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IFA and IFA2 Access Rules Consultation

Dear Market Parties

National Grid Interconnectors Ltd (NGIC) and Réseau de Transport d'Electricité (RTE) are proposing an amendment to the Access Rules for the IFA Interconnector; the existing 2000MW HVDC I/C which connects the British and French electricity transmission systems. This Access Rules amendment will support the migration to the Single Allocation Platform (SAP) as required by the Regulation 2016/1719 on Forwards Capacity Allocation, by the due date in December 2019. In addition, IFA will migrate to the Regional Nomination Platform (RNP) also in December 2019, and to a new IDAP by early 2020.

In addition, RTE and National Grid IFA2 Limited (NGIFA2) are also proposing a set of Access Rules for the forthcoming IFA2 1000MW HVDC Interconnector, to be used from the start of its commercial operation planned for Q2 2020. IFA2 will use the same customer interface platforms as IFA, namely SAP, IDAP, RNP.

It is proposed that the suite of Access Rules documents for IFA and IFA2 will be identical, and hence this is a joint consultation for these two interconnectors by NGIC, RTE and NGIFA2. This consultation opens on the date of this letter, and will be open for 28 days until 28th June 2019.

Participation Agreements Framework

Currently, IFA Customers each have one Participation Agreement (PA) which governs all IFA Access Rules documents, which together define the commercial operations on IFA via its auction platform (also known as the DAMAS Capacity Management System). Under the impending move to SAP, RNP, IDAP, which together will replace the CMS function, there will be a change to the PAs and contractual framework, as described further in **Appendix 1**. This proposed future document framework will apply for IFA2 also.

Consultation Documents:

The suite of documents that will comprise the Access Rules for both IFA and IFA2 are set out in the table below, and for the purposes of this consultation are published on the NGIC and RTE websites. NGIC, RTE and NGIFA2 invite market parties to review the documents and provide feedback.

The full list of documents comprising the proposed IFA and IFA2 Access Rules are listed in the table below. Some of the documents (identified) are owned by the all-TSO community and hence cannot be amended just by NGIC/RTE, NGIFA2. In this consultation we are therefore simply confirming the use of such all-TSO documents within the suite of IFA and IFA2 Access Rules.

DOCUMENT	RELEVANCE TO CONSULTATION
Intraday Auction Rules	For consultation. New IFA / IFA2 document to support the IDAP migration/operation.
Day Ahead and Intraday Nomination Rules	For consultation New IFA / IFA2 document to support the RNP migration/operation.
JAO Day Ahead Shadow Allocation Rules	For information These fallback explicit rules, are the JAO standard for all borders, to be used in the event of Day Ahead implicit auction decoupling.
Long Term Nomination Rules	For information There is a parallel process under way to amend this multi-TSO document.
Harmonised Allocation Rules (HAR)	For information. All-TSO document detailing LT Allocation. Currently under consultation via a parallel all-TSO process.
GB-France Annex to HAR	For information Already approved annex for GB-Fr border for use upon SAP implementation.

In addition, NGIC, RTE and NGIFA2 would like some specific feedback on the Intraday process to be implemented. **Appendix 2** contains a set of questions, the answers to which will assist us in providing an optimum Intraday process to the market.

Further documents that NGIC, RTE and NGIFA2 have published for information are as follows:

- Joint Allocation Office Participation Agreement;
- Nomination Participation Agreement;
- Intraday Participation Agreement

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

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

<https://www.concerte.fr>

NGIC, RTE and NGIFA2 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 28th June 2019. All responses should be titled **“Response to IFA/IFA2 Access Rules consultation, June 2019”** and are to be submitted via email to ifa.customerenquiries@nationalgrid.com or directly on RTE’s website: <https://www.concerte.fr>.

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

If all or part of your response is in relation to one or other of IFA or IFA2 Access Rules then please indicate. Otherwise we will treat your response as applying to both IFA and IFA2.

Brexit

NGIC, RTE and NGIFA2 continue to consider the implications of Brexit on these access rules. The set of rules being consulted upon here would apply in the event that the UK remains in the IEM during a transition period (i.e. in the event of a UK withdrawal deal being accepted by all parties). In the event that the UK leaves the EU without a deal then a revised set of no-deal access rules would need to apply for the future SAP/JAO, RNP, IDAP operation. NGIC, RTE and NGIFA2 intend to develop these further ‘Brexit-proof’ access rules, and consult upon them in the coming weeks. This approach will be intended to deliver the same business outcomes as per these consultation documents, where applicable, but in a manner that is robust to a no-deal Brexit.

If you have any questions in relation to any of the above, please contact ifa.customerenquiries@nationalgrid.com.

Yours faithfully

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Appendix 1: Consultation Summary

Background

Currently IFA is operating on the Capacity Management System, the platform that facilitates allocation of capacity across all timescales (Long Term, Day Ahead fallback and Intraday), and also the use of capacity via Nominations. IFA's current contractual and Access Rules framework is governed by a single 3-party Participation Agreement between NGIC, RTE and each Market Participant.

IFA's Access Rules currently comprise three documents as follows:

1. Harmonised Allocation Rules
2. IFA Border Specific Annex
3. IFA Access Rules (covering other timescales' allocation and Use of capacity).

Implementation of aspects of the Network Codes, principally Regulation 2016/1719 on Forwards Capacity Allocation (FCA), and Regulation 2015/1222 on Capacity Allocation and Congestion Management (CACM) leads to development of alternative allocation platforms and Access Rules arrangements, which are explained further in this Appendix.

Allocation Platforms

The FCA has required a methodology to be developed for proposing a Single Allocation Platform for long term capacity that TSOs would adopt within a certain prescribed timescale, being 2 years from the NRA approval for HVDC Interconnectors. This was approved by NRAs in December 2017, and hence the date for IFA to migrate to SAP is December 2019.

Given the migration of Long Term capacity allocations away from CMS to SAP, NGIC, RTE and NGIFA2 have been considering the future means of allocating capacity in other timescales. The Joint Allocation Office (the operator of SAP) has been appointed by many other TSOs to be the fallback platform for Day Ahead explicit auctions, should there be a market decoupling at the Day Ahead stage. The CHANNEL TSOs (which include NGIC, RTE and NGIFA2) have proposed its Day Ahead fallback methodology whereby JAO would also provide the fallback Day Ahead explicit auctions for the CHANNEL Interconnectors.

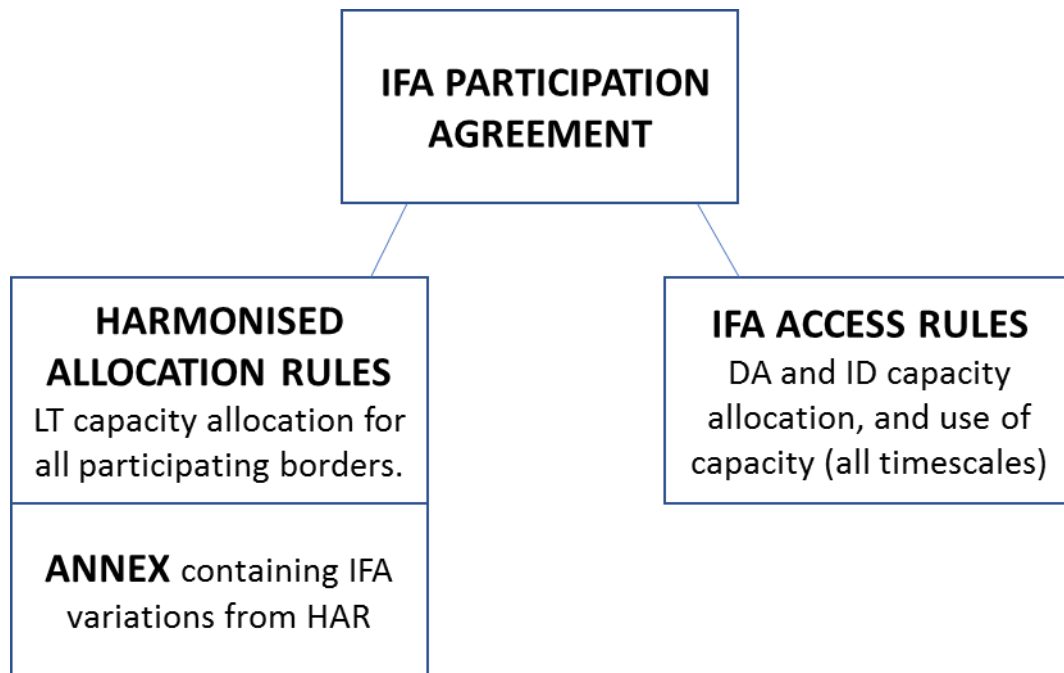
Intraday Capacity will continue to be allocated on IFA via an explicit process, and options for Intraday platform are under consideration. As well as the adoption of a new Intraday platform, NGIC and RTE are also proposing a reconfiguration of the Intraday process that will provide greater flexibility and opportunity for market participants. Further details are provided in **Appendix 2, along with specific questions on the Intraday process which customers are invited to respond to as part of this consultation.**

Finally, the Regional Nomination Platform (RNP), which is a joint initiative between a number of Interconnector TSOs, will interface to each of the above LT, DA and ID platforms. Market Participants will notify their Use of Capacity for each of these timescales via Nominations to the RNP.

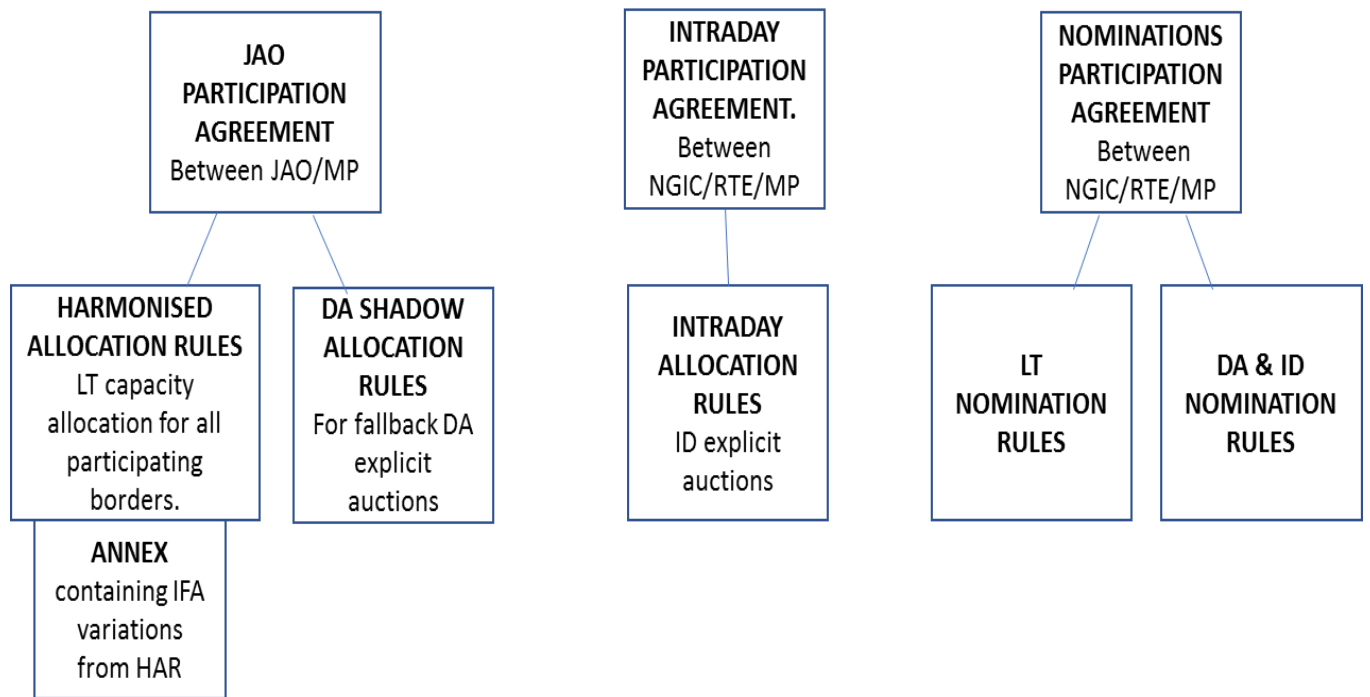
RTE and NGIFA2 are in the process of implementing each of the above SAP, IDAP and RNP platforms in readiness for IFA2's commercial Go Live in Q2 2020.

Contractual Framework

Currently, IFA Customers each enter into a single Participation Agreement which gives effect to HARs, IFA Border Specific Annex and IFA Access Rules, as illustrated in the diagram below.



This current framework for IFA will continue up until the point that IFA transitions over to the SAP, IDAP and RNP systems whereupon a new contractual framework will take effect, as illustrated below:



Aspects for IFA as follows:

- A JAO PA will be required with each Market participant for access to the platforms which JAO operates. Market Parties may or may not need to sign this as a new document, depending on whether they have an existing relationship with JAO for other borders.
- Regarding the ID Participation Agreement, NGIC/RTE propose to continue to apply the existing PA for existing customers. (Ie a new IDPA will only need signing by new customers).
- A new NGIC/RTE Nominations PA will need signing by all parties for access to RNP.

For IFA2, Participation Agreements will need signing up separately to those for IFA. (With NGIFA2 being a signatory instead of NGIC).

APPENDIX 2 – Intraday process change Consultation Questions

NGIC, RTE and NGIFA2 are also proposing a reconfiguration of the explicit Intraday process, including some or all of the following:

- increase in the number of Intraday Auctions
- Intraday auctions covering the full remainder of the Day
- An increase in the number of Nominations Gates
- Use It Or Lose It introduced between ID Auctions, such that non-nominated capacity from the last auction would be offered for re-sale in the next ID Auction.

Depending upon consultation responses and the practicalities of implementation, the above developments may be achieved either in a single step, or via a phased approach that will be communicated appropriately.

NGIC and RTE consider that changes in the above areas should enable the market to be flexible to short-notice changing market conditions, and widen the opportunities for market parties to bid for explicit Intraday capacity throughout the day. In particular, the changes will maximise availability of ID capacity thereby providing greater opportunity for Market Participants to balance their positions.

In order to go forward with some of all of the above, NGIC, RTE and NGIFA2 invite feedback to the following questions:

1. What do you consider to be a preferred number of explicit Intraday auctions, ranging from 2 to 6?
2. Based on your answer to Q1, what do you consider as optimum timings of Intraday auctions?
3. What do you consider as being a sufficient number of ID Nominations Gates?
4. What would be the optimum timings of Intraday Nomination Gate Closures?
5. Do you agree with the above Use It or Lose It proposal for the intraday auctions?