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Date: 22nd March 2022

IFA and IFA2 Access Rules Consultation

Dear Market Participants,

Réseau de Transport d'Electricité (RTE), National Grid Interconnectors Limited (NGIC) and National Grid IFA2 Limited (NGIFA2) are proposing an amendment to the Access Rules for the IFA 2000 HVDC Interconnector (2,000MW) and the IFA2 HVDC Interconnector (1,014MW), which connect the British and French electricity transmission systems.

This consultation opens on the date of this letter, and will close on Friday 22nd April 2022.

The modifications being consulted on are:

- Enabling the return of long term transmission rights which contain planned maintenance periods
- The possibility to cancel Long term auctions when no new capacity is to be sold
- Clarification on process during balancing mechanism outages
- Housekeeping changes around Intraday nomination schedules
- Other changes requested by the Joint Allocation Office (JAO)

The next few paragraphs explain these amendments further and Appendix 1 shows the relevant articles in the Access Rules that correspond to these amendments.

Return of long term transmission rights with planned maintenance periods

Currently customers are only allowed to return long term transmission rights where the return comprises a constant MW value throughout the product period, and this can restrict their ability to return long term transmission rights that contain a reduction period, (ie where there is a planned outage). In the case where the reduction period had zero MW available this effectively means that currently customers cannot return any long term transmission rights at a future auction.

The proposed amendment follows the introduction of JAO functionality that will provide customers with more flexibility, so that they can return a constant MW number during the days outside the reduction period. This applies only if the long term transmission rights to be returned at a subsequent auction already contain exactly the same reduction period(s) as in the subsequent return auction.

For example, if a customer acquired quarterly transmission rights which had a one week interconnector planned outage in month 3, the customer could not currently return transmission rights to be resold at the month 3 auction. With the proposed amendment the customer could return transmission rights to be resold at the month 3 auction, so long as there had not been a change to the planned outage period.

Possibility to cancel Long term auctions when there is no new capacity to be sold

Clarification on process during balancing mechanism outages

The balancing mechanisms in GB and France are subject to periodic outage managed by the system operators, and hence NGIC, NGIFA2 and RTE do not always have control of the timing and duration of the balancing mechanism outages. When the outages take place, the existing process is to cancel intraday auctions where required.

The first clarification in the Access Rules is to make it explicit in the rules that a balancing mechanism outage might require a cancellation of one or more intraday auctions. The second clarification is to include a provision whereby nomination schedules might be amended during balancing mechanism outages. At present there is a provision for amendments to the nomination schedules in exceptional circumstances, with customers notified at the earliest opportunity. This amendment will provide clarity that the balancing mechanism outages might result in nomination schedule amendments, which will also be notified at the earliest opportunity. Generally the intention will be to minimise the number of auctions that are cancelled as a result of balancing mechanism outages.

Clarification on nomination schedules

The IFA interconnector has operated with hourly nomination schedules since March 2022. The previous IFA nomination schedule will not be used in future and is therefore being removed from the Access Rules.

A clarification has also been introduced to show the nomination schedules on the days where daylight saving time starts and ends.

Suspension of the Participation Agreements when a Registered Participant is under a sanction

Proposed amendments have been added to clarify that JAO and/or TSOs may suspend a Registered Participant's rights when under economic and trade sanctions.

Other changes requested by the JAO

JAO manages a number of processes in relation to existing and new IFA and IFA2 customers and has identified some process improvements which require Access Rules changes. The changes have been included in the proposed Access Rules in red text and are detailed in Appendix 2.

Consultation documents:

This consultation includes tracked-change and clean versions of the proposed modifications for the Access Rules. RTE, NGIC and NGIFA2 invite market parties to review the documents and provide feedback.

The consultation and supporting documents can be obtained on the IFA and IFA2 website, as follows:

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

Consultation responses:

NGIC, RTE and NGIFA2 would like to invite feedback from Market Participants on the consultation documents.

The latest date for responses to this consultation will be 18.00 CET on 22nd April 2022. All responses should be titled "Response to IFA/IFA2 Access Rules consultation" and are to be submitted via email to ifa.customerenquiries@nationalgrid.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 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:

Email: ifa.customerenquiries@nationalgrid.com

Yours faithfully

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Market Director

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Appendix 1 – Access Rules articles subject to consultation

The table below summarises the Access Rules articles that are subject to consultation, based on the corresponding topic

| Change Proposed | Location |
|---|--|
| Return of long term transmission rights with planned maintenance periods | Part 3 Article 38 |
| Long term auction cancellation when an unplanned outage results in no new capacity to be sold | Part 3 Article 52 |
| Clarification on nomination schedules | Part 1 Annex 1 |
| Clarification on process during balancing mechanism outages | Part 1 Rule 36 Part 4 Article 6 |
| Suspension of the Participation Agreement when a Registered Participant is under a sanction | Part 1 Rule 52 Part 2 Rule 57 Part 3 Rule 71 Part 4 Article 14 Part 5 Article 14 |
| JAO changes | Various, see Appendix 2 |

Appendix 2 – Summary of changes requested by JAO

Clarifications on the information to be submitted in order to participate in auctions and transfers

- Introduced the functionality to permit an equivalent tax identification information if/when an EU VAT registration number is not available.
- Clarified that all Energy Identification Codes (EIC) will need to be listed in the Centralised European Register of Energy Market Participants (CEREMP) to ensure consistency for REMIT reporting purposes.
- During the registration process with National Regulatory Authorities, request an ACER Registration Code to complete registration.
- When making payments to the market participant, request that bank account information is substantiated by a bank account identification document.

Communication channels

As JAO uses different electronic channels of communication dependant on the content, replace the term 'email' with 'electronic means as specified on JAO's website'.

Form of Bank Guarantees

The addition of electronically signed Bank Guarantees.

Refusal of application of a market participant and suspension of a registered market participant

A modification will be made to enable the Allocation Platform to refuse both the registration and ongoing participation of a market participant in the event of trade or economic sanctions being imposed upon the market participant. .

Communication to commercial and operational contact

The terms 'commercial and operational contact' will be removed from the multiple parts of the Access Rules documentation, as JAO will communicate with Market Participants through appropriate electronic means.

Qualified electronic signature for Participation Agreement

Qualified electronic signatures will be introduced as valid alternative signature.

Business account

A dedicated business account will be opened for all Market Participants in order to allow the Market Participant to switch collaterals i.e. from bank guarantee collateral to a cash collateral.

Invoicing and payment

Market Participants will need to inform the Allocation Platform about any applicable taxes and levies which are in line with the legislations of the registered participants countries of establishment.