

**Ireland-UK (IU) TSOs proposal for a methodology for
splitting long-term cross-zonal capacity in accordance with
Article 16 of the Commission Regulation (EU) 2016/1719 of
26 September 2016 establishing a Guideline on Forward
Capacity Allocation**

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WHEREAS

- (1) This document (hereafter referred to as the “Splitting Rules Methodology”) is a common proposal developed by all Transmission System Operators (hereafter referred to as “TSOs”) within the Ireland-UK Capacity Calculation Region (CCR) as defined in accordance with Article 15 of Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management (the “CACM Regulation”), regarding the proposal for a methodology for splitting long-term cross-zonal capacity. This proposal is required by Article 16 of Regulation (EU) 2016/1719 establishing a guideline on forward capacity allocation which entered into force on 26 September 2016 (herein referred to as the “FCA Regulation”).
- (2) In accordance with Article 16(1), the common proposal for the Splitting Rules methodology should be developed no later than the submission of the capacity calculation methodology referred to in Article 10 of the FCA Regulation.
- (3) In accordance with Article 16(1) the Splitting Rules Methodology shall propose a methodology for splitting long-term cross-zonal capacity in a coordinated manner between different long-term time frames within the respective region.
- (4) The common proposal for the Splitting Rules Methodology shall be subject to consultation in accordance with Article 6 of the FCA Regulation, and subject to approval by all regulatory authorities of the Ireland-UK CCR in accordance with Article 4 of the FCA Regulation.
- (5) This Splitting Rules Methodology should contribute to and not in any way hinder the achievement of the aims of Article 3 of the FCA Regulation. In particular:
 - 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.

Paragraph (7) details how this common proposal for the Splitting Rules Methodology contributes to the aims of the FCA Regulation.

- (6) This Splitting Rules Methodology shall fulfil the conditions set out in Article 16(2) of the FCA Regulation:
 - a. It shall meet the hedging needs of market participants;
 - b. It shall be coherent with the capacity calculation methodology;
 - c. It shall not lead to restrictions in competition, in particular for access to long-term transmission rights.

Paragraph (8) details how this common proposal for the Splitting Rules Methodology fulfils the conditions of Article 16(2) of the FCA Regulation.

- (7) With regard to the aims of the FCA Regulation stated under Article 3, this common proposal for a Splitting Rules Methodology will:
 - a. promote effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants by allowing flexibility in the splitting of long-term capacity to account for market requirements;

- b. not hinder the optimisation of the calculation and allocation of long-term cross-zonal capacity, since the Splitting Rules are defined in relation to the output of the capacity calculation and account for market requirements;
 - c. provide non-discriminatory access to long-term cross-zonal capacity by providing a mix of product periods via the use of maximum and minimum splitting;
 - d. ensure fair and non-discriminatory treatment of TSOs, the Agency, regulatory authorities and market participants by applying the same parameters on each Bidding Zone Border within the Ireland-UK region;
 - e. respect the need for a fair and orderly forward capacity allocation and orderly price formation;
 - f. ensure and enhance the transparency and reliability of information on forward capacity allocation through requiring publication of relevant information and, where necessary and beneficial, supporting materials;
 - g. contribute to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union, by meeting the conditions of Article 16(2) of the FCA Regulation and providing the flexibility for market requirements to be addressed over the long-term without increasing administrative burden.
- (8) With regard to the conditions stated under Article 16(2) of the FCA Regulation, this common proposal for a Splitting Rules Methodology will:
- a. meet the hedging needs of market participants by allowing flexibility in the split of capacity between products so that the market valuation of different periods and directions may be accounted for;
 - b. be coherent with the capacity calculation methodology;
 - c. not lead to restrictions in competition, in particular for access to long-term transmission rights.

SUBMIT THE FOLLOWING IRELAND-UK SPLITTING RULES METHODOLOGY PROPOSAL TO NATIONAL REGULATORY AUTHORITIES OF THE IRELAND-UK REGION

GENERAL PROVISIONS

Article 1

Subject matter and scope

1. As required under Article 16 of the FCA Regulation, each TSO, in coordination with all the other TSOs in the capacity calculation region, shall develop a proposal for the splitting of long-term cross-zonal capacity in a coordinated manner between different long-term time frames within the respective region.
2. This Splitting Rules Methodology shall apply to all long-term capacity as governed by the FCA Regulation only, including any capacity reserved for allocation in the Day Ahead or Intraday timeframes as governed by the CACM Regulation, and excluding any capacity exempted from Article 32 of Regulation (EU) 72/2009 relating to third-party access.

Article 2

Definitions

1. For the purpose of this proposal, the definitions in Article 2 of the FCA Regulation shall apply.
2. In addition, for the purposes of this Splitting Rules Methodology the following definitions shall apply:
 - 2.1. 'Interconnector' shall mean a cross-zonal connection where the allocation of capacity occurs independently from other cross-zonal connections on the same, or different, Bidding Zone Borders. Multiple Interconnectors can exist on a Bidding Zone Border.
 - 2.2. 'New Interconnector' shall mean a cross-zonal connection operated by Operator TSO(s) with no capacity allocated at the time of this Splitting Rules Methodology approval, but which will be integrated into this methodology in due course.
 - 2.3. 'Operator TSO(s)' shall mean the TSO(s) who own and operate an Interconnector and are responsible for the allocation (whether via the Single Allocation Platform or another means) of the cross-zonal capacity of that Interconnector.
 - 2.4. 'Splitting Ranges' shall have the meaning defined in Article 4 of this Splitting Rules Methodology.
 - 2.5. 'Capacity Split' shall have the meaning defined in Article 5 of this Splitting Rules Methodology.
 - 2.6. 'MPTC' shall mean maximum permanent transmission capacity, the maximum continuous active power which a cross-zonal network element (interconnector) is capable of transmitting, as determined by the Operator TSO(s) (excluding planned and unplanned outages).
 - 2.7. 'LTCZC' shall mean Long-Term Cross-Zonal Capacity. This is defined in accordance with the IU TSOs proposal of common capacity calculation methodology in accordance with Article 10 of Commission Regulation (EU) 2016/1719.

Article 3

Interaction with other FCA Regulation deliverables

1. This Splitting Rules Methodology considers the split of capacity between the timeframes detailed in the Ireland-United Kingdom TSOs proposal for the regional design of long-term transmission rights as approved by all NRAs of the Ireland-UK CCR on 13th October 2017.
2. This Splitting Rules Methodology is compatible with the IU TSOs proposal of common capacity calculation methodology for the day-ahead and intraday market timeframe, as approved by the NRAs of the Ireland-UK CCR on 23rd July 2018. The Splitting Rules Methodology shall apply to the split of the LTCZC of each Interconnector, as determined by the IU TSOs proposal of common capacity calculation methodology in accordance with Article 10 of Commission Regulation (EU) 2016/1719.
3. This Splitting Rules Methodology is compatible with the Harmonised Allocation Rules ("HAR") for long-term transmission rights, as drafted by all TSOs and amended from time to time. The publication, and

allocation, of split capacity across timeframes shall be carried out by the Single Allocation Platform in accordance with the processes detailed in the HAR.

SPLIT OF LONG-TERM CAPACITY

Article 4

Splitting Ranges

1. Splitting Ranges shall state the maximum and minimum percentage of an Interconnector's LTCZC that shall be allocated in each Long-Term timeframe, for each Interconnector.
2. The Splitting Ranges shall be harmonised across all Interconnectors on each Bidding Zone Border.
3. The same Splitting Range shall apply to both direction of capacity for each Interconnector.
4. The sum of the Capacity Split that can be allocated on an Interconnector on this Bidding Zone Border shall not be more than the Maximum Long-Term Quantity, defined as a percentage of LTCZC. This Maximum Long-Term Quantity shall apply to all Interconnectors on each Bidding Zone Border, as detailed in Annex 1 of this Splitting Rules Methodology (excluding planned and unplanned outage periods).

Article 5

Capacity Split Determination

1. The Capacity Split shall contain the percentage of LTCZC determined for all Long-Term timeframes related to each Interconnector, for a period of a whole electricity year (1st October to 30th September), or part thereof.
2. The Operator TSO(s) for each Interconnector shall determine the Capacity Split for that respective Interconnector, from time to time, in accordance with the terms of this Article 5.
3. The Operator TSO(s) may modify the provisional Capacity Split prior to allocation in order to maximise capacity being made available to the market, or to best meet the needs of the market.
4. The Capacity Split for each Interconnector shall:
 - 4.1. Be determined independently for each direction;
 - 4.2. Respect the Splitting Ranges for the Bidding Zone Border on which the Interconnector operates;
 - 4.3. Consider the Maximum Long-Term Quantity for the Bidding Zone Border on which the Interconnector relates; and
 - 4.4. Be determined solely by the Operator TSO(s) relating to the Interconnector in question.

Article 6

Publishing of the Capacity Split

1. The provisional Capacity Split for each delivery year shall be published by the Operator TSO(s) of each Interconnector on their websites and on the website of the Single Allocation Platform before the first allocation of capacity relating to that delivery year.
2. The Capacity Split can be changed by the Operator TSO(s) of each Interconnector from time to time in order to best meet the objectives in the FCA, within the Splitting Ranges defined in this Splitting Rules Methodology. The capacity offered in each auction shall be published by the Single Allocation Platform in line with the final Auction Specification.

FINAL PROVISIONS

Article 7 Implementation

1. The procedures described in Articles 4 and 5 shall be applicable on each Interconnector for capacity allocated for the first full electricity year, from October 2020 at the earliest, once the following conditions are fulfilled:
 - 1.1. The Harmonised Allocation Rules have been adopted for the allocation of long-term cross-zonal capacity on the Interconnector
 - 1.2. The capacity shall be allocated by the Single Allocation Platform.
 - 1.3. The Long-Term Capacity Calculation Methodology has been implemented on the Interconnector, and the first yearly capacity calculation has taken place.
2. A period of transition between previous arrangements for the split of capacity, and the implementation of this methodology, may be required by some TSOs due to Transmission Rights which have already been allocated and span two Electricity or Calendar Years. If this is the case, in order to maximise the capacity made available to the market, the capacity may be allocated in a different split determined by the TSO(s) responsible for owning and operating the Interconnector.
3. The TSO(s) responsible for owning and operating an Interconnector where these transitional arrangements are applied shall apply this Splitting Rules Methodology at the latest after the conditions in Article 7 (1) are fulfilled, and after one electricity year of transitional arrangements.

Article 8 New Interconnectors

1. When a New Interconnector goes live in the Ireland-UK CCR, it may be necessary to have a period of time where not all long-term timeframes are available. If this is the case, in order to maximise the capacity made available to the market, the capacity may be allocated in a different split determined by the TSO(s) responsible for owning and operating the New Interconnector.
2. The TSO(s) responsible for owning and operating a New Interconnector shall apply this Splitting Rules Methodology after the conditions in Article 7 (1) are fulfilled, and at the latest starting with capacity allocated for the calendar year following the first full electricity year of market operations.

Article 9 Language

1. The reference language for this Splitting Rules Methodology shall be English. For the avoidance of doubt, where TSOs need to translate this Splitting Rules Methodology into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with Article 4 (13) of the FCA Regulation and any version in another language the relevant TSOs shall, in accordance with national legislation, provide the relevant national regulatory authorities with an updated translation of the Splitting Rules Methodology.

ANNEX 1

Splitting Ranges for the Bidding Zone Border Ireland-UK (IU)

The following ranges shall apply to Interconnectors on the SEM-Great Britain Bidding Zone Border in both directions.

Timeframe	Min % of LTCZC	Max % of LTCZC
Annual	10%	90%
Seasonal	0%	80%
Quarterly	0%	80%
Monthly	10%	90%

The Maximum Long-Term Quantity shall not be more than 100% of LTCZC (excluding planned and unplanned outage periods).