

Appendix 1 - GB Belgium Border Specific Annex

**Annex [14] to the Harmonised Allocation Rules**

**Border Specific Annex: Nemo Link Interconnector**

GB-Belgium Border

April 2019

# CHAPTER 1

## General Provisions

### *Section 1*

#### **Subject-matter and scope**

1. In accordance with Article 4 (*Regional specificities*) of the Allocation Rules, regional or border specificities may be introduced for one or more Bidding Zone borders. Rules described in this Annex apply to the Belgium-Great Britain border (the “Border”).
2. The capitalised terms used in this Annex are defined in the Allocation Rules to which this Annex is attached or in the Long Term Nomination Rules, otherwise the following definitions shall apply:

**Allocation Rules** means the harmonised allocation rules for long term transmission rights approved in accordance with Article 51 of Commission Regulation (EU) 2016/1719 establishing a guideline on Forward Capacity Allocation;

**Annex** means this annex to the Allocation Rules relating to the Border;

**Belgian MNA** means Belgian Multi-NEMO Agreement as per CACM Article 45;

**DA Fallback Allocation Methodology** means the document “Channel TSOs proposal for fallback procedures in accordance with Article 44 of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management”;

**GB MNA** means GB Multi-NEMO Agreement as per CACM Article 45;

**Interconnector** means the interconnector linking the onshore transmission systems in Great Britain and Belgium operated by Nemo Link and Elia;

**Long Term Nomination Rules** means the document “Proposal for nomination rules for Physical Transmission Rights for the bidding zone borders of the Channel region in accordance with Article 36 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation”;

**Elia** means Elia System Operator SA;

**Nemo Link** means Nemo Link Limited;

### *Section 2*

#### **Effective date and application**

This Annex shall be effective from April 2019.

## **CHAPTER 2**

### **Auctions**

#### *Section 3*

#### **Reduction Periods of Offered Capacity**

For the Purposes of Article 30 (Reduction Periods of Offered Capacity) of the Allocation Rules, Reduction Periods may be included by the Allocation Platform in the Auction Specification of the Products on the basis of indicative start and finish times for reductions in Cross Zonal Capacity that will subsequently be confirmed by the Allocation Platform with as much advance notice as reasonably practicable, provided that the aggregate period of reduction shall not exceed that specified in the Auction Specification.

## CHAPTER 3

### Use and Remuneration of Long Term Transmission Rights

#### Section 4

#### Remuneration of Long Term Transmission Rights for non-nominated Physical Transmission Rights

1. By way of amendment of Article 48(1) (*Remuneration of Long Term Transmission Rights holders for non-nominated Physical Transmission Rights and Financial Transmission Rights*) of the Allocation Rules, where the non-nominated Long Term Transmission Rights are sold in a Daily Implicit Auction or in accordance with the DA Fallback Allocation Methodology, the price is to be adjusted to reflect transmission losses over the Interconnector.
2. The price shall be, where positive, the Market Spread between the British and Belgian bidding zones for the relevant hour(s) adjusted to reflect DC losses on the Interconnector such that:
  - a. If  $GBDAMP > BEDAMP$ ,  $LADAMS = (1-LF/2)*GBDAMP - (1+LF/2)*BEDAMP$
  - b. If  $BEDAMP > GBDAMP$ ,  $LADAMS = (1-LF/2)*BEDAMP - (1+LF/2)*GBDAMP$
  - c. For the avoidance of doubt, no remuneration will be due in case the LADAMS is negative or zero.

Where:

**LADAMS** is the Loss Adjusted Day Ahead Market Spread meaning 100% of the difference of power exchange prices on the British and Belgian day ahead markets after market coupling less an adjustment to take into account DC losses on the interconnector;

**BEDAMP** is the Belgian Day Ahead Market Price resulting from the single day-ahead coupling or, in the event that the single day-ahead coupling process is unable to produce results for the Belgian Bidding Zone, the day-ahead reference price applicable in the Belgian Bidding Zone pursuant to the Belgian MNA;

**GBDAMP** is the GB Day Ahead Market Price resulting from the single day-ahead coupling or, in the event that the single day-ahead coupling process is unable to produce results for the British Bidding Zone, the day-ahead price in the British Bidding Zone of the power exchange appointed by Nemo Link pursuant to the GB MNA;

**LF** is the Loss Factor as published on the Nemo Link website.

## **CHAPTER 4**

### **Curtailment**

#### *Section 5*

#### **Curtailment General Provisions**

1. Curtailment shall be carried out for the Border in accordance with this chapter of the Annex and in conjunction with Chapter 9 (*Curtailment*) of the Allocation Rules.
2. For the purposes of Article 59(1) of the Harmonized Allocation Rules and in accordance with Articles 51 and 54 of the FCA Guideline, the compensation payable in respect of Long Term Transmission Rights shall be subject to monthly caps as set out in paragraph 3 of Article 59.

#### *Section 6*

#### **Compensation of curtailed Long Term Transmission Rights to ensure operation remains within Operational Security Limits before DAFD**

By way of amendment of Article 59 (*Compensation for curtailments to ensure operation remains within Operational Security Limits before the Day Ahead Firmness Deadline*) of the Allocation Rules, the compensation payable with respect to curtailment of Long Term Transmission Rights to maintain operation within applicable Operational Security Limits shall be calculated to reflect transmission losses over the Interconnector. Holders of curtailed Long Term Transmission Rights shall therefore be entitled (subject to the caps set out in Section 5(2) of this Annex) to receive reimbursement equal to the maximum of (a) 0€/MWh and (b) the Loss Adjusted Day Ahead Market Spread defined in Section 4(2) in the direction of the curtailed Long Term Transmission Rights.