

Joint Opinion of the Commission de Régulation de l'Électricité et du Gaz (Belgium) and the Gas and Electricity Markets Authority (Great Britain) on the Access Rules for the Nemo Link interconnector

11 February 2021

This document sets out the Joint Opinion (the “Joint Opinion”) of the Regulatory Authorities (“RAs”) in Belgium and Great Britain (“GB”) on the proposed amendments to the Access Rules for the Nemo Link interconnector (the “Nemo Link Access Rules”). These proposed amendments relate to the original Nemo Link Access Rules for the long-term, day-ahead and intraday timeframes, which were approved by the Belgium and GB RAs.

The concerned RA in Belgium is the Commission de Régulation de l'Électricité et du Gaz (“CREG”) and the concerned RA in GB is the Gas and Electricity Markets Authority (“the Authority”), whose administrative functions are carried out by the Office of Gas and Electricity Markets (“Ofgem”).

Nemo Link is a 1,000 MW high voltage direct current link, connecting the transmission systems of Belgium and GB. Nemo Link Limited (“NLL”) is a joint venture between National Grid Interconnector Holdings Limited (“NGIHL”), a subsidiary company of National Grid Plc (“National Grid”), and Elia Transmission Belgium NV/SA (“Elia”).

1. GENERAL CONTEXT

On 14 March and 15 March 2019 respectively, CREG¹ and Ofgem² issued decisions related to the Nemo Link Access Rules, adopting an explicit allocation mechanism for the day-ahead timeframe to be implemented if Great Britain was no longer part of the Internal Energy Market.

On 3 October and 18 October 2019 respectively, CREG³ and Ofgem⁴ issued decisions related to updates to the Nemo Link Access Rules, adopting explicit allocation mechanisms for the long-term and intraday timeframes to be implemented if Great Britain was no longer part of the Internal Energy Market.

CREG and Ofgem closely cooperated and consulted one another in approving the Nemo Link Access Rules, ensuring that transmission systems in both Belgium and GB continue to operate effectively and efficiently, with a framework that remains fit for purpose.

1.1 Applicable legislation

The modified Nemo Link Access Rules are assessed and adopted on the basis of national legislation, namely Article 23 of the Electricity Act⁵ for Belgium and the Standard Licence Condition 11A of the GB Electricity Interconnector Licence for GB⁶.

1.2 Consultation on proposed amendments to the Nemo Link Access Rules

In order to reflect and adapt to the changing market circumstances in GB since the approval of the Nemo Link Access Rules, NLL proposed some modifications to the existing Nemo Link Access Rules. The goal of these modifications is that they, when implemented, will enable a more efficient trading over the interconnector.

The proposed modifications to the Nemo Link Access Rules were subject to public consultation, organised by NLL, between 16 October and 13 November 2020. The aim of the public consultation was to seek the views of the stakeholders with regards to 5 key design elements of the proposed amendments. In response to the public consultation, 6 parties provided their views on the proposal. These comments were duly taken into account by NLL, reflected and addressed in the consultation report and the final proposed amendments to the Nemo Link Access Rules which were submitted for the approval by the Belgium and GB RAs.

1.3 Submission of the proposed amendments to the Nemo Link Access Rules

Following the finalisation of the public consultation and the assessment of the positions expressed by stakeholders, NLL modified the draft proposal to take into account the stakeholders' views. A final proposal for the amended Nemo Link Access Rules was submitted to the Belgium and GB RAs, on 1 December and 27 November 2020 respectively.

Following the formal submission of the proposal by NLL, the proposed modifications have been assessed and discussed between the Belgium and GB RAs. After discussions with Belgium and GB RAs, focusing in particular on the proposal of a flexible DA auction times window, NLL developed an updated proposal. The updated proposal no longer included this flexible window and was submitted to the Belgium and GB RAs for approval on 27 January and 19 January 2021 respectively.

¹ <https://www.creg.be/nl/publicaties/beslissing-b1911>

² <https://www.ofgem.gov.uk/publications-and-updates/approval-modified-access-rules-nemo-link-interconnector-apply-event-uk-leaves-eu-without-deal>

³ <https://www.creg.be/nl/publicaties/beslissing-b1993>

⁴ <https://www.ofgem.gov.uk/publications-and-updates/approval-updated-access-rules-nemo-link-interconnector-apply-case-uk-leaves-eu-without-deal-0>

⁵ Electricity Act of 29 April 1999 on the organisation of the electricity market

⁶ The "Electricity Interconnector Licence: Standard Conditions" can be found here:

https://epr.ofgem.gov.uk/Content/Documents/Electricity_Interconnector_Standard%20Licence%20Conditions%20Consolidated%20-%20Current%20Version.pdf

2. THE PROPOSED AMENDMENTS TO THE NEMO LINK ACCESS RULES

The proposed amendments to the Nemo Link Access Rules include minor amendments with the aim to enable more efficient trading in the explicit framework over the interconnector, to the benefit of Nemo Link's market participants and Belgian and GB consumers through the maximisation of social and economic welfare. The concrete proposals are listed and discussed below.

The **long-term nomination gate closure time**, currently at 09:00 CE(S)T, **will be moved to 08:45 CE(S)T**, in order to allow the earlier calculation of the day-ahead Available Transfer Capacity which is required in light of the proposed changes to the day-ahead capacity auction timings (see below).

To reflect the fact that local power auctions, organised by power exchanges (PXs) in GB, are scheduled earlier than the SDAC implicit auctions, the **day-ahead firmness deadline**, currently at 11:00 CE(S)T, **will be moved to 09:00 CE(S)T**. This timing coincides with the proposed start of the day-ahead capacity auction on the Nemo Link interconnector and will be implemented to ensure predictability and firmness of the available day-ahead capacities.

The **timings of the day-ahead auctions**, currently taking place between 09:40 CE(S)T and 10:10 CE(S)T, **will be moved to between 09:00 and 09:30**⁷. The amendments to the day-ahead auction timings are proposed to take into account:

- the fact that the local GB power auctions have been brought forward since the approval of the original Nemo Link Access Rules; and
- the fact that the liquidity of the local GB over-the-counter trades is highest during the 09:00 – 10:00 CE(S)T window.

Amending the day-ahead auctions' timings allows Nemo Link customers to participate in both GB PXs' power auctions as well as in the most liquid window of the over-the-counter market.

The **timings of the intraday auctions**, which had originally been included in the Nemo Link Access Rules with a typographical mistake compared to originally consulted and currently used timings, **have been corrected in Article 26** of the intraday allocation rules. These timings include the deadlines for the publication of the auction specification (generally 5 minutes before the auction start), as well as the four intraday auctions' gate opening and closure times.

⁷ The original proposal of NLL, which was published for consultation, suggested an end of the day-ahead auction at 09:20. However, a majority of customers indicated a preference for a 30-minute bidding window, hence the proposal was amended before submission to reflect this requirement.

3. THE BELGIUM AND GB RAS' DECISION ON THE PROPOSED AMENDMENTS TO THE NEMO LINK ACCESS RULES

3.1 Approval of the amended Nemo Link Access Rules

Based on their common analysis and evaluation of the proposed amendments to the Nemo Link Access Rules, including the assessment of the results of the public consultation, the Belgium and GB RAs agree that the new set of Nemo Link Access Rules can be approved. This agreement is intended to constitute the basis on which CREG and Ofgem will each subsequently issue and publish their national decisions.

Following the national decisions by CREG and Ofgem, NLL will be required to publish the new Nemo Link Access Rules on their websites and to ensure the entry into force according to the implementation timeline set out in section 3.2 below.

3.2 Effectiveness date

CREG and Ofgem are of the opinion that, in order to better facilitate efficient cross border trade for Nemo Link's market participants, the proposed changes should be implemented as soon as reasonably possible. Therefore, the amended Nemo Link Access Rules should come into effect when NLL publishes them on its website after the national approvals of both CREG and Ofgem. Furthermore, CREG and Ofgem expect NLL to inform its market participants as soon as reasonably possible before the changes come into effect. This exemption is granted in line with the provisions in the Nemo Link Access Rules and relevant national legislation in Belgium and GB, but notwithstanding the requirement that market participants are properly and transparently informed of the upcoming modifications explained in the previous section of this agreement.