

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

Direct Dial: 020 7901 9662
Email: Mark.Copley@ofgem.gov.uk

Date: 17 October 2017

Dear colleague,

Approval of the amended determination of Capacity Calculation Regions

On 12 July 2017, we¹ received a proposal from GB Transmission System Operators (TSOs) in accordance with Article 9(13) 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 approve the proposal for an amended determination of Capacity Calculation Regions (CCR amendment proposal), pursuant to 9(10) of the CACM Regulation, and outlines the necessary next steps that must be taken.

Background

The CCR amendment proposal proposes a change to the existing determination of Capacity Calculation Regions (CCRs) to include the future bidding zone border between Great Britain and Belgium to the "Channel" CCR. The proposal retains the existing bidding zone borders of Great Britain with the Netherlands and with France in the Channel CCR, and does not propose to amend any other CCR. A CCR is the geographic area in which coordinated capacity calculation is applied.⁴

The determination of CCRs is a proposal developed by all EU TSOs in accordance with Article 15(1) of the CACM Regulation. The first proposal for the CCRs was submitted to us by GB TSOs on 10 November 2015. The Agency for Cooperation Energy Regulation (The Agency) took a decision on the proposal on 17 November 2016 pursuant to Article 9(11) of the CACM Regulation.⁵

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 15 of the CACM Regulation are BritNed Development Limited, EirGrid Interconnector Designated Activity Company (EIDAC), Moyle Interconnector Limited, National Grid Interconnectors Limited, and National Grid Electricity Transmission.

⁴ As per Article 2(3) of the CACM Regulation.

⁵ See The Agency's decision here:

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Pages/Individual-decision.aspx

The Agency has confirmed that the last Regulatory Authority received the CCR amendment proposal on 14 August 2017. In line with the CACM Regulation the competent Regulatory Authorities are required to make their national decisions by 14 February 2018.

Our decision

We have reviewed the proposals 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. In making our decisions we have considered the justification for the inclusion or exclusion of views resulting from the consultation undertaken by TSOs.⁷ We have also consulted GB stakeholders about these proposals through the Joint European Stakeholder Group.⁸

As required by Article 9(10) of the CACM Regulation, we have consulted, and closely cooperated and coordinated with all Regulatory Authorities in order to reach agreement on this proposed amendment. All Regulatory Authority agreement was reached on 18th September 2017. This agreement is attached as an annex to this decision letter and constitutes the reason for our decision.

In line with this all Regulatory Authority agreement, we hereby approve the all TSOs' CCR amendment proposal submitted by EirGrid Interconnector DAC, Moyle Interconnector Limited, National Grid Interconnectors Limited, BritNed Development Limited and National Grid Electricity transmission.

Decision not to undertake an Impact Assessment

We have not undertaken an Impact Assessment for this proposed amendment as the proposal in itself does not constitute a significant change to the existing GB requirements and arrangements for calculating capacity on interconnectors. It instead only introduces an additional border within the Channel CCR, to which there was no credible alternative proposal. The proposal was also consulted on by TSOs, and no feedback was received from stakeholders. Accordingly, we consider that an impact assessment is unnecessary. If further proposed interconnectors connected to GB are proposed to be included in a CCR, we would at that point assess again whether an Impact Assessment is required in making a decision on whether to approve such a proposal.

Next steps

In accordance with this decision, the CCR amendment proposal will apply once Nemo Link Limited is certified as a TSO following the provisions of Article 3 of Regulation (EC) 714/2009 and Article 10 of Directive 2009/72/EC.

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@ofgem.gov.uk.

Yours sincerely,

Mark Copley
Associate Partner, Wholesale Markets

⁶ Regulation (EC) No 714/2009 here:

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

⁷ The consultation ran from 8 May 2017 to 7 April 2017: <https://consultations.entsoe.eu/markets/ccr-amendment/>

⁸ More information about JESG is available here:

<http://www2.nationalgrid.com/UK/Industryinformation/Electricity-codes/European-network-code/Joint-European-Stakeholder-Group/>