

**APPROVAL OF THE REGULATORY AUTHORITIES OF
GREAT BRITAIN (GB) AND FRANCE (FR)**

ON

THE GB AND FR TSOs' PROPOSAL FOR THE

**GB – FR BORDER SPECIFIC ANNEX
TO THE HARMONISED ALLOCATION RULES**

2 APRIL 2019

I. Introduction and legal context

This document elaborates an opinion of the Regulatory Authorities of the GB-FR Bidding Zone Border (GB-FR BZB), made on 2 April 2019, on the amended GB-FR TSOs' proposal for the GB-FR Border Specific Annex¹ (amended GB-FR BSA) to the Harmonised Allocation Rules² (HAR). The GB-FR BSA was submitted on 8 June 2018 in accordance with Article 51 of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation (Regulation 2016/1719).

This opinion of the Regulatory Authorities of the GB-FR BZB shall provide evidence that a decision on the amended GB-FR BSA does not, at this stage, need to be adopted by the Agency for the Cooperation of Energy Regulators (ACER) pursuant to Article 4(10) of Regulation 2016/1719. This opinion is intended to constitute the basis on which the Regulatory Authorities of the GB-FR BZB will each subsequently make national decisions pursuant to Article 4(11) of Regulation 2016/1719 to approve the amended GB-FR BSA proposal.

The legal provisions relevant to the submission and approval of the amended GB-FR BSA, and this Regulatory Authority agreement on the amended GB-FR BSA, can be found in Articles 3, 4, 51 and 52 of Regulation 2016/1719. They are set out below for reference.

Article 3 of Regulation 2016/1719:

This Regulation aims at:

(a) promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants;

(b) optimising the calculation and allocation of long-term cross-zonal capacity;

(c) providing non-discriminatory access to long-term cross-zonal capacity;

(d) ensuring fair and non-discriminatory treatment of TSOs, the Agency, regulatory authorities and market participants;

(e) respecting the need for a fair and orderly forward capacity allocation and orderly price formation;

(f) ensuring and enhancing the transparency and reliability of information on forward capacity allocation;

(g) contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union.

Article 4 of Regulation 2016/1719:

Adoption of terms and conditions or methodologies

¹ The GB - FR border specific annex contains bidding zone border specific requirements as meant in Articles 51(1) and 52(3) of Regulation 2016/1719.

² The Harmonised Allocation Rules (HAR) were submitted under Article 51(1) of Regulation 2016/1719, and approved by the the Agency for the Cooperation of Energy Regulators (ACER) on the 02 October 2017. A link to the HAR can be found here:

https://docstore.entsoe.eu/Documents/Network%20codes%20documents/NC%20FCA/170414_Attch4_HAR_MainBody_FINAL.PDF

1. TSOs shall develop the terms and conditions or methodologies required by this Regulation and submit them for approval to the competent regulatory authorities within the respective deadlines set out in this Regulation. Where a proposal for terms and conditions or methodologies pursuant to this Regulation needs to be developed and agreed by more than one TSO, the participating TSOs shall closely cooperate. TSOs, with the assistance of ENTSO for Electricity, shall regularly inform the competent regulatory authorities and the Agency about the progress of the development of these terms and conditions or methodologies.
2. (...)
3. (...)
4. (...)
5. Each regulatory authority shall be responsible for approving the terms and conditions or methodologies referred to in paragraphs 6 and 7.
6. (...)
7. The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities of the concerned region:
 - (e) the regional requirements of the harmonised allocation rules pursuant to Article 52, including the regional compensation rules pursuant to Article 55.
8. The proposal for terms and conditions or methodologies shall include a proposed timescale for their implementation and a description of their expected impact on the objectives of this Regulation. Proposals on terms and conditions or methodologies subject to the approval by several or all regulatory authorities shall be submitted to the Agency at the same time that they are submitted to regulatory authorities. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within three months on the proposals for terms and conditions or methodologies.
9. Where the approval of the terms and conditions or methodologies requires a decision by more than one regulatory authority, the competent regulatory authorities shall consult and closely cooperate and coordinate with each other in order reach an agreement. Where applicable, the competent regulatory authorities shall take into account the opinion of the Agency. Regulatory authorities shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs 6 and 7 within six months following the receipt of the terms and conditions or methodologies by the regulatory authority or, where applicable, by the last regulatory authority concerned.
10. (...)
11. In the event that one or several regulatory authorities request an amendment to approve the terms and conditions or methodologies submitted in accordance with paragraphs 6 and 7, the relevant TSOs shall submit a proposal for amended terms and conditions or methodologies for approval within two months following the requirement from the regulatory authorities. The competent regulatory authorities shall decide on the amended terms and conditions or methodologies within two months following their submission. Where the competent regulatory authorities have not been able to reach an agreement on terms and conditions or methodologies pursuant to paragraphs 6 and 7 within the two-month deadline, or upon their joint request, the Agency shall adopt a decision concerning the amended terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 713/2009. If the relevant TSOs fail to submit a proposal for amended terms and conditions or methodologies, the procedure provided for in paragraph 4 shall apply.
12. (...)

13. TSOs responsible for establishing the terms and conditions or methodologies in accordance with this Regulation shall publish them on the internet after approval by the competent regulatory authorities or, if no such approval is required, after their establishment, except where such information is considered as confidential in accordance with Article 7.

Article 51 of Regulation 2016/1719:

Introduction of harmonised allocation rules

1. Within six months after the entry into force of this Regulation, all TSOs shall jointly develop a proposal for harmonised allocation rules for long-term transmission rights pursuant to Article 52(2). The proposal shall be subject to consultation in accordance with Article 6. This proposal shall include regional and bidding zone border specific requirements if developed by the TSOs of each capacity calculation region pursuant to Article 52(3).
2. Once the regional requirements have entered into force, they shall prevail over the general requirements defined in the harmonised allocation rules. In case the general requirements of the harmonised allocation rules are amended and submitted to all regulatory authorities' approval, the regional requirements shall also be submitted to regulatory authorities' approval of the concerned capacity calculation region.

Article 52 of Regulation 2016/1719:

Requirements for the harmonised allocation rules

1. The requirements for the harmonised allocation rules for long-term transmission rights shall cover physical transmission rights, FTRs — options and FTRs — obligations. TSOs shall consider and duly take into account specificities related to the different types of products.
2. The harmonised allocation rules for long-term transmission rights shall follow the principles of non-discrimination and transparency and at least contain the following general requirements:
 - (a) harmonised definitions and scope of applications;
 - (b) a contractual framework between the single allocation platform and the market participants including provisions on the applicable law, the applicable language, confidentiality, dispute resolution, liability and force majeure;
 - (c) harmonised UIOSI provisions in case of physical transmission rights pursuant to Article 32;
 - (d) a description of the types of long-term transmission rights which are offered, including the remuneration principles pursuant to Article 35;
 - (e) principle description of the applicable nomination rules pursuant to Article 36;
 - (f) harmonised provisions on eligibility and entitlement, suspension and renewal and costs of participation pursuant to Article 37;
 - (g) a description of the forward capacity allocation process including at least provisions on auction specification, submission of bids, publication of auction results, contestation period and fallback procedures pursuant to Articles 37, 38, 39, 42, 43 and 44;
 - (h) harmonised provisions on financial requirements and settlement pursuant to Article 41;
 - (i) harmonised provisions for the return of long-term transmission rights pursuant to Article 43;

- (j) *harmonised provisions for notification of transfer of long-term transmission rights pursuant to Article 44;*
 - (k) *provisions on firmness and compensation rules pursuant to Article 53 and Article 55;*
 - (l) *harmonised provisions concerning netting policies and financial collaterals for FTRs — obligations, where applicable.*
3. *The harmonised allocation rules may also contain regional or bidding zone border specific requirements in particular for, but without limitation to:*
- (a) *the description of the type of long-term transmission rights which are offered on each bidding zone border within the capacity calculation region pursuant to Article 31;*
 - (b) *the type of long-term transmission rights remuneration regime to be applied on each bidding zone border within the capacity calculation region according to the allocation in the day-ahead time frame pursuant to Article 35;*
 - (c) *the implementation of alternative coordinated regional fallback solutions pursuant to Article 42;*
 - (d) *the regional compensation rules defining regional firmness regimes pursuant to Article 55.*

II. The GB-FR TSO proposal

The initial GB-FR BSA proposal was submitted for regulatory approval on 8 June 2018. After assessment, consultation and coordination, the GB and FR Regulatory Authorities issued a request for amendment of this proposal. GB and FR Regulatory Authorities requested GB-FR TSOs to amend the proposal to clarify whether the TSOs intend to have separate compensation caps³ or the same compensation cap for all interconnectors on the GB-FR BZB. The GB and FR Regulatory Authorities issued a request for amendment on 7 December 2018. GB-FR TSOs subsequently submitted an amended GB-FR BSA proposal, which was received by the last Regulatory Authority on 7 February 2019.

The proposal includes proposed timescales for its implementation, in line with Article 4(8) of Regulation 2016/1719. The GB-FR BSA constitutes an Annex to the HAR elaborated and approved in accordance with Article 51 of Regulation 2016/1719.

Article 4(11) of Regulation 2016/1719, requires Regulatory Authorities of the GB-FR BZB to consult, closely cooperate and coordinate with each other in order to reach an agreement, and make a decision within two months following receipt of submission by the last Regulatory Authority concerned. A decision is therefore required by each relevant Regulatory Authority by 7 April 2019 for the GB-FR BSA.

The GB-FR BSA has been revised in order to address the clarification requested by the GB-FR Regulatory Authorities on the application of compensation caps, as well as to; (i) render it generic to ensure other interconnectors on the border apply the same rules to ensure harmonisation on the border, (ii) ensure harmonisation with the other interconnectors of the Channel region regarding the curtailment process, and (iii) correct inconsistent definitions, use of terms and paragraph cross-references.

³ Monthly curtailment compensation caps in accordance with Article 59(3) of the Harmonised Allocation Rules.

III. GB and FR Regulatory Authorities' position

TSOs have addressed the Regulatory Authorities' request regarding the harmonisation and clarification of the curtailment process. It is now clear that (i) the netting of nominations is applied between the two directions in case of curtailment, and (ii) the cap on curtailment compensation is calculated individually per interconnector.

The minor corrections of the use of terms in Sections 7 and 8(1) and the paragraph cross-reference in Sections 8(3) and 11(1) are also welcomed by the GB and FR Regulatory Authorities.

IV. Conclusions

GB and FR Regulatory Authorities have assessed, consulted, closely cooperated and coordinated to reach an agreement about the GB-FR Border Specific Annex, which meets the requirements of Regulation 2016/1719 and as such can be approved by the GB and FR Regulatory Authorities.

GB and FR Regulatory Authorities shall then issue their national decisions, based on this agreement, by the 7th of April 2019.