



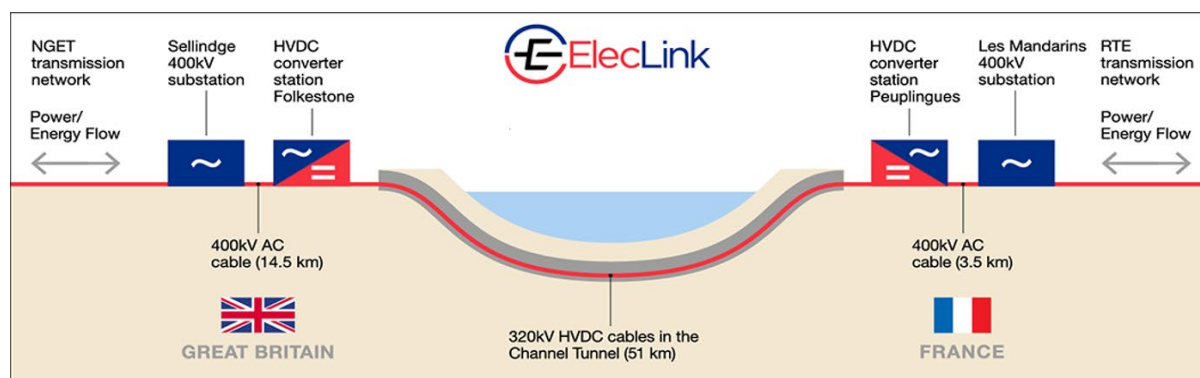
**Consultation on the ElecLink Access Rules and Charging  
Methodology Statement in the event of a  
“no-deal” Brexit scenario**

This consultation describes the contractual framework underpinning proposals for trade on the ElecLink interconnector in the event that the United Kingdom no longer participates in the European internal energy market and invites feedback from all market parties on these proposals ahead of submission to the relevant national regulatory authorities for approval

16<sup>th</sup> of August 2019

## 1.0 INTRODUCTION

ElecLink Limited (“ElecLink”) is constructing a new 1000MW HVDC electricity interconnector between Great Britain (“GB”) and France. The ElecLink interconnector will pass through the Channel Tunnel and will connect to the French and British transmission systems at the substations in Les Mandarins and Sellindge respectively. Once operational, the ElecLink interconnector will enable the physical transmission of electricity in either direction of flow.



In August 2014, ElecLink obtained a 25-year exemption under Article 17 of Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross border exchanges in electricity and repealing Regulation (EC) No 1228/2003. The exemption decision, which is subject to a number of conditions, was issued by the Commission de Regulation de l'Énergie (“CRE”) and the Office of Gas and Electricity Markets (“Ofgem”). It allows ElecLink to forward sell multi-year contracts (i.e. Open Season products) up to 80% of the interconnector’s capacity through an open, transparent and non-discriminatory process. The remaining capacity will be allocated to the market in the form of different products not exceeding one year in terms of duration: long-term (e.g. yearly, seasonal, quarterly and monthly), daily and intraday.

In April 2016, CRE and Ofgem approved the first version of the ElecLink Access Rules setting out the terms of access to and use of the ElecLink interconnector by third parties. In addition, in accordance with the GB electricity interconnector licence held by ElecLink, Ofgem approved at the same time the Charging Methodology Statement which sets out the methodology and principles for calculation of charges imposed for access to and use of the ElecLink interconnector and/or the provision of ancillary services. In April 2019, ElecLink opened a 1-month public consultation to update these ElecLink Access Rules and Charging Methodology Statement that are applicable within the European internal energy market (“ElecLink IEM Access Rules”). The updated rules have been submitted to both regulators and ElecLink is currently awaiting regulatory approval.

## 2.0 WHY ARE WE CONSULTING

On 23 June 2016, the United Kingdom (“UK”) voted to leave the European Union. In the event of a “no-deal” Brexit scenario, the membership of the United Kingdom in the European internal energy market (“IEM”) is expected to be discontinued. It means that the European Network Codes, such as the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (“CACM Regulation”) and the Commission Regulation (EU)

2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (“FCA Regulation”), will cease to apply in the UK. Therefore, ElecLink has developed a standalone set of ElecLink Access Rules to be applied in such a situation (“ElecLink non-IEM Access Rules”) as well as a Charging Methodology Statement applicable in the UK.

For the avoidance of doubt, only one set of ElecLink Access Rules will apply at any given time: either the ElecLink IEM Access Rules or the ElecLink non-IEM Access Rules.

### **3.0 OVERVIEW OF THE ELECLINK NON-IEM ACCESS RULES**

The ElecLink non-IEM Access Rules will be incorporated in a single document comprising five parts:

- Part 1 - ElecLink Intraday Allocation Rules
- Part 2 - ElecLink Day Ahead Allocation Rules
- Part 3 - ElecLink Long Term Allocation Rules
- Part 4 - ElecLink Open Season Rules
- Part 5 - ElecLink Nomination Rules

#### **(a) Platforms used**

Except for Open Season capacity for which a specific system has been designed and developed by ElecLink, any capacity of the ElecLink interconnector will be allocated on the JAO platform, i.e. long-term, daily and intraday.

Nominations will be carried out on the same platform as the one mentioned in the ElecLink IEM Access Rules, i.e. the Neptune platform which is the platform developed specifically by ElecLink for nominations.

#### **(b) ElecLink Intraday Allocation Rules**

The processes and requirements to register as registered participant, hold collateral, bid in an auction, determine auction results, use intraday capacity, invoice winning bidders (etc.) are the same as the ones set out in the intraday allocation rules applicable in the event the UK remains in the IEM. In addition, the number and timings of the intraday auctions remain the same.

Therefore, few amendments have been made to these rules and they mostly refer to the removal of European legislation.

#### **(c) ElecLink Day Ahead Allocation Rules**

These rules were not part of the ElecLink IEM Access Rules as in such a case, daily capacity is implicitly allocated on a power exchange (via Nominated Electricity Market Operators as defined in the CACM Regulation) in the single day ahead coupling system. On the contrary, daily capacity will be explicitly allocated on the JAO Platform under a “no deal” Brexit scenario, which means that a set of day ahead allocation rules applicable to ElecLink had to be entirely drafted.

As JAO will run the daily auction, the processes and requirements to participate in the daily auction will be identical to the ones for intraday auctions. ElecLink proposes to run the daily auction from 09:40 a.m. to 10:00 a.m. on the day preceding the delivery day.

(d) ElecLink Long Term Allocation Rules

The rules are based on the harmonised allocation rules for long-term transmission rights developed in accordance with Article 52 of the FCA Regulation including the France – Great Britain border specific annex applicable to ElecLink (“HARs”) which are the rules for long term capacity applicable to ElecLink in the event the UK remains part of the IEM.

The main differences relate to the payment price of the Use it or Sell it principle and the compensation price in case of curtailment (for operational security limits before the firmness deadline and for emergency situation after the firmness deadline) which are not the day ahead market spread anymore but the marginal price of the daily auction at which the capacity is reallocated and the marginal price of the initial auction respectively.

(e) ElecLink Open Season Rules

The amendments made to these rules are mainly the removal of European references and the change of reference to the ElecLink non-IEM Access Rules.

All the other provisions, including the participation requirements, credit cover requirements, auction rules and the capacity limits related to Open Season participants’ market share in GB and France, remain unchanged.

(f) ElecLink Nomination Rules

The nomination rules applicable to capacity of the ElecLink interconnector have been combined, meaning that they cover the nomination of any allocated capacity: Open Season, long term, daily and intraday. Any nomination will be carried out on the Neptune platform.

ElecLink proposes to keep the same number and timings of nomination gates as set out in the ElecLink IEM Access Rules.

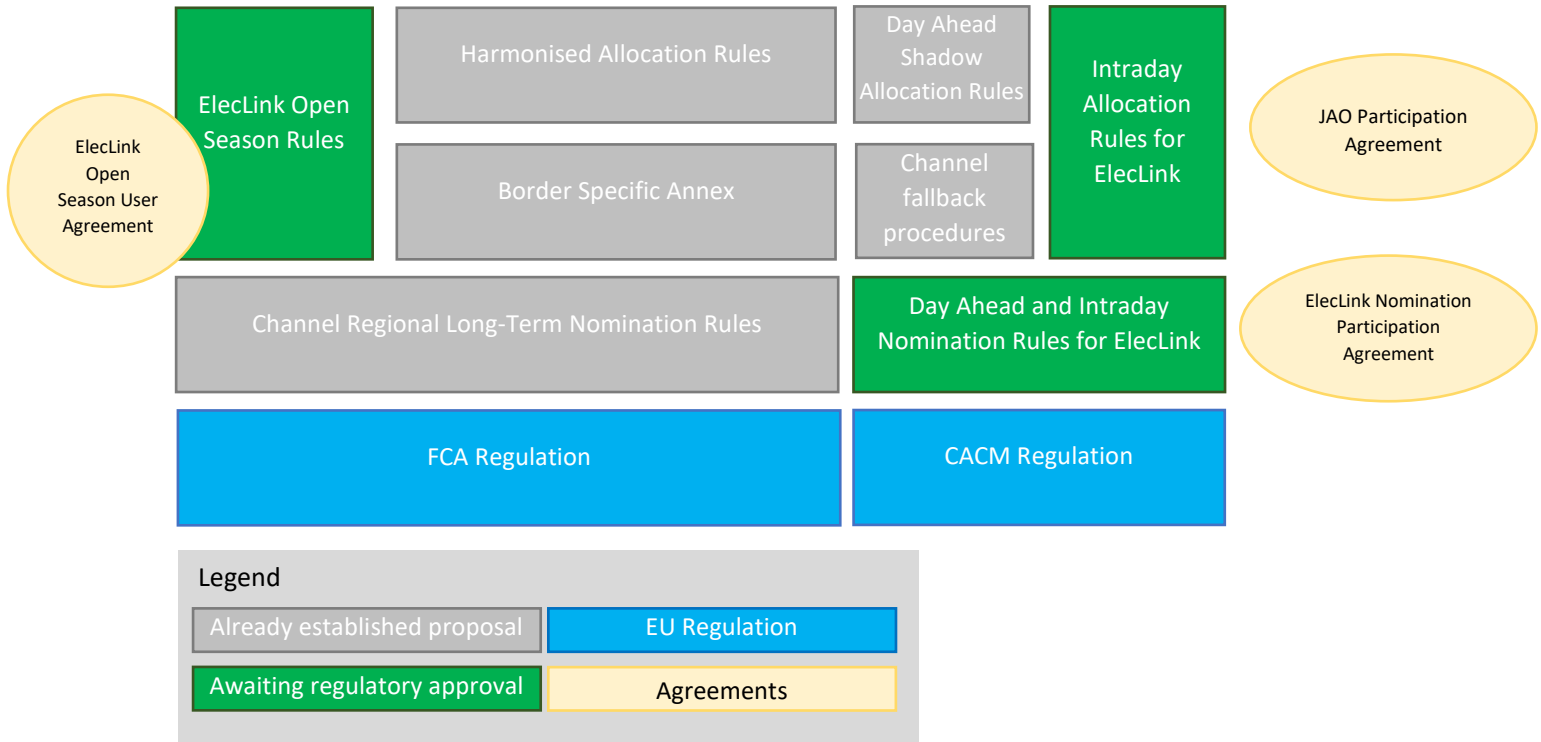
(g) Charging Methodology Statement

ElecLink also proposes to amend the Charging Methodology Statement by deleting the references to European legislation and by reflecting the provisions of the ElecLink non-IEM Access Rules.

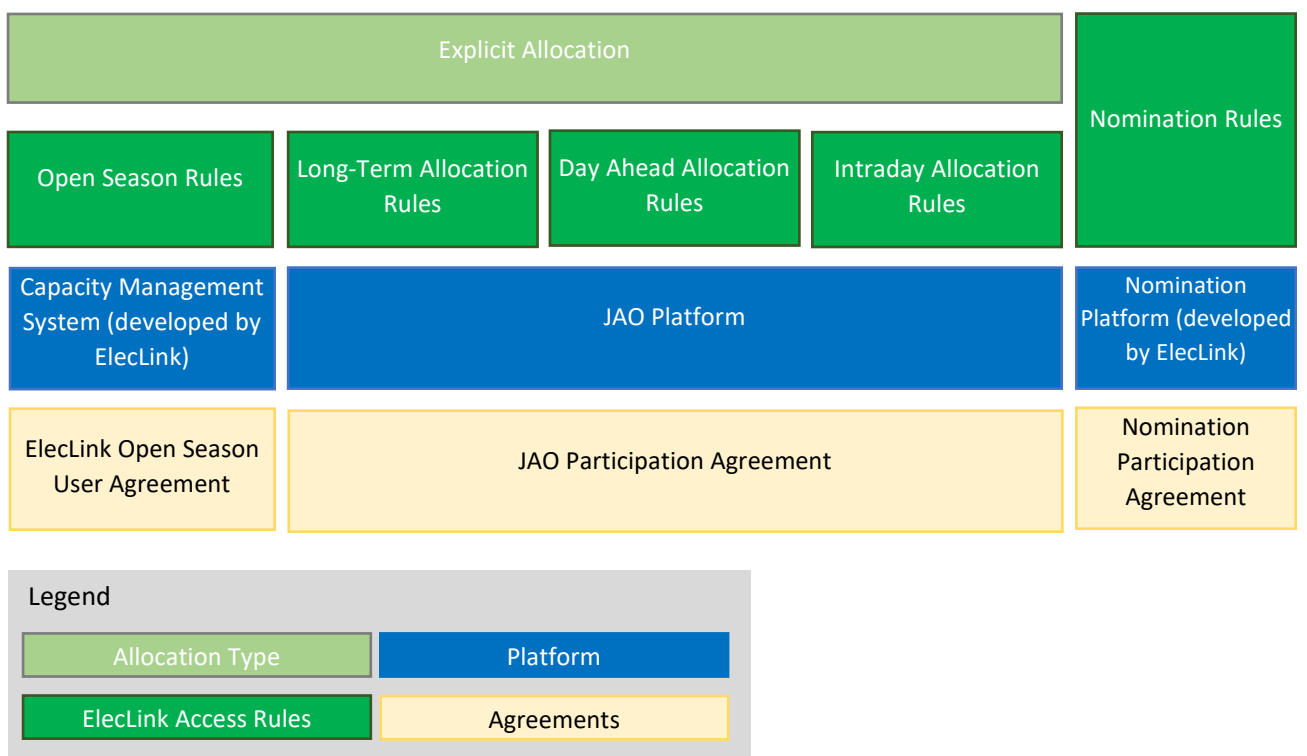
### 4.0 COMPARISON BETWEEN IEM AND NON-IEM ACCESS RULES

The structures of the ElecLink IEM Access Rules and ElecLink non-IEM Access Rules are shown diagrammatically below.

#### ELECLINK IEM ACCESS RULES



#### ELECLINK NON-IEM ACCESS RULES



#### 4.0 CONSULTATION DOCUMENTS

ElecLink is seeking stakeholder views on the following documents:

- ElecLink non-IEM Access Rules; and
- Charging Methodology Statement.

These consultation documents are published alongside this consultation paper on ElecLink's website: [www.eleclink.co.uk](http://www.eleclink.co.uk).

#### 5.0 NEXT STEPS

This consultation opens on Friday 16 August 2019 and **closes by 18.00 CEST on Friday 13 September 2019**.

ElecLink would like to invite stakeholders to send their contributions on the above consultation documents no later than the closing date to [team.eleclink@eleclink.co.uk](mailto:team.eleclink@eleclink.co.uk).

Consultation responses should be titled "Consultation on the ElecLink Access Rules and Charging Methodology Statement in the event of a "no-deal" Brexit scenario" and will be treated as confidential. When responding please state your contact details and whether you are responding as an individual company or representing the views of an association.

ElecLink will analyse all stakeholder responses and may introduce changes to the ElecLink non-IEM Access Rules and Charging Methodology Statement based on the feedback received from the industry.

The final version of the ElecLink non-IEM Access Rules and Charging Methodology Statement will be submitted to the national regulatory authorities for review and approval together with the consultation responses received from the stakeholders.

If you have any questions in relation this consultation, please contact Anaïs Main at [anais.main@eleclink.co.uk](mailto:anais.main@eleclink.co.uk).

**Yours sincerely,**

**The Commercial and Regulation team of ElecLink**