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### **IFA and IFA2 Non-IEM Access Rules Consultation for post-JAO operation**

Dear Market Parties

In June 2019 National Grid Interconnectors Ltd (NGIC), Réseau de Transport d'Electricité (RTE) and National Grid IFA2 Ltd (NGIFA2) consulted on an Access Rules amendment that would be applicable for the implementation of the Single Allocation Platform (SAP), Regional Nomination Platform (RNP) and an alternative Intraday Auction Platform (IAP) scheduled for 1 December 2019. These rules would apply in the event that GB remains in the Internal Energy Market post 31 October 2019. We are currently considering the responses received to this consultation ahead of a forthcoming submission to the National Regulatory Authorities of GB and France. **For the purpose of this document, this version of the Access Rules is referred to as Set 2<sup>2</sup>.**

In order to ensure that all Brexit outcomes are dealt with a revised version of Access Rules is required in the event that the GB-France border loses access to the IEM i.e. GB leaves the EU without a deal. Industry participants will recall that an initial non-IEM set of IFA Rules was approved by regulators in March 2019 (**for the purpose of this document, this version of the Access Rules is referred to as Set 3<sup>3</sup>**). These rules however are only relevant under IFA's DAMAS-CMS operation, but not for the new platforms which are planned to be implemented on IFA to be effective from 1<sup>st</sup> December (even in the event of a no-deal Brexit). This letter, therefore opens a consultation which is live from **2 August 2019 to 30 August 2019**, to propose this new set of Access Rules. **For the purpose of this document, this version of the Access Rules is referred to as Set 4<sup>4</sup>.**

The set of Access Rules under consultation here (Set 4<sup>4</sup>) will also apply to IFA2 in the event of a non-IEM scenario.

The remainder of this letter is structured as follows:

- Section 1 Summary of different sets of Access Rules and potential applicable dates
- Section 2 Update on IEM Consultation Process (Set 2)
- Section 3 Documents associated with this consultation
- Section 4 Comparison between IEM and non-IEM Access Rules

<sup>1</sup> Set 1: IFA Current Access Rules

<sup>2</sup> Set 2: IFA & IFA2 IEM Access Rules applicable on SAP, RNP and IAP

<sup>3</sup> Set 3: IFA Non-IEM Access Rules applicable on CMS

<sup>4</sup> Set 4: IFA & IFA2 Non-IEM Access Rules applicable on JAO, RNP and IAP

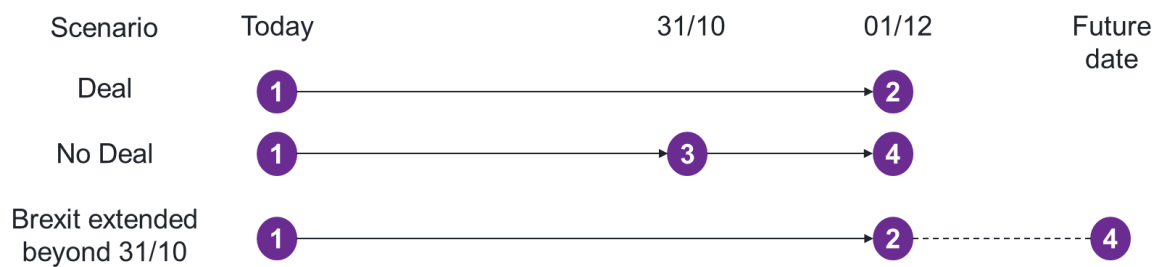
- Section 5 Curtailment Compensation
- Section 6 Responding to this consultation

## 1. Summary of different sets of Access Rules and potential applicable dates

The various sets of the Access Rules are summarised in the table below, along with the potential timings of when they could apply.

Set	System	Brexit Scenario	Access Rules Drafting Status	Applicable interconnector
1	CMS	IEM	Approved and currently in force	IFA
2	SAP/RNP/IAP	IEM	Consultation closed (31/5/19 – 28/6/19)	IFA and IFA2
3	CMS	Non-IEM	Approved (March 19) but not yet in force	IFA
4	JAO/RNP/IAP	Non-IEM	This consultation (2/8/19-30/8/19)	IFA and IFA2

The diagram below shows the timings and sequencing of the different sets of the Access Rules as driven by Brexit and the possibility of the current leave date of 31 October 2019 being delayed.



## 2. Update on IEM Consultation Process (Set 2)

As indicated above, Set 2 of the Access Rules was consulted on during June 2019. It is intended that, subject to regulatory approval, this set of Access Rules will apply to IFA from 1 December 2019 should GB retain access to the IEM. As stated above, this set of rules will also apply to IFA2 from its commissioning date, again assuming that access to the IEM is retained.

Four responses were received to the June consultation. As a result of these responses, and further discussions between NGIC, RTE and NGIFA2, two main changes have been made to the proposals that will be presented to regulators for consideration, namely:

- We have developed specific intra-day auction schedules for IFA and IFA2. These schedules consist of four intra-day auctions, and 24 hourly nomination gates. It is intended that these schedules will be included into the Access Rules Set 2 prior to regulatory submission. These schedules are included in the attached Access Rules and we would welcome specific feedback on these schedules; and
- Whilst this issue does not impact on the drafting of the Access Rules, we have considered the platform we will use to run the intra-day auctions (the Intraday Auction Platform). The result of this consideration is that the Joint Allocation Office (JAO) will provide this service.

<sup>1</sup> Set 1: IFA Current Access Rules

<sup>2</sup> Set 2: IFA & IFA2 IEM Access Rules applicable on SAP, RNP and IAP

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<sup>4</sup> Set 4: IFA & IFA2 Non-IEM Access Rules applicable on JAO, RNP and IAP

We are working closely with JAO to implement a robust intra-day solution following feedback previously received. It is clear that JAO does not currently offer 24/7 support and therefore a number of our proposed auctions will be outside of JAO working hours.

### **3. Documents associated with this consultation**

In the event that the GB – France border is no longer in the IEM, any of the Rules documents applying under EU Regulations would cease to apply, such as the Harmonised Allocation Rules and associated Border Specific Annex, Shadow Allocation Rules, Long Term Nomination Rules.

In addition, certain terminology references would need to change, to reflect the change in background legislation, as would certain business processes, as set out in the original CMS-based Non-IEM Rules as approved in March 2019 (Set 3).

Therefore a standalone version of the IFA and IFA2 Access Rules (Set 4) to facilitate the implementation of JAO/RNP and IAP platforms in the event of a non-IEM scenario is attached to this consultation comprising five parts as follows:

- Part 1 - Intraday Allocation Rules**
- Part 2 - Day Ahead Allocation Rules**
- Part 3 - Long-Term Allocation Rules**
- Part 4 - Day Ahead & Intraday Nomination Rules**
- Part 5 - Long Term Nomination Rules**

### **4. Comparison between IEM and non-IEM Access Rules**

In terms of commercial processes, the differences between the JAO/RNP/IAP commercial processes between the IEM (Set 2) and Non-IEM scenarios (Set 4) are set out in the table below:

	<b>IEM (Set 2)</b>	<b>Non-IEM (Set 4)</b>
<b>Day Ahead auction</b>	Implicit / market coupling	Explicit auction via JAO
<b>Day Ahead collateral requirement</b>	Not required for fallback explicit auction – no credit limit calculated.	Required for Day Ahead – credit limit calculated based on collateral in place, against outstanding Long Term and Day Ahead capacity commitments
<b>Use it Or Sell It payment price</b>	Day Ahead Market Spread (loss adjusted)	Explicit auction clearing price
<b>Compensation price for Long Term capacity rights curtailment</b>	Day Ahead market spread (as adjusted by revenue cap set out in HAR and GB-Fr Annex)	Day-ahead market spread or Initial Price Paid. See further information in section 5 below

It is our proposal that Set 2 and Set 4 of the Access Rules will both contain the same intra-day schedules of auctions and nomination gates.

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<sup>2</sup> Set 2: IFA & IFA2 IEM Access Rules applicable on SAP, RNP and IAP

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<sup>4</sup> Set 4: IFA & IFA2 Non-IEM Access Rules applicable on JAO, RNP and IAP

## 5. Curtailement Compensation

A significant area of discussion from the original Non-IEM Access Rules proposal approved in March 2019 (Set 3) was on the subject of compensation in the event of long term capacity rights curtailment. NGIC, RTE and NGIFA2 have considered further the options available and would once again like to seek your views. The two options that we are consulting upon are:

- Initial Price Paid as per the original version of the non-IEM Access Rules (Set 3); and
- Day ahead market spread. As it is likely that there will not be a single day ahead price for GB once out of the IEM, we are proposing a volume weighted average of the prices of the different power exchanges.

The drafting for these two options is contained in Article 59 to Article 61A of Part 3 of the attached consultation documents.

## 6. Responding to this consultation

These IFA and IFA2 Non-IEM Access Rule consultations 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 Customers and Market Parties on the above consultation documents.**

**Please ensure responses are submitted by 18.00 CEST on 30 August 2019.** All responses should be titled **"Response to IFA/IFA2 Access Rules consultation, August 2019"** and submitted via email to [ifa.customerenquiries@nationalgrid.com](mailto: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.

If you have any questions in relation to any of the above, please contact [ifa.customerenquiries@nationalgrid.com](mailto:ifa.customerenquiries@nationalgrid.com).

**Yours faithfully**

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

**John Greasley**  
**Regulation and Stakeholder Manager**

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