



Sylvain Rommel  
Head of Commercial Service – Market Access  
Réseau de Transport d'Electricité

[www.rte-france.com/fr/](http://www.rte-france.com/fr/)

**nationalgrid**

John Greasley  
Customer and Regulatory Manager  
National Grid Interconnectors

<http://www.nationalgrid.com/>

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**Consultation on the proposed Contractual Framework and subsequent Rules documents for IFA's move to Single Allocation Platform and Regional Nomination Platform**

Dear IFA Customers and Market Parties

The French and British electricity transmission systems are connected by a 2000MW HVDC link between Les Mandarins in France and Sellindge in England known as the Interconnexion France-Angleterre (IFA). This interconnector is jointly owned and operated by National Grid Interconnectors Limited (NGIL) and Réseau de Transport d'Electricité (RTE), and supports electricity trading in both the GB to France and France to GB directions.

**Proposed Framework:**

Historically, the IFA Access Rules, established by NGIC and RTE, have governed the allocation of rights to use the Interconnector by explicit auction across all timescales, as well as setting out more general terms of use. Over time, these rules, that specifically governed the operation of IFA, have been gradually replaced by EU wide provisions, and this consultation represents another step towards these standardised arrangements.

Currently IFA Customers sign one Participation Agreement (PA) outlining their intention to trade using the IFA auction platform (also known as Capacity Management System [CMS] or DAMAS). Resulting from the impending move to the Regional Nomination Platform and Single Allocation Platform there is a change to the contractual framework and the structure of the IFA Access Rules (please refer to Appendix 1 for further detail).

**Consultation Documents:**

IFA has amended the document structure for the IFA Access Rules and made changes where applicable to the documents to outline the difference between IFA as the Allocation Platform and IFA as the Interconnector Operator. In addition, IFA has also made changes to reflect the evolving contractual framework whereby some documents will be governed under the Joint Allocation Office PA and some documents will be governed under the Nomination PA. We have endeavoured to minimise the changes required to the IFA Access Rules as a result of the move to SAP/RNP.

IFA are asking for your views on the following documents:

- Allocation Rules for Intraday Capacity Allocation on IFA Interconnector;
- Day Ahead and Intraday Nomination Rules for IFA Interconnector and Nemo Link; and
- IFA Interconnector's Border Specific Annex to the Harmonised Allocation Rules for long-term transmission rights in accordance with Article 52 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation.

*(The detail of the proposed documents can be found in Appendix 1 "Consultation Summary" as attached to this letter.)*

In addition to the above document IFA also is attaching, for information, a number of associated documents which are considered to be part of the IFA Access Rules, namely:

- Joint Allocation Office Participation Agreement;
- Nomination Participation Agreement;
- Shadow Allocation Rules v1.3 and v1.4;
- Harmonised Allocation Rules for long-term transmission rights in accordance with Article 52 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation
- Draft Channel Day Ahead Fall Back Methodology; and
- Channel Long Term Nomination Rules.

These IFA consultation documents can be obtained on NGIC's and RTE's website, as follows:

<http://ifa1interconnector.com/notices/consultation/>

[https://clients.rte-france.com/lang/fr/clients\\_traders\\_fournisseurs/services\\_clients/inter\\_france\\_angleterre.jsp](https://clients.rte-france.com/lang/fr/clients_traders_fournisseurs/services_clients/inter_france_angleterre.jsp)

**NGIC and RTE would like to invite feedback from IFA Customers and Market Parties on the above consultation documents.**

**The latest date for responses to this consultation will be 18.00 CEST on 21 May 2018.** All responses should be titled '[**IFA Consultation on the proposed Contractual Framework and subsequent Rules documents for IFA's move to Single Allocation Platform and Regional Nomination Platform**]' and are to be submitted via email to [ifa.customerenquiries@nationalgrid.com](mailto:ifa.customerenquiries@nationalgrid.com) and [marketservices@rte-france.com](mailto:marketservices@rte-france.com).

When responding please state your contact details and whether you are responding as an individual company or representing the views of an association.

If you have any questions in relation to this consultation, please contact Osaaf Syed at [Osaaf.Syed@nationalgrid.com](mailto:Osaaf.Syed@nationalgrid.com).

**Yours faithfully**

**Sylvain Rommel**  
Head of Commercial Service – Market Access

**John Greasley**  
Customer and Regulatory Manager

## **Appendix 1: Consultation Summary**

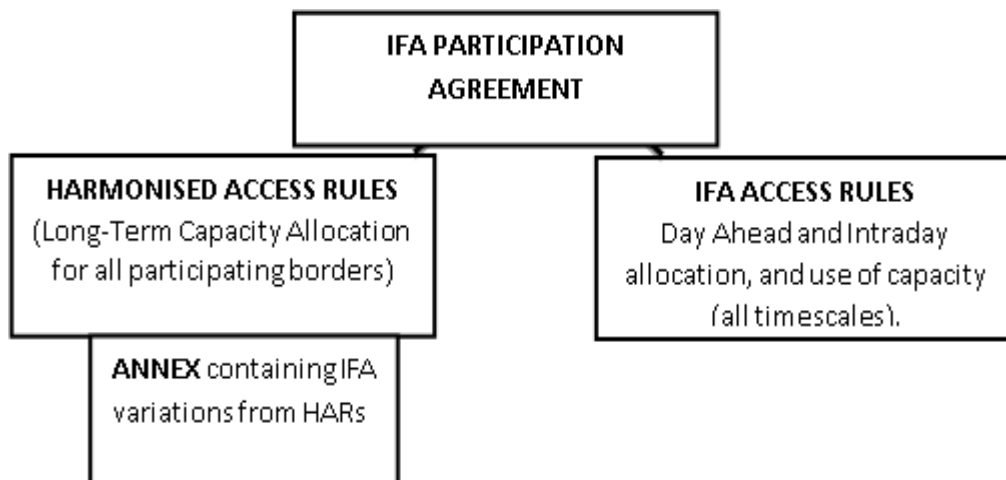
### **Background:**

Historically, the IFA Access Rules, established by NGIC and RTE, have governed the allocation of rights to use IFA by explicit auction across all timescales, as well as setting out more general terms of use. Aspects of these rules relating to Long Term capacity allocation are now ultimately contained in the Harmonised Allocation Rules for Forward Capacity Allocation (HARs) as required by the Regulation on Forwards Capacity Allocation (FCA Regulation). Indeed, this format has been adopted since July 2016, under the early implementation HARs project.

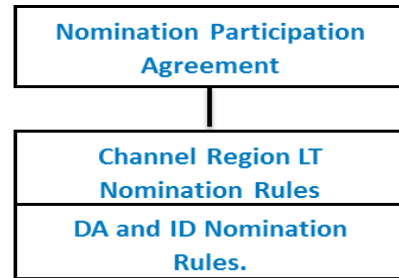
The FCA Regulation also mandates all TSOs to establish a Single Allocation Platform and consequently IFA is now working towards the transition of its current system (CMS) to the Joint Allocation Office (JAO) who are the SAP Operator. As JAO system is only designed for the allocation of capacity at various timescales, IFA is developing a Regional Nomination Platform (RNP) to manage (among other functionalities) the nomination of physical transmission rights. A change in the document structure for the IFA Access Rules and Contractual Framework is therefore being consulted upon.

### **Contractual Framework:**

Currently, IFA Customers sign a Participation Agreement which is governed by the HARs, IFA Border Specific Annex and IFA Access Rules. The diagram below shows the current framework:



This current framework will continue to be in force up until the point that IFA has transitioned over to the JAO and RNP systems whereby a new contractual framework is expected to take effect. Therefore, IFA is proposing a new framework which customers need to sign up to, to continue trading on the IFA Interconnector. This proposed framework is as follows:



For current IFA Customers, in order to continue trading on IFA they must sign the JAO Participation Agreement and contract with JAO. Additionally, if the IFA customer wishes to nominate its capacity on IFA then they must also sign the Nomination Participation Agreement to gain access to the RNP and nominate as per the current process on CMS.

Further details on the documents that form part of the overall suite of IFA Access Rules is in the below table:

**Consultation Documents:**

Document	What it entails?	Has it changed?
<b>Allocation Rules for Intraday Capacity Allocation on IFA Interconnector</b>	These rules have been extracted out of the IFA Access Rules v12 and outlines the rules for Intraday Explicit Allocation.	IFA has aimed for minimal change to the rules, however, due to constraints IFA is proposing to change the ID Auction 1 timing from 19:00 CET to 16:00CET before delivery day. We would explicitly welcome your views on the new timings for the auction.
<b>Day Ahead and Intraday Nomination Rules for IFA Interconnector and Nemo Link Limited</b>	Rules extracted from the current IFA Access Rules v12 on the nominations of explicit day ahead and intraday rights.	No change here to any aspects of the rules. A new document structure established.
<b>IFA Interconnector’s Border Specific Annex to the Harmonised Allocation Rules for long-term transmission rights in accordance with Article 52 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation</b>	Variation from the HARs areas around curtailment and UIOSI payments where the Interconnector Loss Factor has been applied to the calculation of payments.	This has changed from the 1/1/18 version to outline the relationship between SAP as the Allocation Platform and the duties of IFA as the IFA Operator. This doesn’t affect the way in which the customer trade on the IFA Interconnector.

### **Rational on the proposition of changing ID auction 1 timing:**

IFA is proposing via this consultation to change the timing of ID auction 1 to fit within JAO business hours (which are 08:00 to 17:00 CE(S)T for your reference). The new proposed timing is to run the auction from 16:00 to 16:25 CE(S)T instead of 19:00 to 19:30 CE(S)T currently.

IFA is not in favour of running the ID Auction 1 outside of JAO business hours nor of running the auction during the proposed JAO on-call service (from 17:00 to 20:00 CE(S)T) due to the high risk of disruption of service by doing so. IFA has initially considered the possibility to run ID auction 1 but has abandoned such possibility as we have been informed that such service does not guarantee quick reaction time and should only be used in exceptional circumstances, which would result in a reduced service and potential auctions cancellations in case of any issues. This risk is even higher in short term due to the introduction of new systems (RNP/SAP).

The option of extended the business hours of JAO has also been considered but this would be feasible only if ID auctions were a durable option, which is not the case as CACM objectives is a move towards a continuous intraday trading solution.

Finally, IFA would like to highlight that despite this change in ID auction 1 timing, the associated nomination gates timing are not changing allowing IFA customers to nominate their acquired capacity as close to real time as they currently do.

### **Supporting Documents:**

<b>Document</b>	<b>What it entails?</b>	<b>Has it changed?</b>
<b>JAO Shadow Allocation Rules</b>	These rules will govern the explicit fall back arrangement when there is a risk of de-coupling or the markets have decoupled. IFA will be party to these rules so that there are rules in place for customers if necessary to use as part of the day ahead trading.	Included the IFA Interconnector in the list of TSOs in Annex 1. This change has already been made for both version 1.3 and 1.4. It is envisaged that v1.3 will apply for the remainder of the 2018 calendar year and v1.4 will then apply from 1 <sup>st</sup> January 2019.
<b>Channel Day Ahead Fall Back Methodology</b>	This is a requirement under CACM Article 44 in which this refers to the rules under the JAO Shadow Auction Rules.	Already consulted upon, waiting for submission for approval towards NRAs.
<b>JAO Participation Agreement</b>	Contract between the customer and the allocation platform.	Inclusion of IFA as a border in the JAO List of Bidding Zone borders and inclusion of IFA Intraday Rules underway. As this document is owned by JAO, IFA are working with JAO to ensure this is done ahead of the submission of rules to Ofgem and CRE.

**Channel Long Term  
Nomination Rules**

Requirement under FCA Article 36 FCA regulation to develop a set of Long Term Nomination Rules.

Approved by Ofgem and CRE on 9th March 2018 and published on IFA's website.

**Nomination Participation  
Agreement**

Contractual requirement between customer wishing to nominate and the Nomination Platform (IFA).

New document developed to complete the contractual framework.

NGIC's Interconnector Licence (Standard Licence Condition 11A) requires it to carry out an annual review of its access rules and this consultation constitutes NGIC's review for 2018. NGIC considers that the proposed Access Rules amendments will satisfy the 'relevant access rules objectives' (in particular the requirement to be 'compliant with the Regulation and any relevant legally binding decision of the Commission'), by anticipating the integration to the internal energy market.