



Consultation on Long Term Allocation and Nomination Rules in the event GB leaves the Internal Energy Market

Building on the approved Day Ahead Allocation and Nomination Rules that would apply in the event GB left the Internal Energy Market, this consultation now outlines the Long Term Allocation and Nomination Rules that would also apply in this scenario, and invites feedback from all potential customers and stakeholders.

9th May 2019

Version A.00

INTRODUCTION

- 1 Nemo Link Limited (NLL) and Elia System Operator are responsible for the transmission of electricity across the Anglo-Belgian Interconnector. This interconnector connects the national electricity systems of Belgium (owned and operated by Elia) and Great Britain (owned by three companies but operated by National Grid Electricity System Operator (NGESO)). NLL is a 50:50 joint venture between Elia and National Grid Plc holding an Interconnector Licence to operate Nemo Link in GB and designated as a Transmission System Operator (TSO) under the European Third Package.
- 2 On 25th January 2019, Nemo Link's Access Rules were approved by the British and Belgian regulatory authorities. These rules hold at their core the underlying assumption that GB remains part of the EU's Internal Energy Market, an assumption that also holds if a transition period is agreed. These Access Rules remain in effect today.
- 3 On 14th February 2019, the British and Belgian regulatory authorities also approved another version of Nemo Link's Access Rules which would become active only in the event that GB left the EU's Internal Energy Market. The scope of these Non-IEM Access Rules focused exclusively on the transition from day ahead implicit market coupling to day ahead explicit auctions, since at the time, only the Day Ahead capacity product was available implicitly to market participants.
- 4 Following delays to the Brexit process, and the intention of Nemo Link to bring forward Long Term capacity products imminently whilst GB remains within the IEM, it is also now necessary to develop the Non-IEM Access Rules to include allocation and nomination rules for Long Term products so that trade can continue seamlessly and with certainty in the event GB leaves the IEM.
- 5 This document outlines the proposed Long Term Allocation and Nomination Rules that would become part of the Non-IEM Access Rules. Respondents are requested to submit any comments or questions on the proposals by email to the following address by 14th June 2019.

Email: customer.service@nemolink.co.uk

- 6 Further information about Nemo Link is available on the Nemo Link website:

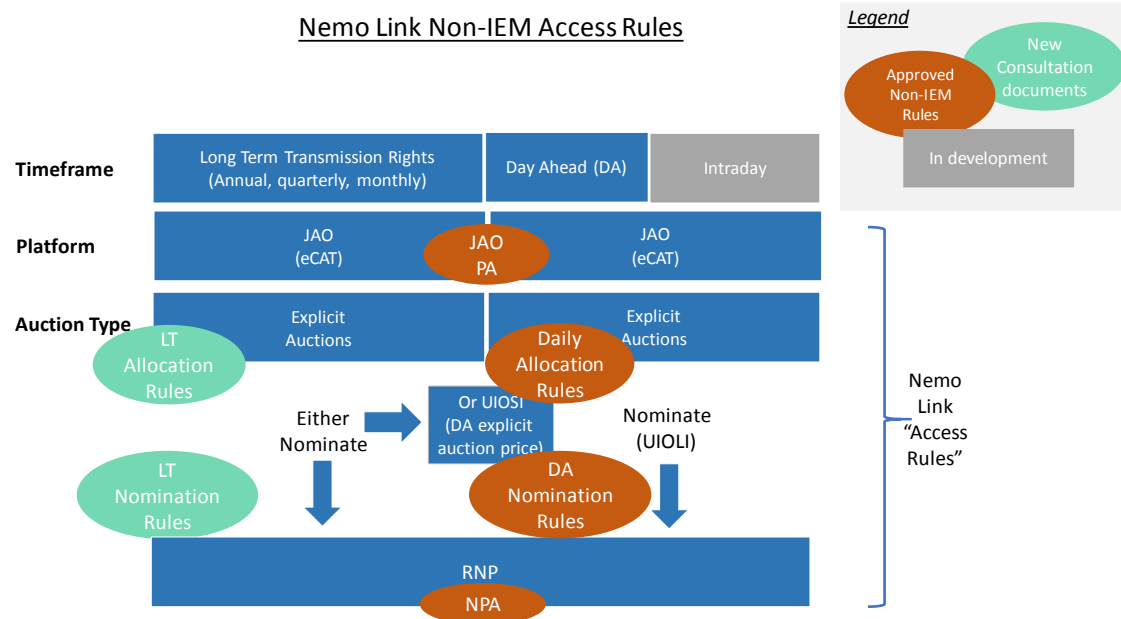
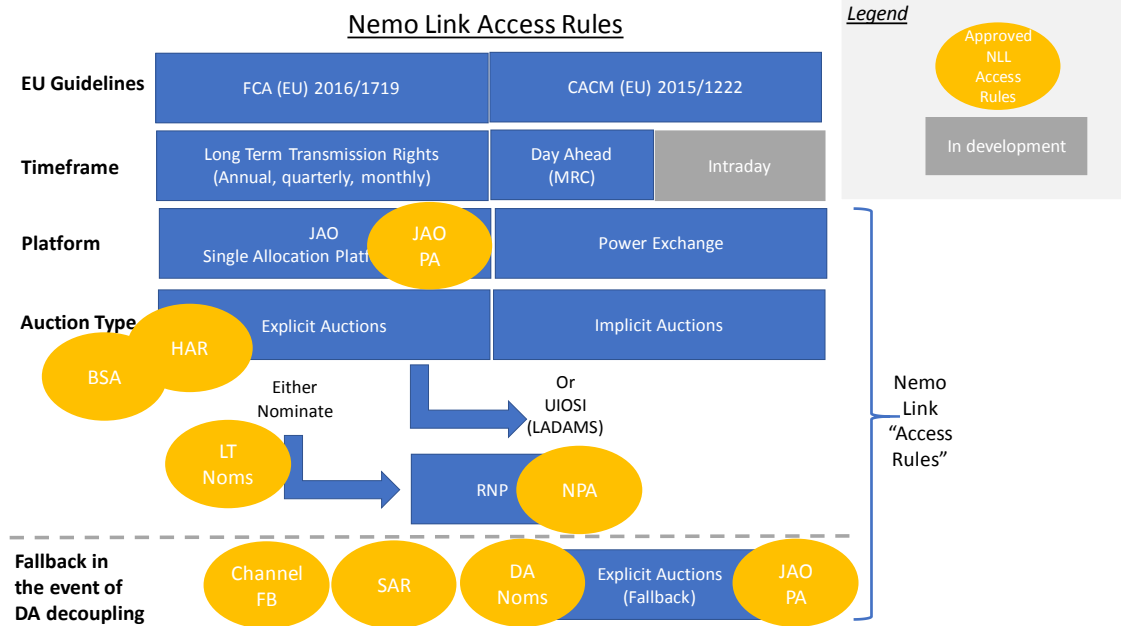
<http://www.nemolink.co.uk>

CONTEXT

- 7 Nemo Link began commercial operations on 31st January 2019 by offering interconnector capacity implicitly into the Day Ahead market as part of Multi-Regional Coupling (MRC). This means that Nemo Link capacity is currently allocated through Nominated Electricity Market Operators, or Power Exchanges, and Nemo Link's approved Day Ahead Non-IEM Access Rules describe the allocation and nomination rules that would apply should GB leave the IEM.
- 8 Nemo Link also intends to make Long Term capacity available to market participants imminently and the Access Rules that govern the current regime within the IEM can be found on Nemo Link's website, nemolink.co.uk. However, from the date GB leaves the Internal Energy Market, European energy law will no longer apply and GB will no longer have access to the Single Allocation Platform. Hence Nemo Link will need to find an alternative means to trade long term interconnector capacity through explicit auctions.
- 9 The key processes to enable long term allocation through explicit trading with third countries are already documented by the Joint Allocation Office and are in use on Swiss borders. Nemo Link proposes to adopt these processes by developing a stand-alone document only for the GB-Belgium border, which would nevertheless predominantly adopt the processes already established.

CONSULTATION DOCUMENTS

- 10 Trading on Nemo Link is currently governed by a number of documents, some already established at EU wide level, some already agreed or in development in the Channel region, and some local to Nemo Link. The diagrams below show for comparison the existing commercial framework as approved by regulators in January 2019 which assumes remaining part of the Internal Energy Market, and the Day Ahead Non-IEM framework in the event GB leaves the Internal Energy Market, also approved by Regulators, but not live.
- 11 This consultation is concerned with the Long Term Allocation and Nomination Rules shown in the Non-IEM Contractual Framework diagram below.



Abbreviations

- *BSA: Border Specific Annex*
- *CACM: Capacity Allocation and Congestion Management*
- *Channel FB: Channel Fallback Procedure*
- *DA Noms: Day Ahead Nomination Rules*
- *FCA: Forward Capacity Allocation*
- *HAR: Harmonised Allocation Rules*
- *JAO PA: Joint Allocation Office Participation Agreement*
- *LADAMS: Loss Adjusted Day Ahead Market Spread*
- *LT Noms: Long Term Nomination Rules*
- *MRC: Multi-Regional Coupling*
- *NPA: Nomination Participation Agreement*

- *RNP: Regional Nomination Platform*
- *SAR: Shadow Allocation Rules*
- *UIOSI: Use It or Sell It*

- 12 The above diagrams show the full IEM and Non-IEM frameworks, and that the purpose of this consultation is on the detail of the Non-IEM Long Term Allocation and Nomination Rules, which build on the approved Day Ahead Non-IEM Access Rules. The diagrams also show that Nemo Link will be using JAO's eCAT platform rather than the Single Allocation Platform for the sale of explicit Long Term products. For information, IEM and Non-IEM intraday rules are also in development, but not yet ready for consultation.
- 13 The significant features that market participants may wish to review are the following:
- (a) Non-IEM Long Term Allocation Rules:
- (i) Article 28(1b) a quarterly product for forward capacity allocation;
- (ii) Article 59 curtailment compensation before the Firmness deadline will be the clearing price of the day ahead explicit auction or the marginal price of the original auction if the day ahead explicit auction is not held; and
- (iii) Article 61 curtailment compensation after the Firmness deadline will be the clearing price of the day ahead explicit auction or the marginal price of the original auction if the day ahead explicit auction is not held.
- (b) Non-IEM Long Term Nomination Rules:
- (i) Article 6(1) bringing forward the Nomination Gate Closure by 30mins to 09:00 compared to 09:30 in the existing rules.
- 14 The draft Non-IEM Long Term Allocation Rules and the Non-IEM Long Term Nomination Rules can be found on the Nemo Link website nemolink.co.uk and comments are invited by 14th June 2019 to the customer.service@nemolink.co.uk email address.