding Zone Border will each subsequently make national decisions to approve the Nomination Rules proposal for this border, submitted by TSOs in line with Article 36 of FCA Regulation.

The legal provisions that lie at the basis of the Nomination Rules proposal, and this Regulatory Authorities of Great Britain and Belgium Bidding Zone Border agreed opinion of the Nomination Rules proposal can be found in Article 3, 32, and 36 of FCA Regulation. They are set out here for reference.

Article 3 of FCA Regulation:

This Regulation aims at:

- (a) promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants;*
- (b) optimising the calculation and allocation of long-term cross-zonal capacity;*
- (c) providing non-discriminatory access to long-term cross-zonal capacity;*
- (d) ensuring fair and non-discriminatory treatment of TSOs, the Agency, regulatory authorities and market participants;*
- (e) respecting the need for a fair and orderly forward capacity allocation and orderly price formation;*
- (f) ensuring and enhancing the transparency and reliability of information on forward capacity allocation; contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union.*

Article 32 of FCA Regulation:

Physical transmission rights

- 1. Each physical transmission right holder shall be entitled to nominate all or part of its physical transmission rights pursuant to Article 36.*

¹ This document refers to “the Regulatory Authorities of Great Britain and Belgium Bidding Zone Border”, i.e. Ofgem and CREG as these are the Regulatory Authorities responsible for the approval of terms and conditions or methodologies from National Grid Interconnectors Limited, Nemo Link Limited and Elia Belgium.

² Commission Regulation (EU) 2016/1719 establishing a guideline on forward capacity allocation. The FCA Regulation came into force 16 October 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 allocation to allow market participants to hedge positions before the day ahead timeframe.

2. *Where the physical transmission rights holders do not make a nomination by the deadline specified in the nomination rules, they shall be entitled to obtain remuneration in accordance with Article 35.*

Article 36 of FCA Regulation:

General provisions for physical transmission rights nomination

1. *Where TSOs issue and apply physical transmission rights on bidding zone borders, they shall enable physical transmission rights holders and/or their counterparties to nominate their electricity exchange schedules. Physical transmission rights holders may authorise eligible third parties to nominate their electricity exchange schedules on their behalf in line with the nomination rules in accordance with paragraph 3.*
2. *No later than 12 months after the entry into force of this Regulation, all TSOs issuing physical transmission rights on a bidding zone border shall submit to the relevant regulatory authorities' approval a proposal for nomination rules for electricity exchange schedules between bidding zones. The proposal shall be subject to consultation in accordance with Article 6. Nomination rules shall contain at least the following information:*
 - (a) *the entitlement of a physical transmission rights holder to nominate electricity exchange schedules;*
 - (b) *minimum technical requirements to nominate;*
 - (c) *description of the nomination process;*
 - (d) *nomination timings,*
 - (e) *format of nomination and communication.*
3. *All TSOs shall progressively harmonise the nomination rules on all bidding zone borders on which physical transmission rights are applied.*
4. *Physical transmission rights holders, their counterparties where applicable or an authorised third party acting on their behalf shall nominate all or part of their physical transmission rights between bidding zones in compliance with the nomination rules.*
5. *In case allocation constraints on interconnections between bidding zones have been included in the day-ahead capacity allocation process in accordance with Article 23(3) of Regulation (EU) 2015/1222, they shall be taken into account in the proposal for nomination rules referred to in paragraph 2.*

II. The Channel TSO proposal

The Nomination Rules proposal was consulted on by the Channel TSOs through ENTSO-E for more than one month from 27 June 2017 to 18 August 2017, in line with Article 36 and Article 6 of FCA Regulation.³ The final Channel TSO Nomination Rules proposal, dated 13 October 2017, was received by the last Regulatory Authority on 31 October 2017. The explanatory document that accompanies the Nomination Rules proposal was received later by the Regulatory Authorities, on the 20 November 2017.

Article 4 of the FCA Regulation does not require the Channel Regulatory Authorities to jointly approve the Nomination Rules proposal at the Capacity Calculation Region level, therefore the relevant Regulatory Authorities have treated the proposal on a per Bidding Zone approach, in line with the spirit of Article 36(2) of the FCA Regulation. The Regulatory Authorities of Great Britain and Belgium Bidding Zone Border have consulted and closely cooperated and coordinated with each other in order to reach an agreement, and make decisions within six months following receipt of submissions of the last Regulatory Authority concerned. A decision is therefore required by each Regulatory Authority by 30 April 2018.

Regulatory Authorities understanding of the Channel Nomination Rules proposal outlines the procedure for a Physical Transmission Right holder (or a third party on their behalf) to nominate all, or part of their electricity exchange schedule specified in the Rights Document, which is issued by the Single Allocation Platform.

The proposal also sets out information about how users can set, by default, all of the electricity exchange schedule specified in the Rights Documents, and adjust these within the specified nomination window.

³ The public consultation held 27 June 2017 to 18 August 2017 is available on the ENTSO-e website: <https://consultations.entsoe.eu/markets/nom-ptsr/>

III. Position of the Regulatory Authorities of Great Britain and Belgium Bidding Zone Border

According to the FCA Regulation, the Nomination Rules proposal should provide detailed information on the nomination procedure for Physical Transmission Rights and allow for ensure an efficient, transparent and non-discriminatory access to long-term cross-zonal capacity. The proposal aims at promoting effective long-term cross-zonal trade with long-term hedging opportunities for market participants giving a transparent framework for the Nomination Rules for PTRs.

The Regulatory Authorities are of the opinion that the nomination procedures contains the information required by Article 36 of the Regulation. These procedures are clear and transparent for market participants and include provisions on necessary exchange of information between holders of PTRs and the Nomination Platform. The proposal allows for non-discriminatory access to long term cross zonal capacity and non-discriminatory treatment of all affected parties.

In addition, the Nomination Rules proposal concisely covers the details of the web-interface platform and of the nomination process for PTR holders (or a third party on their behalf) for all or part of their electricity exchange schedule specified in the Rights Document. PTR holders can set all of their electricity exchange schedule to be automatically nominated. The PTR holder (or a third party on their behalf) can also modify the automatic nomination during the Nomination window. The Nomination Rules proposal also includes technical requirements, timings, format of the platform, communication, description of the nomination process and eligibility for exchange of PTRs between market participants.

Conclusions

The Regulatory Authorities of Great Britain and Belgium Bidding Zone Border welcome the Nomination Rules proposal. The Regulatory Authorities of Great Britain and Belgium Bidding Zone Border have assessed, consulted and closely cooperated and coordinated to reach the agreement that the Nomination Rules proposal meets the requirements of the FCA Regulation and as such can be approved by the Regulatory Authorities of Great Britain and Belgium Bidding Zone Border.

The Regulatory Authorities of Great Britain and Belgium Bidding Zone Border must therefore make their decisions, on the basis of this agreement, by 30 April 2018. The Nomination Rules proposal should therefore be adopted by 30 April 2018.

Following national decisions by the Regulatory Authorities of Great Britain and Belgium Bidding Zone Border, relevant TSOs will be required to publish the nomination procedure on the internet in line with the FCA Regulation Article 4(13). The nomination procedure shall be implemented in line with Article 8 of the proposal.