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Dear colleague,

Approval of the amended Common Grid Model Methodology under the Forward Capacity Allocation Regulation

On 3 May 2018, we¹ received an amended proposal of the Common Grid Model Methodology (CGMM) from the Transmission System Operators of Great Britain, in accordance with Article 4(11) and Article 18(1) of the guideline on Forward Capacity Allocation (the FCA Regulation)². This methodology takes into account and complements the methodology of the same name developed under the guideline on Capacity Allocation and Congestion Management³. The proposal was submitted to us by the relevant GB TSOs in line with our assignment of obligations⁴.

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

Background

The CGMM proposes processes to create a Common Grid Model representing the European interconnected system for the purpose of trading in the long-term timeframe. These 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.

The CGMM is a pan-European proposal, developed by all relevant TSOs. The FCA Regulation⁵ requires the competent Regulatory Authorities to consult and closely cooperate and coordinate with each other in order to reach an agreement and publish a decision within six months following receipt of a proposal by the last regulatory authority. The

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. The FCA Regulation came into force on 17 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).

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/gcc_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.

⁵ Article 4(9) of the FCA Regulation.

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Agency for the Cooperation of Energy Regulators (ACER) has confirmed that all Regulatory Authorities received the proposal by 14 May 2018.

Our Decision

In our original decision we requested that TSOs amend the proposal to remove the indications in the methodology which implied that TSOs may develop a set of scenarios for each capacity calculation region. The amended methodology now requires all TSOs to jointly develop a common set of scenarios to be used when building individual grid models and states that, unless and until this set of scenarios has been developed, the default scenarios specified in the methodology shall be used. All NRAs consider that the amended methodology enables sufficiently accurate capacity calculation. Therefore, all NRAs can approve the amended proposal by all TSOs.

We have reviewed the proposal 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 decision we have considered the justification, provided simultaneously with the submission of both the proposals, for the inclusion or exclusion of views submitted from the consultation undertaken by all TSOs on the 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 this proposal. This all Regulatory Authority agreement, reached on 11 June 2018, 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 the relevant GB TSOs.

Decision not to undertake an Impact Assessment

We have not undertaken an Impact Assessment for this proposal. This is because the proposal is limited in scope and does not constitute a significant change to existing GB requirements and arrangements. Furthermore, the adoption of a framework for modelling the network in a coordinated manner is a requirement of the FCA Regulation, which has already been subject to an impact assessment. Accordingly, we consider that an impact assessment is unnecessary.

Next steps

In accordance with this decision, the CGMM will take effect following the approval by the competent authorities. As such all relevant GB TSOs must publish the CGMM on the internet in line with Article 4(13) of the FCA Regulation, and must meet the implementation deadlines required by Article 24 of the CGMM.

If you have any queries regarding the information contained within this letter or the all Regulatory Authority agreement in the annex please contact Anna.Fenton@ofgem.gov.uk .

Yours faithfully,

Mark Copley
Deputy Director, Wholesale Markets

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 CGMM are available on the ENTSO-e website, here: <https://consultations.entsoe.eu/entso-e-general/cgmm-v2/> .