

# Consultation Paper

ElecLink Interconnector

## The allocation of capacity on the ElecLink Interconnector: proposal for the ElecLink Access Rules and Charging Methodology Statement

### Consultation

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### CONTEXT

We are consulting on the proposed Access Rules and Charging Methodology Statement for the ElecLink interconnector, a new 1000 MW power interconnector between France and Great Britain, which is currently under development.

On 28 August 2014, the National Regulatory Authorities (“NRAs”) in France and Great Britain, the Commission de Régulation de l’Énergie (“CRE”) and the Office of Gas and Electricity Markets (“Ofgem”) respectively, issued a decision (the “Exemption Decision”)<sup>1</sup> to partly exempt ElecLink under Article 17 of the Electricity Regulation<sup>2</sup> (the “Regulation”) from complying with the following provisions of the Regulation and the Electricity Directive<sup>3</sup> (the “Directive”):

- a) Article 16(6) of the Regulation in respect of the conditions governing the use of congestion revenues;
- b) Article 9 of the Directive in respect of the ownership unbundling requirements; and
- c) Article 32 of the Directive in respect of the conditions governing third party access.

The exemption is subject to a number of conditions, which are set out in the Exemption Decision. No exemption was given for any other aspects or parts of applicable current and future national or European law.

The Exemption Decision allows ElecLink to forward sell under multi-year contracts (the “Open Season Products”) up to 80% (800 MW) of the interconnector’s capacity in each direction for up to twenty years post commissioning. The Open Season Products will be allocated to interested parties through an open, transparent and non-discriminatory auction process (the “Open Season”).

The remaining 20% (200 MW) of the interconnector’s capacity will be allocated to the market post commissioning in the form of shorter-term products in different timeframes:

- a) Medium Term products, consisting of products with duration greater than one day but less than or equal to one year;
- b) Daily products; and
- c) Intraday products.

Paragraphs 6 and 10 of Article 37 of the Directive provide for the NRAs’ power to approve the conditions for third party access to the infrastructure and to the network, and to require the modification of those

<sup>1</sup><https://www.ofgem.gov.uk/publications-and-updates/final-decision-eleclink-limited%E2%80%99s-request-exemption-under-article-17-regulation-ec-7142009-great-britain-france-electricity-interconnector>.

<sup>2</sup> 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.

<sup>3</sup> Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC.

conditions. Moreover, the Exemption Decision provides that ElecLink must consult publicly on the Access Rules both for the Open Season Products and the Medium Term<sup>4</sup>, Daily and Intraday Products. It further requires that, following the public consultation, ElecLink submit the Access Rules to the NRAs for approval along with the contributions arising from the public consultation. The approval process for the Access Rules shall comply with the specific national and European requirements for approval of terms of access to interconnectors both in France and in Great Britain. ElecLink's approach has been to consolidate the Access Rules for the Open Season Products and the respective Access Rules for the Medium Term, Daily and Intraday Products in a single document, titled the ElecLink Access Rules.

Furthermore, by virtue of its electricity interconnector licence in Great Britain, ElecLink must consult publicly on the Charging Methodology Statement<sup>5</sup>, which sets out the methodology for the calculation of charges imposed for access to (including use of) the interconnector and/or the provision of ancillary services.

This consultation sets out our proposal for the ElecLink Access Rules and the Charging Methodology Statement. Our proposal builds on the respective access rules for the existing interconnector between Great Britain and France, the Interconnexion France-Angleterre ("IFA"), which were approved by CRE on 2 October 2013 and by Ofgem on 22 November 2013<sup>6</sup>. In particular, in regards to the Open Season Products the terms of use of the interconnector capacity follow substantially the same principles as the IFA Access Rules (version 9). However, the auctioning mechanism for the allocation of Open Season Products (multi-round ascending clock auction) is different. In regards to the Medium Term, Daily and Intraday Products, the ElecLink Access Rules follow substantially the same principles as the IFA Access Rules (version 9) both in terms of the auctioning mechanism (explicit sealed bid auction) and in terms of the capacity usage rules. The key differences and similarities between the ElecLink Access Rules and version 9 of the IFA Access Rules are summarised in section 4 of this consultation paper.

We are seeking stakeholder views on the proposed ElecLink Access Rules and the Charging Methodology Statement, both of which are published alongside this consultation paper on [www.eleclink.co.uk](http://www.eleclink.co.uk).

Consultation responses will be treated as confidential and will not be disclosed by ElecLink to any other party other than:

- a) the NRAs; and
- b) ElecLink's shareholders and advisers, all of whom are bound by confidentiality agreements.

Following the public consultation, ElecLink will publish on its website an aggregated anonymised summary of the consultation responses, which shall include ElecLink's feedback on how the consultation responses were taken into account in the final version of the ElecLink Access Rules that will be submitted for NRA approval.

This consultation closes on 23 November 2015. Market participants are invited to send their contributions no later than the closing date to [Vasilis.Machias@eleclink.co.uk](mailto:Vasilis.Machias@eleclink.co.uk).

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<sup>4</sup> Products with duration greater than one day but less than or equal to one year.

<sup>5</sup> Standard Licence Condition (SLC) 10 (Charging methodology to apply to third party access to the licensee's interconnector) of ElecLink's Interconnector Licence issued by Ofgem requires ElecLink to establish a methodology showing the methods and principles on which charges for the use of the ElecLink Interconnector are based. Together with this consultation paper, we are consulting on the Charging Methodology Statement for the ElecLink interconnector.

<sup>6</sup> Version 9 of the IFA Access Rules.

## **ASSOCIATED DOCUMENTS**

### **A. Exemption Decision**

#### A.1. English version

<https://www.ofgem.gov.uk/publications-and-updates/final-decision-eleclink-limited%E2%80%99s-request-exemption-under-article-17-regulation-ec-7142009-great-britain-france-electricity-interconnector>

<http://www.cre.fr/en/documents/deliberations/decision/electricity-interconnector-france-great-britain2>

#### A.2. French version

<http://www.cre.fr/documents/deliberations/decision/interconnexion-france-grande-bretagne2>

### **B. Decision by the European Commission on the exemption of ElecLink**

[https://ec.europa.eu/energy/sites/ener/files/documents/2014\\_eleclink\\_decision\\_en.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/2014_eleclink_decision_en.pdf)

### **C. IFA Access Rules (version 9.0)**

[http://clients.rte-france.com/lang/an/clients\\_traders\\_fournisseurs/services\\_clients/inter\\_france\\_angleterre.jsp](http://clients.rte-france.com/lang/an/clients_traders_fournisseurs/services_clients/inter_france_angleterre.jsp)

### **D. ElecLink's Expression of Interest Notice**

<http://www.eleclink.co.uk/eleclink-news-downloads.php#>

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## 1. Introduction

### 1.1 Background

- 1.1.1 ElecLink Limited (“ElecLink”), a joint venture between STAR General Partner Limited (“STAR”) and Groupe Eurotunnel S.A. (collectively, the “Shareholders”), is developing a project to build, own and operate a new 1000 MW interconnector (the “Interconnector”) through the Channel Tunnel connecting the 400 kV grids in England and France.
- 1.1.2 This project is being developed as a “merchant” interconnector. ElecLink’s principal source of revenue will be the sale of capacity rights to transmit electricity between the power markets of Great Britain (“GB”) and France. The project will be financed through a combination of (a) equity capital provided by ElecLink’s Shareholders and (b) non-recourse project finance debt, which will be underpinned by the forward sale of Open Season Products ahead of financial close.
- 1.1.3 The Exemption Decision requires ElecLink to submit the ElecLink Access Rules<sup>7</sup> and Charging Methodology Statement to the NRAs for approval. Furthermore, the Exemption Decision provides that:
- a) the NRAs will approve, and may require modification to, the ElecLink Access Rules and Charging Methodology Statement;
  - b) ElecLink shall organise a public consultation before submitting the ElecLink Access Rules and Charging Methodology Statement to the NRAs for approval;
  - c) the NRAs shall assess whether the ElecLink Access Rules are compliant with the conditions of the Exemption Decision; and
  - d) the approval process for the ElecLink Access Rules and Charging Methodology Statement shall comply with the specific national and European requirements for approval of terms of access to interconnectors both in France and in GB.
- 1.1.4 Within that context, this consultation sets out our proposal for the ElecLink Access Rules and Charging Methodology Statement.
- 1.1.5 Where possible and relevant, and in order to ensure consistency with the capacity products already available between France and GB, the ElecLink Access Rules and Charging Methodology Statement are designed to follow substantially the same principles as the existing rules governing third party access to the IFA interconnector (the “IFA Access Rules”)<sup>8</sup>. Nonetheless, there are certain deviations from the IFA Access Rules (version 9), the most important of which are highlighted in this consultation paper.

### 1.2 ElecLink Interconnector project rationale

- 1.2.1 We set out below the rationale behind the ElecLink Interconnector project.
- 1.2.2 The third energy package, including the Directive and Regulation, seeks to complete the internal market in electricity and achieve efficiency gains, higher standards of service, security of supply and sustainability, notably by facilitating cross border trading.
- 1.2.3 As part of these efforts, the European Commission has identified a need for €1 trillion of investment in the energy system between 2010 and 2020, out of which €70 billion should be allocated to building an additional 35GW of electricity interconnectors.<sup>9</sup> The European Union has

<sup>7</sup> The Exemption Decision (paragraph 1.56) defines Access Rules as “the document setting out the conditions of access to ElecLink’s capacity. The document includes the Access Rules for the Open Season and Access Rules for shorter term timeframes.”

<sup>8</sup> Version 9 of the IFA Access Rules.

<sup>9</sup> “The Energy Infrastructure Package – how to deliver investment in energy infrastructure in Europe” – presentation by Sylvia Elisabeth Beyer at the European Autumn Gas Conference, Paris, 15 November 2011.

also agreed on an electricity interconnection target equal to 10% of each Member State's total installed generation capacity.<sup>10</sup>

- 1.2.4 However, despite Member State and European Commission initiatives, total interconnection between GB and continental Europe represents approximately 4% of total installed generation capacity in GB, and no new interconnection capacity has been built between France and GB since IFA in 1986. Thus, there is a clear need to attract new capital to the sector.
- 1.2.5 Within that context, ElecLink is developing a new 1000 MW interconnector passing through the Channel Tunnel to link the 400kV grids in England and France. The ElecLink Interconnector will comprise:
- a) two high-voltage direct current ("HVDC") cables passing through the Channel Tunnel;
  - b) AC/DC converter stations at the Eurotunnel terminal in Folkestone, England, and at the Eurotunnel site in Coquelles, France; and
  - c) associated high voltage underground AC cable systems to connect to the National Grid Electricity Transmission substation at Sellindge in England and the Réseau de Transport d'Electricité grid system at Les Mandarins in France.
- 1.2.6 The ElecLink Interconnector is expected to be fully operational in 2019. By adding new interconnector capacity and implementing capacity allocation and congestion management arrangements that enable the efficient use of that capacity, the ElecLink Interconnector will contribute to cross border integration and the completion of the European single market for electricity.

### **1.3 Scope of this Consultation**

- 1.3.1 As stated above, the Exemption Decision requires ElecLink to consult the market on the ElecLink Access Rules and Charging Methodology Statement. In this paper, which accompanies the ElecLink Access Rules and Charging Methodology Statement, we set out our proposed approach.
- 1.3.2 Section 2 provides a summary of the key aspects of the Exemption Decision. Section 3 sets out the principles underpinning the proposed ElecLink Access Rules. Section 4 provides a summary of the similarities and differences between the ElecLink Access Rules and version 9 of the IFA Access Rules.
- 1.3.3 We are seeking stakeholders' views on our proposed approach and some specific questions in each section.

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<sup>10</sup> Paragraph 37, Presidency Conclusions, Barcelona European Council, 15 and 16 March 2002 – <http://ec.europa.eu/research/era/docs/en/council-eu-30.pdf>.

## 2. Summary of the Exemption Decision

The draft ElecLink Access Rules are based on the conditions set out in the Exemption Decision. The Exemption Decision provides a set of conditions, which apply separately to:

- a) the capacity that will be allocated in the form of Open Season Products<sup>11</sup>; and
- b) the capacity that will be allocated in the form of Medium Term<sup>12</sup>, Daily<sup>13</sup> and Intraday<sup>14</sup> products.

The following sections provide an overview of the conditions of the Exemption Decision which are relevant to the ElecLink Access Rules. This summary is provided for information purposes only and is not exhaustive. It does not constitute any form of advice, legal or otherwise, and is not intended to serve as a substitute to reading the Exemption Decision in its entirety.

In addition to the conditions that relate to the ElecLink Access Rules, the Exemption Decision provides a set of requirements that ElecLink must comply with, in particular in regards to (a) unbundling requirements, (b) profit sharing mechanism, (c) future changes in ElecLink's shareholding structure, (d) transparency and information obligations and (e) expiry of the Exemption Decision. These requirements are not relevant to the subject matter of the ElecLink Access Rules and are, therefore, not covered in this consultation paper. Interested parties are encouraged to review the relevant sections of the Exemption Decision for the purpose of gaining an understanding of the regulatory requirements that ElecLink is subject to.

### 2.1 Open Season Products

2.1.1 The Exemption Decision provides that the capacity allocated in the form of Open Season Products shall not exceed, at any time, 80% (800 MW) of the Interconnector's capacity in each direction.

2.1.2 Furthermore, the Exemption Decision specifies the following conditions:

- a) no Open Season Product shall be allocated for more than 20 years and no contract shall extend beyond the 20<sup>th</sup> year post commissioning;
- b) the average duration of Open Season Products shall not exceed 15 years;
- c) a range of products with different durations is offered, including products with duration equal to or shorter than 5 years. The breakdown between these products shall be set out in the ElecLink Access Rules and be subject to NRA approval;
- d) eligibility conditions allow smaller players to be eligible for at least smaller volumes and/or shorter durations;
- e) over the whole exemption period, the present value of discounted revenues from the sale of Open Season Products shall not exceed a predetermined amount set by the NRAs;
- f) all Open Season Products for the same delivery period shall have the same level of firmness between them;
- g) when Open Season Products reach the same timeframe as regulated products which exist on other interconnectors on the same border (e.g. the year-ahead and month-ahead products available on the IFA interconnector), then they shall comply with the same

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<sup>11</sup> Products with duration greater than one year and less than or equal to ten years.

<sup>12</sup> Products with duration greater than one day and less than or equal to one year.

<sup>13</sup> Products with duration equal to one day.

<sup>14</sup> Products with duration shorter than one day.



conditions (including firmness) as these regulated products. Prior to the aforementioned timeframe, the Open Season Products may have a lower degree of firmness, subject to NRA approval;

- h) the Open Season Products owned by an entity, understood as an undertaking or undertakings that are related<sup>15</sup>, shall be limited as follows:
  - i. at any time, no entity holds more than 400 MW in either direction;
  - ii. if an entity holds a market share<sup>16</sup> of more than 40% in France and/or in GB, it shall not hold, at any time, more than 200 MW in the direction of import to the market in which its market share exceeds 40%;
  - iii. ElecLink shall refuse any exchange in the secondary market and any transfer to a market participant where such exchange or transfer would lead it to exceed the allowed capacity threshold calculated in accordance with points (i) – (ii) above;
  - iv. in case an entity exceeds the market share threshold of 40% after it has acquired the Open Season Products, such entity must return the exceeding capacity on the secondary market.
- i) The results of the Open Season are made public and include, but are not limited to, the following information:
  - i. names of the capacity holders; and
  - ii. for each contract, the products contracted including volume, duration and price.

## 2.2 Medium Term, Daily and Intraday timeframes

2.2.1 In regards to Medium Term, Daily and Intraday timeframes, no exemption has been given from Article 32 of the Directive in respect of the conditions governing third party access to the ElecLink Interconnector. In accordance with the Exemption Decision, ElecLink shall comply with all relevant, current and future, provisions of national and European legislation in respect of the non-exempt capacity. In particular, among other conditions, the Exemption Decision provides that:

- a) products with timeframes identical to the timeframes that exist on regulated interconnections on the same border (e.g. the products currently available on the IFA interconnector) shall respect the same provisions as these regulated products, particularly in terms of firmness, and will converge on the same path towards the target models;
- b) ElecLink shall maximize day-ahead and intraday capacity by applying Use-It-Or-Sell-It provisions and netting; and
- c) ElecLink shall take part in market coupling.

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<sup>15</sup> Related undertaking has the meaning given in paragraph 22 of Article 2 of Directive 2009/72/EC.

<sup>16</sup> According to the Exemption Decision, market shares must be calculated based on generation interests.

### **3. ElecLink Access Rules**

#### **3.1 Summary of our proposals**

3.1.1 With a view to maintaining consistency with the current trading arrangements on the border between France and GB, we propose to model the ElecLink Access Rules to a large extent after the existing IFA Access Rules<sup>17</sup>. Following this approach, we have tried to replicate as many of the provisions of the IFA Access Rules (version 9) as is practical and reasonable to replicate considering the long-term duration of the Open Season Products and the fact that these will be allocated to the market as a precondition for the financing of the ElecLink Interconnector.

#### **Open Season Products**

3.1.2 In particular, in regards to the Open Season Products, we propose to adopt substantially the same principles as the IFA Access Rules (version 9) in the following areas:

- a) the process and timeframes for physical nominations;
- b) the operation of the secondary market, which includes resales and transfers of capacity rights;
- c) the Use-it-or-Sell-it mechanism;
- d) the rules governing curtailment of capacity rights and the associated financial compensation for capacity holders (i.e. firmness of capacity rights); and
- e) the invoicing and payment cycles.

3.1.3 On the other hand, we propose a new auctioning mechanism for the allocation of Open Season Products which will take the form of a multiple round ascending clock auction as explained in section 4.

3.1.4 Furthermore, the eligibility requirements for Open Season Products have been designed to account for the conditions of the Exemption Decision and the financing aspects of the project and, as such, they depart from the principles of the IFA Access Rules (version 9) as explained in section 4.

3.1.5 The same is true for some of the general contractual provisions, for example the terms relating to assignment, which are bespoke to reflect the requirements of the lenders providing financing to ElecLink as explained in section 4.

#### **Medium Term, Daily and Intraday timeframes**

3.1.6 In regards to the capacity for the Medium Term, Daily and Intraday timeframes, we propose to adopt substantially the same principles as IFA not only in relation to points (a) – (e) in paragraph 3.1.2 above, but also in relation to the auctioning mechanism, which will take the form of a sealed bid auction, and the eligibility requirements. Further details are provided in section 4.

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<sup>17</sup> Version 9 of the IFA Access Rules.

## 3.2 Reasons for our proposal to align the ElecLink Access Rules with the IFA Access Rules

- 3.2.1 The IFA Access Rules are a set of rules that apply to the existing electricity interconnector between France and GB. The IFA Access Rules have been in place for a number of years and both the industry and the relevant stakeholders are familiar with them. The IFA Access Rules have evolved over time through a predetermined change process which provides market participants with the opportunity to provide feedback on the proposed changes through a market consultation before any changes are submitted to the NRAs for approval. The latest consultation on the IFA Access Rules was conducted in March 2015.<sup>18</sup>
- 3.2.2 We believe that a level of standardisation between the ElecLink Access Rules and the IFA Access Rules would be welcomed by the industry for the reasons set out in paragraphs 3.2.3 – 3.2.5 below. A level of standardisation is also required by the Exemption Decision given that the latter provides that:
- when the Open Season Products reach the same timeframe as regulated products (e.g. year-ahead and month-ahead products) which exist on the IFA interconnector, then they shall comply with the same conditions (including firmness) as these regulated products; and
  - the capacity that will be allocated by ElecLink in Medium Term, Daily and Intraday timeframes shall respect the same provisions as the regulated products that exist on the IFA interconnector, particularly in terms of firmness, and will converge on the same path towards the target models.

### *Efficiency*

- 3.2.3 The main benefit of standardisation of access and capacity usage rules is that it will improve efficiency. Capacity holders will not be confronted with two different transaction systems. This will reduce the administrative burden for individual businesses. This observation is supported by the result of our market testing exercise, which indicated that consistency in trading arrangements across a single border is seen as important from both commercial and regulatory perspectives.

### *Legal certainty*

- 3.2.4 Standardisation is also known to enhance legal (contract) certainty through the use of standard definitions and trading terms and standard documentation where appropriate. Owing to increased familiarity with the trading terms, standardised commercial agreements and reduced intervention to produce bespoke operational processes, capacity holders will be less exposed to the risk of transaction errors.

### *Transparency and price comparability*

- 3.2.5 Another benefit of standardisation is that it promotes greater visibility and transparency, enabling market participants to accurately value the products offered. Standardised products are easier to understand and evaluate. In turn, this increases price comparability. Capacity holders are able to compare relevant prices of homogenous alternative products and make optimum commercial decisions.

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<sup>18</sup> <http://www2.nationalgrid.com/About-us/European-business-development/Interconnectors/France/Consultations/>

**Question 1:** Do you agree with our proposed approach to standardise, to the extent possible, the ElecLink Access Rules with version 9 of the IFA Access Rules?

**Question 2:** Are there any obstacles to standardisation? Please specify.

### 3.3 Reasons for our proposal to consolidate the Access Rules for all timeframes into a single document

3.3.1 The Exemption Decision provides that ElecLink must consult publicly on (a) the Access Rules for the Open Season Products and (b) the Access Rules for the Medium Term, Daily and Intraday Products. It further requires that, following the public consultation, ElecLink submits the Access Rules for the Open Season Products and the Access Rules for the Medium Term, Daily and Intraday Products to the NRAs for approval together with the consultation responses received from market participants.

3.3.2 ElecLink's approach has been to consolidate into a single document, the ElecLink Access Rules, both the Access Rules for the Open Season Products and the respective Access Rules for the Medium Term, Daily and Intraday Products. We believe that this approach will enhance contract efficiency and reduce the administrative burden on individual market participants given that there will be a single document setting out the Access Rules for all timeframes and users of interconnector capacity will not have to be confronted with two different sets of rules.

3.3.3 Furthermore, from a practical perspective it is believed that the proposed approach is the most sensible one given that:

- a) there are certain interdependencies between the Access Rules for the Open Season Products and the Access Rules for the other timeframes. For example, a holder of Open Season capacity may resell part or all of its capacity rights in the Medium Term auctions; and
- b) the terms of use of the capacity, for example (i) the process for physical nominations, (ii) the operation of the Use-It-Or-Sell-It mechanism and (iii) the rules on curtailment reconciliation, are substantially the same across all timeframes.

**Question 3:** Do you support ElecLink's approach to consolidate into a single document the Access Rules for the Open Season Products and the respective Access Rules for the Medium Term, Daily and Intraday Products? Please state your reasons.

## 4. Comparison between the ElecLink Access Rules and the IFA Access Rules

This part of the consultation document provides an overview of the ElecLink Access Rules and sets out the key differences and similarities between the ElecLink Access Rules and version 9 of the IFA Access Rules.

This overview is not exhaustive and is provided for information purposes only. Please refer to the ElecLink Access Rules, which are published alongside this consultation paper, for further details. In the event of an inconsistency between the information contained in this consultation paper and the ElecLink Access Rules, the ElecLink Access Rules shall prevail.

## 4.1 Section A: General introduction

- 4.1.1 Section A of the ElecLink Access Rules reflects substantially the same provisions as the IFA Access Rules (version 9) with the exception of Rule A4 (Amendment), which has been amended in order to account for the conditions of the Exemption Decision.
- 4.1.2 In particular, a new Rule A4.6 has been established which provides that the ElecLink Access Rules will be amended in the future should this become necessary in order to comply with the conditions of the Exemption Decision. The Exemption Decision requires that:
- a) when the Open Season Products reach the same timeframe as regulated products (e.g. year-ahead and month-ahead products) which exist on the IFA interconnector, then they shall comply with the same conditions (including firmness) as these regulated products; and
  - b) the capacity that will be allocated by ElecLink in Medium Term, Daily and Intraday timeframes shall respect the same provisions as the regulated products that exist on the IFA interconnector, particularly in terms of firmness, and will converge on the same path towards the target models.
- 4.1.3 An implication of the aforementioned conditions is that the ElecLink Access Rules may need to be amended in the future as a result of (a) a change in the IFA Access Rules or (b) the introduction and implementation of the European network codes, in particular (i) the regulation on capacity allocation and congestion management (“CACM”) and (ii) the network code on forward capacity allocation.
- 4.1.4 Rule A4.6 reflects these provisions. Any change to the ElecLink Access Rules will be subject to public consultation and regulatory approval as provided for in Rule A4.

**Question 4:** Do you have any comments on Section A of the ElecLink Access Rules? Please provide details.

## 4.2 Section B: Rules applicable to participation

### Open Season Products

- 4.2.1 In order to participate in an auction and/or the secondary market for Open Season Products, a market participant must accede to the ElecLink Access Rules, which reflect and are compliant with the conditions set out in the Exemption Decision, and meet the credit worthiness requirements for Open Season Products. A party is not required to be balance responsible in France and GB in order to participate in the auction(s) that will take place prior to the start of operations. However, winning bidders will be required to become balance responsible entities prior to being able to use the capacity obtained in the auction. The detailed eligibility requirements for Open Season Products are set out in Section B of the ElecLink Access Rules.

**Question 5:** Do you have any comments on the participation requirements for Open Season Products? Please provide details.

- 4.2.2 In terms of credit worthiness requirements, a party must demonstrate that it has either a credit rating or a tangible net worth not lower than what is shown in table 1 below for the volume and tenor it wishes to bid for in the auction.

**Table 1 – Credit worthiness requirements for Open Season Products**

Volume per direction (MW)	Credit metric	Tenor (years)	
		1 to 5	6 to 10
1 to 20	<i>Credit Rating (Standard &amp; Poor's/Moody's)</i>	BBB- / Baa3	BBB / Baa2
	<i>Tangible Net Worth</i>	€30 million	€100 million
21 to 50	<i>Credit Rating (Standard &amp; Poor's/Moody's)</i>	BBB- / Baa3	BBB / Baa2
	<i>Tangible Net Worth</i>	€50 million	€250 million
51 to 150	<i>Credit Rating (Standard &amp; Poor's/Moody's)</i>	BBB / Baa2	BBB+ / Baa1
	<i>Tangible Net Worth</i>	€250 million	€500 million
151 to 300	<i>Credit Rating (Standard &amp; Poor's/Moody's)</i>	BBB+ / Baa1	A- / A3
	<i>Tangible Net Worth</i>	€500 million	€1,000 million
301 to 400	<i>Credit Rating (Standard &amp; Poor's/Moody's)</i>	A- / A3	A / A2
	<i>Tangible Net Worth</i>	€1,000 million	€2,000 million

4.2.3 If a party does not meet the credit worthiness requirements set out in table 1 above, but its parent undertaking does, then such party can make use of its parent undertaking's credit rating or tangible net worth provided that it delivers to ElecLink a parent company guarantee in the form specified by ElecLink.

4.2.4 Alternatively, a party can also participate in the auction for Open Season Products provided that it delivers to ElecLink a standby letter of credit from an A-rated bank. Details on the methodology for calculating the amount that such letter of credit must cover can be found in Section B of the ElecLink Access Rules.

**Question 6:** Do you agree with the credit worthiness requirements for Open Season Products? Please state your reasons.

**Question 7:** Do you see any barriers in the participation requirements for Open Season Products (including but not limited to the credit worthiness requirements) where these apply to smaller players and/or Open Season Products for small volumes and/or short tenors? Please state your reasons.

#### Medium Term, Daily and Intraday timeframes

4.2.5 The participation requirements for the auctions and the secondary market for Medium Term, Daily and Intraday products reflect substantially the same provisions as the IFA Access Rules (version 9).

**Question 8:** Do you have any comments on the participation requirements for Medium Term, Daily and Intraday Products? Please provide details.

**Question 9:** Do you have any other comments on Section B of the ElecLink Access Rules? Please provide details.

### 4.3 Section C: Financial matters

Section C of the ElecLink Access Rules covers (a) invoicing and payment and (b) payment security.

#### 4.3.1 Invoicing and payment

4.3.1.1 In terms of invoicing and payment, the rules governing the Open Season Products follow substantially the same principles as the IFA Access Rules (version 9) for yearly products. Capacity holders will be invoiced by ElecLink in monthly instalments in advance of use. For example, an Open Season Product with a tenor of 5 years starting on 1 January of year Y will be invoiced in 60 monthly instalments, starting in December of year Y-1 and ending in November of year Y+4.

**Question 10:** Do you agree with the proposed invoicing cycle for Open Season Products? Please state your reasons.

4.3.1.2 In regards to Medium Term, Daily and Intraday products, the invoicing and payment terms and conditions are substantially the same as in version 9 of the IFA Access Rules.

4.3.1.3 A minor difference between the ElecLink Access Rules and the IFA Access Rules (version 9) relates to the interest charged on amounts due by either ElecLink or capacity holders that remain unpaid on the due date for payment. In this respect, ElecLink proposes to use an interest rate of four percent (instead of ten percent in the IFA Access Rules) per annum above the interest rate applied by the European Central Bank for the main refinancing operations.

#### 4.3.2 Payment security

##### Open Season Products

4.3.2.1 In regards to Open Season Products, a party that acquired capacity on the basis of its (or its parent's) credit rating or tangible net worth will be required to provide payment security in the form of (a) a standby letter of credit from an A-rated bank or (b) a cash deposit. The amount of payment security must be equal to one month's instalment for the Open Season Product in question. Payment security must be provided no later than 1 month prior to the due date of the first instalment for the Open Season Product in question.

4.3.2.2 In addition to the payment security, a party that acquired Open Season Products on the basis of its (or its parent's) credit rating or tangible net worth will be required to meet the minimum credit worthiness requirements outlined in table 2 below throughout the entire duration of its contract with ElecLink.



**Table 2 – Enduring minimum credit worthiness requirements for Open Season Products**

Volume (MW)	Credit metric	Tenor (years)	
		1 to 5	6 to 10
1 to 20	<i>Credit Rating (Standard &amp; Poor's/Moody's)</i>	BB/Ba2	BB+/Ba1
	<i>Tangible Net Worth</i>	€15 million	€75 million
21 to 50	<i>Credit Rating (Standard &amp; Poor's/Moody's)</i>	BB/Ba2	BB+/Ba1
	<i>Tangible Net Worth</i>	€30 million	€125 million
51 to 150	<i>Credit Rating (Standard &amp; Poor's/Moody's)</i>	BB+/Ba1	BBB-/Baa3
	<i>Tangible Net Worth</i>	€125 million	€250 million
151 to 300	<i>Credit Rating (Standard &amp; Poor's/Moody's)</i>	BBB-/Baa3	BBB/Baa2
	<i>Tangible Net Worth</i>	€250 million	€750 million
301 to 400	<i>Credit Rating (Standard &amp; Poor's/Moody's)</i>	BBB/Baa2	BBB+/Baa1
	<i>Tangible Net Worth</i>	€750 million	€1,500 million

4.3.2.3 If, at any time throughout the entire duration of its contract with ElecLink, a party ceases to satisfy the minimum credit worthiness requirements set out in table 2 above, then such party shall be required to increase the amount of payment security from one month's instalment to an amount not less than the present value of its total outstanding commitment towards ElecLink. Details on the methodology for calculating a party's total outstanding commitment can be found in Section C of the ElecLink Access Rules.

**Question 11:** Do you agree with the rules on payment security for Open Season Products? Please state your reasons.

**Question 12:** Do you have any comments on the enduring minimum credit worthiness requirements for Open Season Products? Please provide details.

#### **Medium Term, Daily and Intraday timeframes**

4.3.2.4 The rules on payment security for Medium Term, Daily and Intraday products follow the same principles as version 9 of the IFA Access Rules.

**Question 13:** Do you have any comments in relation to payment security for Medium Term, Daily and Intraday products? Please provide details.

**Question 14:** Do you have any other comments on Section C of the ElecLink Access Rules? Please provide details.



#### 4.4 Section D: Auction rules

Section D of the ElecLink Access Rules sets out the rules governing the auctioning of Interconnector capacity in different timeframes.

##### **Auction rules for Open Season Products**

4.4.1 The auction process for Open Season Products will be conducted as a simultaneous, multiple-round, ascending clock auction. The auction is called simultaneous because all the products in the auction are offered for sale at the same time. The auction is called ascending clock auction because the price for each product increases throughout the auction, starting at a given level and increasing gradually until demand no longer exceeds supply for each product.

4.4.2 The auction for Open Season Products will be divided into two sections, where a section includes products of the same direction (France to England or England to France), but of different tenors. A maximum of two tenors will be offered in each direction. All products will be auctioned simultaneously. The total quantity available for Open Season Products (800 MW) will be divided across different tenors in accordance with one of the following three options:

- a) Option 1: 800 MW for a tenor of 5 years; or
- b) Option 2: 0 – 300 MW for a tenor of 3 years with the remaining volume (500 – 800 MW) for a tenor of 5 years; or
- c) Option 3: 0 – 600 MW for a tenor of 10 years with the remaining volume (200 – 800 MW) for a tenor of 5 years.

ElecLink will announce the exact volume/tenor composition of the Open Season Products in advance of the auction as provided in Rules D1.2.12 – D1.2.13 in the ElecLink Access Rules.

4.4.3 The quantity available for each product (the “Target”) will be divided into blocks of 10 MW. Auction participants may submit a bid for one or multiple blocks on each product.

4.4.4 The auction process will proceed in rounds. In each round, the auction manager will announce the going price (in €/MWh) for each product. Auction participants may bid for one or both products in each section by specifying the number of blocks that they wish to purchase for each product at the respective going price.

By way of an example and for illustration purposes only, figure 1 below provides a diagrammatic layout of the auction structure based on the following assumptions:

- a) two tenors (e.g. 5 years and 10 years) for each direction; and
- b) auctioned volumes of 600 MW for the 5-year tenor and 200 MW for the 10-year tenor.

**Figure 1 – Auction structure based on two tenors per direction**

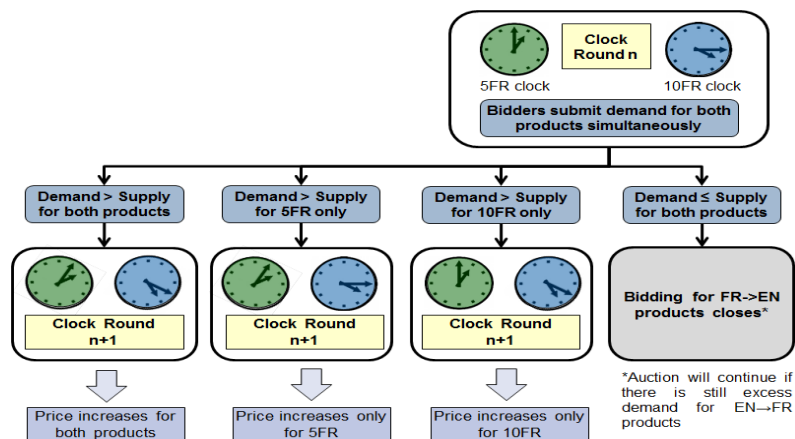
<b>Section</b>	Section FR		Section EN	
<b>Direction</b>	France -> England		England → France	
<b>Product</b>	5FR	10FR	5EN	10EN
<b>Tenor</b>	5 years	10 years	5 years	10 years
<b>Auctioned volume (MW)</b>	600	200	600	200
<b>Price (EUR/MWh)</b>	C1	C2	C3	C4
<b>Bidder input (demand – MW)</b>	D1	D2	D3	D4

- 4.4.5 If the total number of blocks bid on a given product is greater than the auctioned volume for that product, in the next round the auction manager will increase the price for the product by one increment. Increments will be product specific and will be determined in accordance with a formula published by ElecLink prior to the Open Season Auction in accordance with Rule D1.2.12 in the ElecLink Access Rules.
- 4.4.6 In each round, auction participants may:
- bid the same number of blocks as in the preceding round; or
  - reduce the number of blocks bid on one or more products by submitting a request to withdraw blocks; or
  - switch blocks from one product to the other product in the same direction.
- 4.4.7 An auction participant that submits a request to withdraw blocks must name an exit price for these blocks in accordance with Rules D1.5.7 – D1.5.11 in the ElecLink Access Rules. The exit price is a best and final offer for the blocks which are to be withdrawn from the auction. The exit price must be (i) greater than or equal to the price of the product in the preceding round and (ii) less than the price of the product in the current round.
- 4.4.8 If the going price of the product does not increase from one round to the next (that is when aggregate demand for the product does not exceed the auctioned volume for the product), auction participants may not withdraw blocks from that product and/or switch blocks from that product to the other product in the same direction. The detailed process is set out in Rules D1.5.18 – D1.5.28 of the ElecLink Access Rules.
- 4.4.9 At the end of each round, the auction manager must achieve the Target for each product in the following order:
- firstly, the auction manager utilises the blocks bid by auction participants at the going price of the relevant round;
  - secondly, if the total number of blocks bid at the going price of the relevant round is less than the Target for the product, the auction manager will deny, to the extent necessary, some or all of the auction participants' requests to withdraw blocks and will retain the relevant blocks starting with those with the highest exit price first. The retained block(s) will be utilised at the exit price stated by the relevant auction participant(s); and
  - thirdly, if the total number of blocks specified in paragraphs a and b above is less than the Target for the product, the auction manager will deny, to the extent necessary, some or all of

the auction participants' requests to switch blocks and will retain the relevant blocks at the price of the preceding round.

- 4.4.10 The auction will end when demand across all products in both directions is no longer greater than the auctioned volume. At that point, prices will stop increasing and the winning bidders for each product will be determined in accordance with Rule D1.7 in the ElecLink Access Rules. For each product the winning bidders will be:
- the bidders that submitted valid bids for the product at the going price of the final round;
  - the bidders that requested to withdraw blocks from the product and had their request denied by the auction manager; and
  - the bidders that requested to switch blocks from that product to the other product in the same direction and had their request denied by the auction manager.

**Figure 2 – Auction architecture based on two tenors per direction**



- 4.4.11 All winning bidders for a given product will pay the auction clearing price (in €/MWh) for that product calculated in accordance with the following rule:
- if the total number of blocks bid on the product at the going price of the final round is equal to the Target for that product, the auction clearing price for that product is equal to the going price of the final round; or
  - if the total number of blocks bid on the product at the going price of the final round is less than the Target for that product, then:
    - if one or more requests to withdraw blocks must be denied in order to achieve the Target for the product, but no requests to switch blocks must be denied, the auction clearing price for the product is equal to the exit price of the last retained block;
    - if one or more requests to switch blocks must be denied in order to achieve the Target for the product, the auction clearing price for that product is the going price of the round preceding the round in which the request(s) to switch block(s) were denied.

- 4.4.12 In accordance with the Exemption Decision, the present value of contracted future revenues generated from the sale of Open Season Products shall not exceed a predetermined amount set by the NRAs (the “Open Season Revenue Cap”). The Open Season Revenue Cap will not be disclosed to auction participants either prior to, during or after the auction of Open Season Products. If, at the close of the auction, the present value of contracted future revenues from the sale of Open Season Products exceeds the Open Season Revenue Cap, the quantity (in MW) allocated to winning bidders will be reduced by one block at a time using a random draw until such point that the Open Season Revenue Cap is respected. Should it become necessary to reduce the quantity allocated to winning bidders in order to respect the Open Season Revenue Cap, the auction manager will follow the detailed procedure set out in Rule D1.9 in the ElecLink Access Rules.
- 4.4.13 The detailed bidding rules governing the ascending clock auction for Open Season Products are set out in Section D of the ElecLink Access Rules. Parties are invited to review the detailed bidding rules and provide any comments they may have.

**Question 15:** Do you have any comments in relation to:

- a) the volume/tenor composition of Open Season Products?
- b) the auctioning mechanism for the allocation of Open Season Products?
- c) the methodology for the determination of the price increment for each product?
- d) the rules on withdrawals and denied withdrawals?
- e) the rules on switches and denied switches?
- f) any other provision of Rule D1 of the ElecLink Access Rules?

Please provide details.

#### **Auction rules for Medium Term, Daily and Intraday timeframes**

- 4.4.14 The rules governing the Medium Term, Daily and Intraday auctions follow substantially the same principles as version 9 of the IFA Access Rules. All auctions operated by ElecLink will be explicit closed auctions (sealed bid auctions). Daily auctions will be operated by ElecLink only as a fall back in case the implicit daily auctions (market coupling) operated by the power exchanges in France and GB become unavailable.

**Question 16:** Do you have any comments in relation to the auction rules for Medium Term, Daily and Intraday timeframes? Please provide details.

## 4.5 Section E: Capacity usage rules

4.5.1 Section E of the ElecLink Access Rules sets out the rules governing:

- a) the nominations process for all timeframes;
- b) the operation of the secondary market, which consists of resales<sup>19</sup> and transfers<sup>20</sup> of capacity rights;
- c) the Use-it-or-Sell-it mechanism for Open Season and Medium Term products;
- d) the Use-it-or-Lose-it mechanism for products that may be allocated through explicit Daily auctions (only in case the implicit daily auctions become unavailable);
- e) the curtailment of capacity rights and/or physical nominations in case there is a capacity shortage; and
- f) the financial compensation for capacity holders in case of a curtailment.

4.5.2 The proposed ElecLink Access Rules follow substantially the same principles as version 9 of the IFA Access Rules both for the Open Season Products and for the Medium Term, Daily and Intraday products.

4.5.3 The key difference is in regards to the capacity transfer mechanism for Open Season Products. The ElecLink Access Rules provide two possibilities to capacity holders in this respect:

- a) a capacity holder can transfer part or all of its capacity rights to a third party, but remains obliged to pay ElecLink for the capacity that has been the subject of the capacity transfer. This option follows the same principles as version 9 of the IFA Access Rules; and
- b) a capacity holder can transfer part or all of its capacity rights to a third party and, provided that this third party meets the credit worthiness requirements for Open Season Products (see table 1), then the capacity holder can transfer its payment obligations to this third party. This additional option has been introduced in order to enhance the efficiency of the capacity transfer mechanism for holders of Open Season Products.

Furthermore, a capacity transfer for Open Season Products will be permitted only to extent that it would not result in a capacity holder exceeding the volumetric limits set out in the Exemption Decision (400 MW or 200 MW depending on market share as explained in paragraph 2.1 above).

4.5.4 In regards to the rules governing the curtailment of capacity rights and/or physical nominations in the event there is a capacity shortage, the ElecLink Access Rules follow the same principles as version 9 of the IFA Access Rules except that the order of curtailment across the different timeframes has been amended to account for the fact that capacity rights and/or physical nominations relating to Open Season Products will be curtailed last. Please refer to Rule E7 of the ElecLink Access Rules which sets out in detail the rules governing curtailment of capacity rights and physical nominations as well as paragraph 5.6 of the Charging Methodology Statement.

4.5.5 Other differences between the ElecLink Access Rules and version 9 of the IFA Access Rules concern:

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<sup>19</sup> A capacity holder may offer part or all of its capacity rights for resale via a subsequent Medium Term Auction and, where these capacity rights are resold, ElecLink will pass through the proceeds to the party who made the resale.

<sup>20</sup> A transfer involves the bilateral transfer of capacity rights from a capacity holder to another eligible user of capacity.

- a) Rule E4.3.14, which has been amended slightly to reflect that in case a capacity holder resells its capacity in a Medium Term auction, it will be entitled to a payment by ElecLink calculated as the product of (i) the clearing price of that Medium Term auction expressed in €/MWh and (ii) the capacity that it resold in that Medium Term auction expressed in MWh; and
- b) Rule E4.3.18, which has been expanded to set out in detail the effect of a resale on the capacity holder's rights and obligations under the ElecLink Access Rules.

**Question 17:** Do you agree with the proposed capacity transfer mechanism for Open Season Products? Please state your reasons.

**Question 18:** Do you have any comments on Section E of the ElecLink Access Rules? Please provide details.

#### 4.6 Section F: General conditions

Section F of the ElecLink Access Rules sets out the general conditions applicable to the auctions for Interconnector capacity and the contracts between ElecLink and capacity holders. Section F of the ElecLink Access Rules follows substantially the same principles as the IFA Access Rules (version 9) with the exception of the following areas.

##### Confidentiality

4.6.1 ElecLink requires the right to share certain information received from auction participants with (i) its shareholders and affiliates and (ii) the institutions providing finance, or proposing to provide finance, to ElecLink in connection with the design, construction and operation of the Interconnector. Given the merchant nature of the project, this is required to enable ElecLink to secure the necessary equity and debt funds to reach financial close. All parties to whom confidential information may be disclosed will be bound by confidentiality agreements.

In particular, ElecLink requires the right to share the following information with its shareholders and affiliates:

- a) before the auction of Open Season Products:
  - i. for each Open Season Product, the number of qualified auction participants on an anonymous basis;
  - ii. for each Open Season Product, the non-binding and indicative offers received from qualified auction participants (on an anonymous basis) in accordance with Rule B2.1.1 in the ElecLink Access Rules;
  - iii. for each Open Season Product, all information relating to the credit worthiness of qualified auction participants on an anonymous basis; and
  - iv. for each Open Season Product, the number of qualified auction participants exceeding the 40% market share threshold as set out in the Exemption Decision.
- b) after the auction of Open Season Products:
  - i. for each Open Season Product, the identities of winning bidders;
  - ii. for each Open Season Product, the auction clearing price; and
  - iii. for each Open Season Product, the total volume allocated to each winning bidder on an anonymous basis and the credit worthiness of that winning bidder on an anonymous basis.

No other confidential information of auction participants will be provided to ElecLink's shareholders and affiliates.

Furthermore, after the auction of Open Season Products ElecLink requires the right to share the following information with the institutions providing finance, or proposing to provide finance, to ElecLink in connection with the design, construction and operation of the interconnector:

- i. for each Open Season Product, the identities of winning bidders;
- ii. for each Open Season Product, the auction clearing price; and
- iii. for each Open Season Product, the total volume allocated to each winning bidder on an anonymous basis and the credit worthiness of that winning bidder on an anonymous basis.

No other confidential information of auction participants will be provided by ElecLink to the institutions providing finance, or proposing to provide finance, to ElecLink in connection with the design, construction and operation of the interconnector.

**Question 19:** Do you agree that ElecLink should be able to share certain confidential information received from auction participants with its shareholders, affiliates and lenders as set out in section F of the ElecLink Access Rules? Please state your reasons.

4.6.2 Furthermore, ElecLink proposes to publish the results of the auction for Open Season Products in order to comply with the conditions of the Exemption Decision. In particular, the Exemption Decision requires that ElecLink publishes the following information:

- a) the names of the capacity holders; and
- b) for each product allocated:
  - i. the volume allocated;
  - ii. the tenor; and
  - iii. the respective auction price.

In order to comply with the aforementioned condition of the Exemption Decision, ElecLink proposes to publish the following information:

- a) names of the winning bidders; and
- b) for each product allocated:
  - i. the total volume (in MW) allocated;
  - ii. the breakdown of allocated volume (in MW) across winning bidders on an anonymised basis;
  - iii. the tenor; and
  - iv. the respective auction price.

**Question 20:** Do you have any comments on our proposal to publish the following information relating to the results of the auction for Open Season Products?

- a) names of the winning bidders; and
- b) for each product allocated:
  - i. the total volume (in MW) allocated;
  - ii. the breakdown of allocated volume (in MW) across winning bidders on an anonymised basis;
  - iii. the tenor; and
  - iv. the respective auction price.

Please state your reasons.

Finally, it should be noted that, in accordance with the Exemption Decision, ElecLink is required to provide the NRAs with (a) all the documents and information that the NRAs may require in order to assess ElecLink's compliance with the conditions set out in the Exemption Decision and (b) any other information required by the NRAs in accordance with the relevant European or national legislation or ElecLink's electricity interconnector licence.

#### Assignment and Rights under Funding Arrangements

- 4.6.3 The ElecLink Access Rules provide for the ability of ElecLink to assign by way of security all or any of its rights in favour of any bank(s) or financial institution(s) providing financial facilities to ElecLink. This is a typical requirement by lenders in non-recourse project finance structures. The proposed provisions are detailed in Rule F4 (Assignment and subcontracting).
- 4.6.4 Furthermore, in the event of an ElecLink default, the ElecLink Access Rules provide the benefit of certain rights to ElecLink's funders; in particular, the right to request a cure period to allow the opportunity for the funders to cure the default, step-in rights and the right to novate the contracts between ElecLink and capacity holders in favour of a substitute operator. This too is a typical requirement by lenders in non-recourse project finance structures. The proposed provisions are detailed in Rule F9 (Rights under Funding Arrangements in relation to the Open Season User Agreements).

**Question 21:** Do you agree with the provisions of the ElecLink Access Rules relating to (a) Assignment and (b) Rights under Funding Arrangements? Please state your reasons.

**Question 22:** Do you have any comments on Section F of the ElecLink Access Rules? Please provide details.



## 4.7 Other matters applicable to Open Season Products

### Financial Close

- 4.7.1 As stated previously, ElecLink will allocate the Open Season Products to the market ahead of financial close in order to enable ElecLink to raise non-recourse debt to finance the construction of the Interconnector. Therefore, achieving financial close will be a condition precedent in the agreements between ElecLink and the winning bidders.
- 4.7.2 As soon as practicably possible, and in any case not later than 21 days after the conclusion of the auction for Open Season Products (provided that ElecLink may at its discretion, by notice in writing prior to the expiry of this 21 day period, extend such 21 day period by a further period of up to 7 days), ElecLink will notify all winning bidders if financial close has been achieved. In the event that ElecLink does not achieve financial close within this timeframe, the contracts will be automatically terminated unless agreed otherwise between ElecLink and the winning bidders. These provisions are incorporated in Schedule 2B of the ElecLink Access Rules (Open Season User Agreement).

**Question 23:** Do you have any comments on the provisions incorporated in the Open Season User Agreement to account for financial close as a condition precedent in the agreements between ElecLink and winning bidders? Please provide details.

### Commercial Delivery Date

- 4.7.3 The Commercial Delivery Date is the day on which ElecLink anticipates that it shall be in a position to make available for use the capacity allocated through the auction. The Commercial Delivery Date shall be determined by taking into account the development and construction schedules as set forth below:
- a) the period that begins on the Initial Forecast Commercial Delivery Date and ends 6 months later shall be the “Six Month Window Period”. The Initial Forecast Commercial Delivery Date will be announced by ElecLink prior to the auction for Open Season Products and is expected to be the first day of the month that follows the date that is 36 months after financial close;
  - b) at the latest 6 months prior to the commencement of the Six Month Window Period, ElecLink shall notify all capacity holders of a 3 month period falling within the Six Month Window Period (the “Three Month Window Period”) during which the Commercial Delivery Date shall occur;
  - c) at the latest 3 months prior to the commencement of the Three Month Window Period, ElecLink shall notify all capacity holders of the day within the Three Month Window Period on which the Commercial Delivery Date shall occur.

**Question 24:** Do you agree with the proposed method and associated timeframes for the determination of the Commercial Delivery Date? Please state your reasons.

- 4.7.4 If, as a result of a delay in the construction of the Interconnector, the Commercial Delivery Date does not occur by the end of the Three Month Window Period as specified above, capacity holders will be entitled to receive, on a day-for-day basis, a price discount for the capacity they have acquired.

- 4.7.5 Details of the price discount mechanism that will apply in this case are incorporated in Schedule 2B of the ElecLink Access Rules (Open Season User Agreement). Parties are invited to review the respective provisions of the Open Season User Agreement and provide their views to ElecLink.

**Question 25:** Do you agree with the proposed price discount mechanism to apply in case there is a delay in the construction of the Interconnector? Please state your reasons.

#### **Long Stop Date**

- 4.7.6 The Open Season User Agreement also provides for an ultimate long stop date. If the Commercial Delivery Date has not occurred by the long stop date, then capacity holders will be entitled to terminate their agreements with ElecLink. Parties are invited to review the respective provisions of the Open Season User Agreement and provide their views to ElecLink.

**Question 26:** Do you agree with the provisions of the Open Season User Agreement in relation to the long stop date? Please state your reasons.

## 5. Charging Methodology Statement

- 5.1 The ElecLink Charging Methodology Statement, which is published alongside this consultation document, sets out the methods and principles on which charges for the use of the ElecLink Interconnector are based. The Charging Methodology Statement reflects the rules governing access to and use of the ElecLink Interconnector as set out in the ElecLink Access Rules.

**Question 27:** What are your views on the Charging Methodology Statement proposed by ElecLink? Please state your reasons.

## 6. Next steps

- 6.1 This consultation will last until 23 November 2015. ElecLink will analyse all stakeholder responses and may introduce changes to the ElecLink Access Rules based on the feedback received from the industry.
- 6.2 The final version of the ElecLink Access Rules will be submitted to the NRAs for review and approval together with the consultation responses received from the stakeholders. The NRAs will follow the respective national approval processes. We currently expect the approval period to last three months.
- 6.3 The auction for Open Season Products will take place following the approval of the ElecLink Access Rules by the NRAs.

## Appendix 1: Consultation Questions

<b>Question 1:</b>	Do you agree with our proposed approach to standardise, to the extent possible, the ElecLink Access Rules with version 9 of the IFA Access Rules?
<b>Question 2:</b>	Are there any obstacles to standardisation? Please specify.
<b>Question 3:</b>	Do you support ElecLink's approach to consolidate into a single document the Access Rules for the Open Season Products and the respective Access Rules for the Medium Term, Daily and Intraday Products? Please state your reasons.
<b>Question 4:</b>	Do you have any comments on Section A of the ElecLink Access Rules? Please provide details.
<b>Question 5:</b>	Do you have any comments on the participation requirements for Open Season Products? Please provide details.
<b>Question 6:</b>	Do you agree with the credit worthiness requirements for Open Season Products? Please state your reasons.
<b>Question 7:</b>	Do you see any barriers in the participation requirements for Open Season Products (including but not limited to the credit worthiness requirements) where these apply to smaller players and/or Open Season Products for small volumes and/or short tenors? Please state your reasons.
<b>Question 8:</b>	Do you have any comments on the participation requirements for Medium Term, Daily and Intraday Products? Please provide details.
<b>Question 9:</b>	Do you have any other comments on Section B of the ElecLink Access Rules? Please provide details.
<b>Question 10:</b>	Do you agree with the proposed invoicing cycle for Open Season Products? Please state your reasons.
<b>Question 11:</b>	Do you agree with the rules on payment security for Open Season Products? Please state your reasons.
<b>Question 12:</b>	Do you have any comments on the enduring minimum credit worthiness requirements for Open Season Products? Please provide details.
<b>Question 13:</b>	Do you have any comments in relation to payment security for Medium Term, Daily and Intraday products? Please provide details.
<b>Question 14:</b>	Do you have any other comments on Section C of the ElecLink Access Rules? Please provide details.
<b>Question 15:</b>	Do you have any comments in relation to: <ul style="list-style-type: none"> <li>a) the volume/tenor composition of Open Season Products?</li> <li>b) the auctioning mechanism for the allocation of Open Season Products?</li> <li>c) the methodology for the determination of the price increment for each product?</li> </ul>

	<p>d) the rules on withdrawals and denied withdrawals?</p> <p>e) the rules on switches and denied switches?</p> <p>f) any other provision of Rule D1 of the ElecLink Access Rules?</p> <p>Please provide details.</p>
<b>Question 16:</b>	Do you have any comments in relation to the auction rules for Medium Term, Daily and Intraday timeframes? Please provide details.
<b>Question 17:</b>	Do you agree with the proposed capacity transfer mechanism for Open Season Products? Please state your reasons.
<b>Question 18:</b>	Do you have any comments on Section E of the ElecLink Access Rules? Please provide details.
<b>Question 19:</b>	Do you agree that ElecLink should be able to share certain confidential information received from auction participants with its shareholders, affiliates and lenders as set out in section F of the ElecLink Access Rules? Please state your reasons.
<b>Question 20:</b>	<p>Do you have any comments on our proposal to publish the following information relating to the results of the auction for Open Season Products?</p> <p>a) names of the winning bidders; and</p> <p>b) for each product allocated:</p> <p style="padding-left: 40px;">i. the total volume (in MW) allocated;</p> <p style="padding-left: 40px;">ii. the breakdown of allocated volume (in MW) across winning bidders on an anonymised basis;</p> <p style="padding-left: 40px;">iii. the tenor; and</p> <p style="padding-left: 40px;">iv. the respective auction price.</p> <p>Please state your reasons.</p>
<b>Question 21:</b>	Do you agree with the provisions of the ElecLink Access Rules relating to (a) Assignment and (b) Rights under Funding Arrangements? Please state your reasons.
<b>Question 22:</b>	Do you have any comments on Section F of the ElecLink Access Rules? Please provide details.
<b>Question 23:</b>	Do you have any comments on the provisions incorporated in the Open Season User Agreement to account for financial close as a condition precedent in the agreements between ElecLink and winning bidders? Please provide details.
<b>Question 24:</b>	Do you agree with the proposed method and associated timeframes for the determination of the Commercial Delivery Date? Please state your reasons.
<b>Question 25:</b>	Do you agree with the proposed price discount mechanism to apply in case there is a delay in the construction of the interconnector? Please state your reasons.
<b>Question 26:</b>	Do you agree with the provisions of the Open Season User Agreement in relation to

	the long stop date? Please state your reasons.
<b>Question 27:</b>	What are your views on the Charging Methodology Statement proposed by ElecLink? Please state your reasons.