



## **Consultation notice on IFA Brexit Contingency Access Rules Proposals**

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This consultation describes the contractual framework for continued trade on the IFA interconnector in the event of a “No Deal” Brexit scenario where Great Britain would no longer be part of the European internal energy market.

NGIC and RTE would like to invite feedback from IFA Customers and Market Parties on these contingency Access Rules proposals.

**December 2018**

## Introduction:

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 (NGIC) and Réseau de Transport d'Electricité (RTE), and supports electricity trading in both the GB to France and France to GB directions via the suite of documents that make up the Access Rules. NGIC and RTE have identified that in the event of a Brexit 'No Deal' scenario, ideally there should be amended Access Rules should IFA not continue operating under existing IEM processes (namely Single Day Ahead Coupling). NGIC and RTE believes that additional clarity and flexibility for the potential future scenarios provided by amended Rules will be beneficial.). In order to prepare for this eventuality, and to be ready to this exceptional situation NGIC and RTE prepared a new set of rules that may apply immediately in this "No Deal" Brexit scenario.

This documents sets out the context and the anticipated position that could emerge if GB exits the European internal energy market.

The Access Rules documents that NGIC/RTE are consulting on can be accessed from either of the following links:

- RTE Consultation website: <https://www.concerte.fr>
- NGIC Consultation website: <http://ifa1interconnector.com/notices/consultation/>

Please note that the documents are published in change-marked form, from the current Harmonised Allocation Rules, and Access Rules v12. Respondents are requested to submit any comments or questions to NGIC or RTE by 25<sup>th</sup> January 2019, by E-mail to [ifa.customerenquiries@nationalgrid.com](mailto:ifa.customerenquiries@nationalgrid.com) or directly on RTE website.

## Context

IFA offers capacity to market parties at different timeframes (Yearly, semi-annual, quarterly, monthly, weekend, summer, winter, day-ahead and intraday). All the products are currently allocated via auctions in the Capacity Management System (CMS), except for Day Ahead product which is allocated via Nominated Electricity Market Operators (NEMO) in the Single Day Ahead Coupling system (SDAC).

As of the date UK leaves the European Union in a No Deal BREXIT scenario Great Britain's electricity market is expected to be decoupled from the European internal energy market. In practice this will mean that IFA will cease to use the Harmonised Allocation Rules, and cease to be part of Single Day Ahead Coupling. The solution will be instead to create a new set of LT Allocation Rules, and to purchase IFA capacity through explicit day ahead auctions (like today fallback mechanism from SDAC). Market Participants successful in acquiring capacity through explicit auctions would then be required to nominate that capacity in a second step or lose the right to use the capacity (use it or lose it). The nomination principal would be similar to the process currently ongoing in LT and ID allocation timeframes.

The key processes to enable daily allocation through explicit trading will be documented in adapted IFA Access Rules, based on those in place prior to GB's joining market coupling in 2014.

**Consultation documents:**

Trading on IFA is governed by a number of documents, some already established in the EU wide level some others at IFA level. The diagrams below show the comparison between the current situation and the Brexit Day Contingency framework in the event GB leaves the European Internal Energy Market.

<b>Rules</b>	Harmonised Allocation Rules & IFA Border specific annex	CACM (EU) 2015/1222	IFA Access Rules v12
<b>Timeframe</b>	Long Term transmission rights	Day Ahead (MRC)	Intraday rights
<b>Platforme</b>	Capacity Management System (CMS)	Power Exchange	CMS
<b>Auction Type</b>	Explicit	Implicit	Explicit

**Current Access Rules**

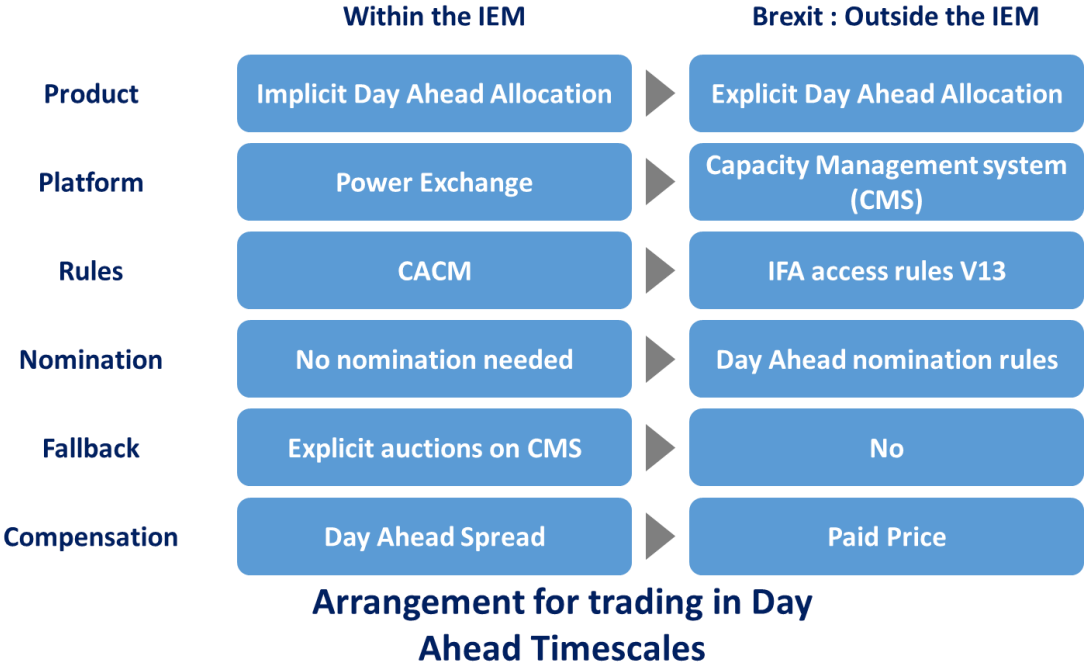
<b>Rules</b>	IFA longTerm allocation rules	IFA Access Rules v13	IFA Access Rules v13
<b>Timeframe</b>	Long Term transmission rights	Day Ahead	Intraday rights
<b>Platforme</b>	Capacity Management System (CMS)	CMS	CMS
<b>Auction Type</b>	Explicit	Explicit	Explicit

**Non-IEM Access Rules (Brexit Contingency plan)**

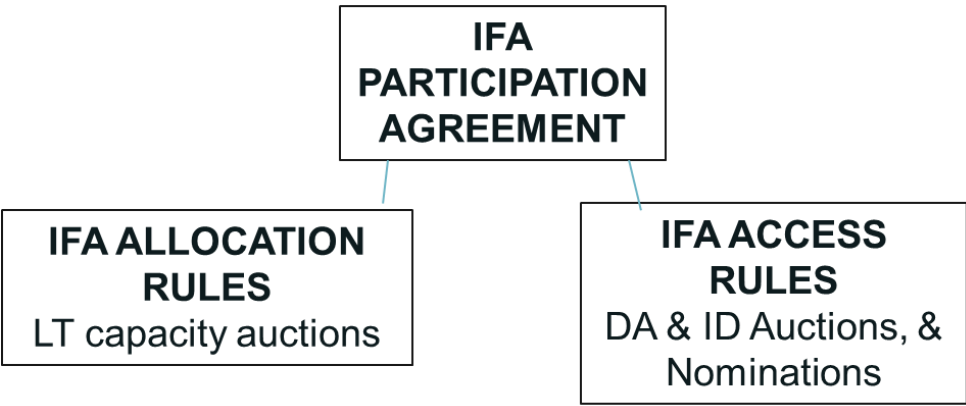
Specifically, subject to the responses to this consultation, the Brexit no-deal Access Rules would involve changes in the following areas:

- 1) If/when IFA ceases to be part of SDAC, then a notice would be issued to customers indicating the move to explicit auction as the standard day ahead allocation mechanism.
- 2) Modifying the Use It or Sell It provisions such that remuneration is based on the Day Ahead Auction.
- 3) Modifying curtailment provisions such that compensation is based on initial auction price paid.
- 4) Extending collateral terms, such that Letters of Credit can be accepted from banks established in UK, as well as EU member states.
- 5) Amendment of terms/definitions/legislation references with European Regulations ceasing to apply.

The impact of the Brexit contingency plan on day ahead trading for market participants is summarized in the diagram below:



Note that the existing Participation Agreements in place between NGIC, RTE and market parties will continue to apply, with the no-deal rules framework being as follows:



**Preparation & next steps:**

In complement of this consultation, NGIC & RTE are trying to provide as much information as possible to market parties in order to prepare the “No Deal” Brexit scenario smoothly:

1. NGIC and RTE will host a user Forum in February towards the market participants to give more clarity on the Brexit and how it would apply on IFA.
2. NGIC and RTE will propose some refresh training on daily explicit auctions in February/March, if No-Deal BREXIT is a potential outcome at that stage, and;
3. NGIC and RTE will also propose some IT testing to the market participants to prepare the switch back to daily explicit auctions.

Market participants are warmly welcome to join and have an active participation in this different step of the Brexit preparation.