

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

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Date: 7 December 2018

Dear colleague,

### **Request for amendment to the Border Specific Annex to the Harmonised Allocation Rules (Great Britain–France Bidding Zone Border)**

On 8 June 2018, we<sup>1</sup> received a proposal from the Transmission System Operators (TSOs) of Great Britain (GB) and France (FR) for a GB-FR Border Specific Annex (BSA) to the Harmonised Allocation Rules (HAR), in accordance with Article 52(3) on the Forward Capacity Allocation (FCA Regulation).<sup>2</sup> The proposal was submitted to us by the relevant GB TSOs in line with our assignment of obligations.<sup>3</sup>

This letter sets out our decision, in line with the Regulatory Authority agreement reached by the GB and FR Regulatory Authorities, to request an amendment to the GB-FR BSA. The letter concludes with an outline of the necessary next steps.

### **Background**

According to Article 52 of the FCA Regulation, the HAR is a set of pan-EU rules for the allocation of capacity in the forward timeframe. Furthermore, Article 52(3) of the FCA Regulation states that the HAR may also contain regional or bidding zone border specific requirements. The relevant TSOs have proposed a revision of the IFA Border Specific Annex (BSA) to the Harmonised Allocation Rules (HAR), extending its scope from 'interconnector specific' to 'Bidding Zone Border' (BZB), so that it applies across all current and future interconnectors crossing the GB-FR BZB<sup>4</sup>. Furthermore, the GB-FR BSA has been revised to ensure a smooth transition to the Allocation Platform<sup>5</sup> for the delivery of Long Term Transition

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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) 2016/1719 of 26 September establishing on forward capacity allocation. The FCA Regulation came into force in 16 October 2016. It builds on the Commission Regulation (EU) 2015/122 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.

<sup>3</sup> See TSO decision letter here: <https://www.ofgem.gov.uk/publications-and-updates/decision-our-consultation-assignment-transmission-system-operator-obligations-under-requirements-generators-demand-connection-high-voltage-direct-current-and-forward-capacity-allocation-regulations-within-gb>

<sup>4</sup> Ofgem approved the HAR regional Annexes for the FR-GB BZB on 13 October 2017. The decision letter can be found here:

[https://www.ofgem.gov.uk/system/files/docs/2017/10/batch\\_9\\_decision\\_letter\\_har\\_sap\\_ltrns\\_final.pdf](https://www.ofgem.gov.uk/system/files/docs/2017/10/batch_9_decision_letter_har_sap_ltrns_final.pdf)

<sup>5</sup> As defined in the Harmonised Allocation Rules, Article 2 (2): "Allocation Platform means either the responsible TSO(s) at the respective Bidding Zone border(s) or an entity appointed and commissioned by them or nominated

Rights (LTTRs) on the GB-FR BZB. In addition, changes were made to the GB-FR BSA to ensure the clarity of roles between the Allocation Platform, as the platform for the allocation of LTTRs, and the role of TSOs, as the operators of the interconnectors.

The competent Regulatory Authorities are required to consult, 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 proposal was received by the last relevant Regulatory Authority on 8 June 2018. The GB and FR Regulatory Authorities are therefore required to make a decision on this proposal by 8 December 2018 at the latest.

## **Our Decision**

We have reviewed the proposal submitted to us in line with the requirements of the FCA Regulation, the wider objectives of the Regulation (EC) No 714/2009<sup>6</sup> and our statutory duties and obligations. In coming to our decision we have considered how TSOs took into account the views expressed during the public consultation on the proposals.<sup>7</sup>

As required by Article 4(9) of the FCA Regulation, we have consulted, closely cooperated and coordinated with the French Regulatory Authority in order to reach an agreement on this proposal. The Regulatory Authority agreement for the proposal was reached on 30 November 2018. This agreement is attached as an annex to this decision letter and constitutes the reasons for our decision.

In line with the Regulatory Authority agreement, we hereby request the relevant GB TSOs to amend the GB-FR BSA.

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

We have not undertaken an impact assessment for this proposal. This is because the proposal merely relates to parameters and processes relevant for the implementation 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 Article 4(11) of the FCA Regulation, the GB and FR TSOs must make the necessary amendments to address the points set out in the Regulatory Authority agreement and re-submit the amended proposal to us and to the Agency within two months of this decision.

If you have any queries regarding the information contained within this letter, or the All Regulatory Authority agreement in the annex, please contact Holly MacDonald at [Holly.MacDonald@ofgem.gov.uk](mailto:Holly.MacDonald@ofgem.gov.uk).

Yours faithfully,  
Michael Wagner  
Deputy Director, Wholesale Markets & Commercial

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in accordance to national regulations to act on their behalf and on its own name it being a single allocation platform or regional platform(s) for the attribution of Long Term Cross Zonal Capacity through the Auctions as defined in the Participation Agreement”.

<sup>6</sup> Regulation (EC) No 714/2009 here: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0015:0035:EN:PDF>

<sup>7</sup> The consultation for the revised BSA was held from 23 April 2018 to 21 May 2018 and can be found on the websites of RTE : [http://clients.rte-france.com/lang/an/clients\\_traders\\_fournisseurs/services\\_clients/inter\\_france\\_angleterre.jsp](http://clients.rte-france.com/lang/an/clients_traders_fournisseurs/services_clients/inter_france_angleterre.jsp) and NGIC , <http://ifa1interconnector.com/notices/consultation/>