



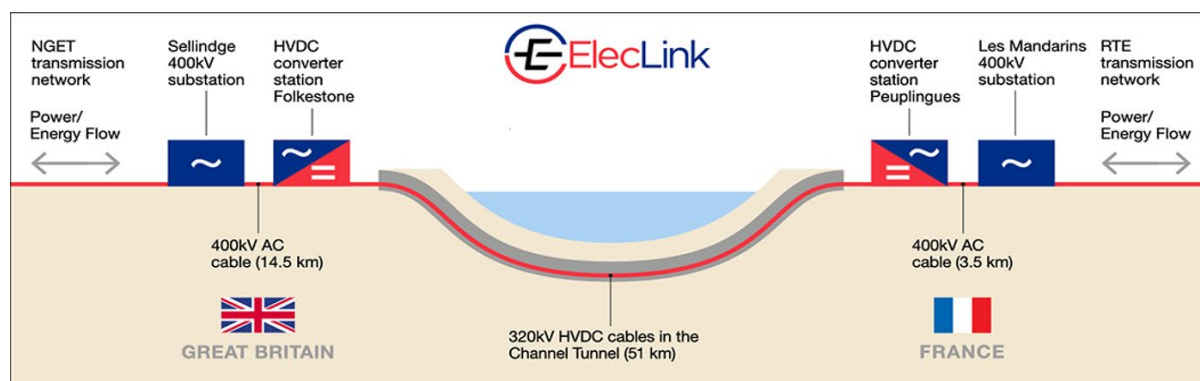
Consultation on the proposed amendment to ElecLink Access Rules and Charging Methodology Statement

This consultation describes the contractual framework underpinning proposals for trade on the ElecLink interconnector in the event the United Kingdom remains 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

1st of April 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. The interconnector is due to be commissioned in Q4 2019 and begin full commercial operations from Q1 2020. 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.

2.0 WHY ARE WE CONSULTING

In accordance with the provisions of the exemption decision and Article 4.6 of the current ElecLink Access Rules (issue 1.0)¹, these rules must respect the same provisions, particularly in terms of compensation for curtailment, as the products existing on regulated interconnectors on the border between GB and France and must comply with the European Network Codes, in particular the

¹ <http://www.eleclink.co.uk/open-season-docs/1.pdf>

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”).

Therefore, ElecLink is proposing amendments to its ElecLink Access Rules and Charging Methodology Statement in order to comply with the above-mentioned requirements.

This amendment proposal caters for the scenario under which the United Kingdom (“UK”) remains part of the European Internal Energy Market. Therefore, if the UK leaves or is likely to leave the European Internal Energy Market, ElecLink will consult on, and submit for regulatory approval, a second set of rules in due course.

Depending on the outcome of the ongoing negotiations between the UK government and the European Union in respect of Brexit, only one set of rules will apply on the ElecLink interconnector.

3.0 OVERVIEW OF THE PROPOSED CHANGES

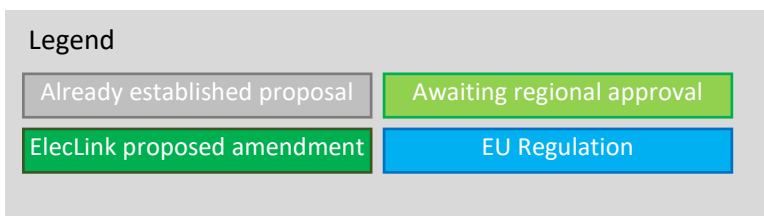
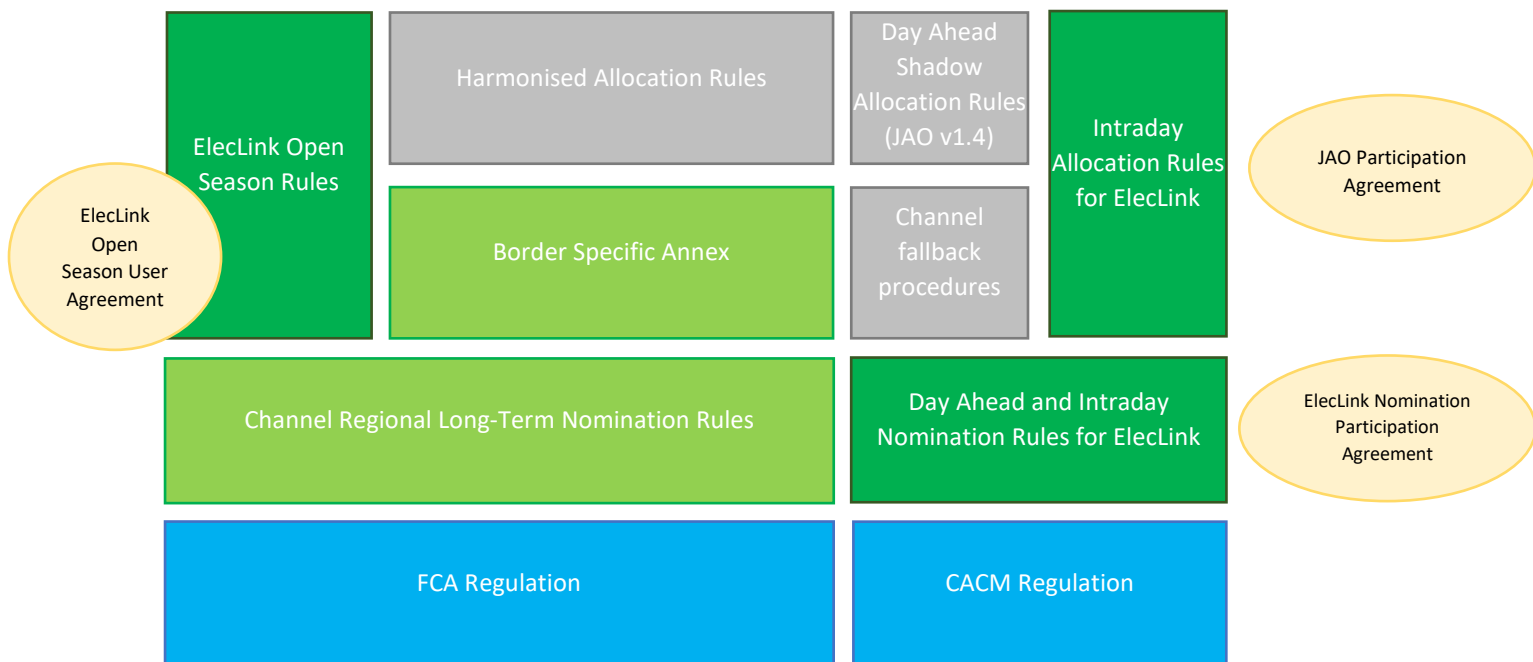
The first version of the ElecLink Access Rules² is composed of one document describing the allocation of rights to use the interconnector by explicit auctions and setting out the terms of use. This document includes, amongst other, the rules governing the allocation of capacity rights, auction process, eligibility to use the interconnector, capacity nominations, secondary trading and curtailment. The rules do not cover the operation of implicit daily auctions.

Unlike this first version, the updated ElecLink Access Rules comprises a number of documents which are each considered to be part of the ElecLink Access Rules. They are as follows:

- a) ElecLink Open Season rules;
- b) Harmonised allocation rules for long-term transmission rights in accordance with Article 52 of the FCA Regulation including the France – Great Britain border specific annex applicable to ElecLink (“HARs”);
- c) Shadow allocation rules which are the JAO shadow allocation rules for day ahead explicit fallback allocation;
- d) Allocation rules for intraday capacity allocation on the ElecLink Interconnector;
- e) Nomination rules for physical transmission rights for the bidding zone borders of the Channel region in accordance with Article 36 of the FCA Regulation;
- f) Explicit day ahead and intraday nomination rules for ElecLink; and
- g) Channel TSOs proposal for fallback procedures in accordance with Article 44 of the CACM Regulation.

Some of the above-mentioned documents are already established or awaiting approval at the European Union or regional level, others are specific to ElecLink. This is shown diagrammatically in the figure below.

² <http://www.eleclink.co.uk/open-season-docs/1.pdf>



Eleclink proposes to incorporate the already established and approved proposals in the Eleclink Access Rules without any change. The amended France – Great Britain border specific annex has been submitted to the regulatory authorities for approval and Eleclink proposes to incorporate the (future) amended border specific annex in the Eleclink Access Rules. As to the nomination rules for physical transmission rights for the bidding zone borders of the Channel region developed in accordance with Article 36 of the FCA Regulation (Channel Regional Long-Term Nomination Rules), the amended proposal will be submitted shortly to the Channel regulatory authorities for approval. Eleclink proposes to incorporate the (future) amended Channel Regional Long-Term Nomination Rules in the Eleclink Access Rules.

Therefore, Eleclink proposes to amend the following documents:

- **Eleclink Open Season rules**

As mentioned above, the first version of the Eleclink Access Rules includes all types of products allocated on the Eleclink interconnector. Eleclink proposes to create a separate document applying to Open Season products exclusively.

In order to do so, Eleclink has amended the first version of the rules accordingly. Any reference to medium term, daily and intraday products has been removed. The terms used and definitions have been aligned with the European terms and definitions. As an example, “Interconnector Capacity Entitlements” have been replaced by “Rights Documents” as this is the term used in the HARs. In addition, the capacity usage rules (such as, but not limited to, curtailment, nomination and Use-it-or-Sell-it principle) have been aligned with the FCA Regulation and HARs.

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.

- **Allocation rules for intraday capacity allocation on the ElecLink interconnector**

ElecLink proposes to include, in a separate document, the allocation rules for intraday capacity allocation on the ElecLink interconnector. This approach is consistent with the Access Rules of the existing IFA interconnector which is located on the same border.

ElecLink proposes to amend the rules on intraday capacity to (a) comply with the CACM Regulation and (b) align them with the IFA Access Rules. In order to trade intraday capacity on the ElecLink interconnector, the market participants will have to sign a participation agreement with JAO. For the avoidance of doubt, this participation agreement will have to be entered into by the market participants if they also want to trade explicit long-term and daily products on the ElecLink interconnector.

ElecLink is proposing via this consultation to define the timing of intraday auctions within JAO business hours (which are 08:00 to 17:00 CE(S)T for your reference). The proposal is to run the first intraday auction from 15:55 to 16:25 CE(S)T on day-1 and the second intraday auction from 09:20 to 09:50 CE(S)T on the same delivery day. By having two explicit intraday auctions, at different times to the IFA interconnector, ElecLink aims to increase the opportunities for intraday trading for market participants.

The delivery hours of the two intraday auctions (00:00 to 13:59 and 14:00 to 23:59) are aligned with the IFA interconnector.

- **Explicit day ahead and intraday nomination rules for ElecLink**

ElecLink proposes to develop a specific document in respect of the nomination rules for explicit day ahead and intraday capacity on the ElecLink interconnector. This approach is consistent with the IFA Access Rules.

These nomination rules are aligned with the (future) amended Channel Regional Long-Term Nomination Rules. ElecLink also proposes to align the intraday nomination windows with the nomination windows on the IFA interconnector. Only the opening gate of the first intraday nomination window will be different as the first intraday auction of ElecLink will be earlier. The nomination gate closure times are aligned with the IFA interconnector. This will allow ElecLink's customers to nominate their acquired capacity as close to real time as they currently do on the IFA interconnector.

ElecLink also proposes to amend the Charging Methodology Statement in accordance with the updated ElecLink Access Rules.

4.0 CONSULTATION DOCUMENTS

ElecLink is seeking stakeholder views on the proposed amendment to the ElecLink Access Rules and the Charging Methodology Statement. ElecLink is consulting on the following documents:

- ElecLink Open Season rules;
- Allocation rules for intraday capacity allocation on the ElecLink Interconnector;
- Explicit day ahead and intraday nomination rules for ElecLink; and

- Charging Methodology Statement.

In addition, ElecLink is providing a number of associated documents as supporting documentation. These documents are as follows:

- HARs (along with the decision of the regulatory authorities to request an amendment to the France – Great Britain border specific annex);
- Shadow allocation rules which are the JAO shadow allocation rules for day ahead explicit fallback allocation;
- Nomination rules for physical transmission rights for the bidding zone borders of the Channel region in accordance with Article 36 of the FCA Regulation (current version and the version published for public consultation);
- Channel TSOs proposal for fallback procedures in accordance with Article 44 of the CACM Regulation;
- JAO Participation Agreement; and
- ElecLink Nomination Participation Agreement.

These consultation documents are published alongside this consultation paper on ElecLink's website: www.eleclink.co.uk.

5.0 NEXT STEPS

This consultation opens on the 1st of April 2019 and **closes by 18.00 CEST on the 1st of May 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.

Consultation responses should be titled "ElecLink consultation on the proposed amendment to ElecLink Access Rules and Charging Methodology Statement" 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 Access Rules and Charging Methodology Statement based on the feedback received from the industry.

The final version of the ElecLink 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.

Yours sincerely,

The Commercial and Regulation team of ElecLink