

Annex 7 to the Harmonised Allocation Rules for Forward Capacity Allocation

Regional specific annex for the borders Great Britain-Ireland and Great Britain-Northern Ireland (SEM-GB)

Article 1

Subject-matter and scope

1. In accordance with Article 4 of the Allocation Rules regional specificities may be introduced for one or more Bidding Zone borders. The rules described in this border specific annex apply to the SEM-GB Border¹.
2. This annex shall be effective from the date of entry into force of the Allocation Rules subject to approval from the relevant National Regulatory Authorities. This annex shall be reviewed annually by the TSOs and the National Regulatory Authorities may also request a review. In the event that this annex requires amendment, Article 68 of the Allocation Rules shall apply.
3. The terms used in this annex shall have the same meanings as set out in the Allocation Rules to which this annex is attached unless otherwise specified.

¹ SEM is the single electricity market in Northern Ireland and Ireland. SEM-GB, as used in this annex, refers to both the Northern Ireland to Great Britain interconnector (the “Moyle Interconnector”) and the Ireland to Great Britain interconnector (the “East West Interconnector”).

Article 2
SEM – GB border specific rules

1. The Allocation Rules for Forward Capacity Allocation shall apply to the allocation of Long Term Transmission Rights on the SEM – GB bidding zone border with a Product Period beginning on or after the go-live date of the Integrated Single Electricity Market (I-SEM)² on the island of Ireland subject to the rules in this annex.
2. The form of Long Term Transmission Rights to be issued under the Allocation Rules on the SEM – GB bidding zone border will be Financial Transmission Right Options (“FTRs”).
3. The expected go-live date of the I-SEM is 23rd May 2018. In the event that the actual I-SEM go-live date and introduction of day ahead market coupling is later than this, Long Term Transmission Rights issued under the Allocation Rules for the period before the actual I-SEM go-live date will be curtailed and holders will be entitled to reimbursement equal to the price of the Long Term Transmission Rights set during the Long Term Transmission Rights Allocation Process, which for each affected hour and Registered Participant shall be calculated as the Marginal Price of the initial Auction.
4. The East West Interconnector Access Rules³ (as amended from time to time) shall govern access arrangements for long-term, daily and intra-day allocations on the East West Interconnector until the I-SEM go-live date, except for Long Term Transmission Rights which are allocated in accordance with Article 2(1) of this annex.
5. The Moyle Interconnector Access Rules⁴ (as amended from time to time) shall govern access arrangements for long-term, daily and intra-day allocations on the Moyle Interconnector until the I-SEM go-live date, except for Long Term Transmission Rights which are allocated in accordance with Article 2(1) of this annex.
6. By way of clarification to Article 48(1) of the Allocation Rules, in the event of Day Ahead Fallback⁵ being enacted on the SEM-GB bidding zone border the first SEM-GB interim intraday auction will be the fallback allocation setting the ‘price’ (or Market Spread). This ‘price’ will be on a half-hourly basis and will be used to remunerate long term transmission rights holders on a pro-rata basis. If the first SEM-GB interim intraday auction does not occur in a Day Ahead Fallback scenario then no reference price is calculated for the daily allocation timeframe and the price for the Long Term Transmission Rights remuneration shall be the Marginal Price of the initial Auction.

² I-SEM is the name given to the project to redesign the electricity market of Ireland and Northern Ireland to implement the European Target Model in accordance with EU Directive 2009/72/EC, Regulation (EC) No 714/2009, Regulation (EC) No 713/2009 and Commission Regulation (EU) 2015/1222.

³ East West Interconnector means the interconnector connecting Ireland at Woodland to Wales at Deeside. The East West Interconnector Access Rules are available at <http://www.eirgridgroup.com/customer-and-industry/interconnection/key-information/>

⁴ Moyle Interconnector means the interconnector connecting Northern Ireland at Ballycronan More to Scotland at Auchencrosh. The Moyle Interconnector Access Rules are available at <http://www.mutual-energy.com/electricity-business/moyle-interconnector/access-arrangements>

⁵ Day Ahead Fallback in accordance with article 44 of Regulation (EC) No 2015/1222.

7. By way of clarification to Articles 48(1) and 59(1) of the Allocation Rules, the ‘price’ (or Market Spread) for compensation or remuneration of FTRs will be adjusted to reflect losses of electricity during transmission across the relevant interconnector⁶. Market Spread will be reduced by a loss factor and will only be positive where the Market Spread exceeds the cost of interconnector losses. The loss factors and associated payment formulae will be published on the Allocation Platform website.

With the receiving side as the reference point for long term transmission rights volume, the following payment formulae apply:

Loss-adjusted market spread for GB→IE and GB→NI

$$\frac{GB \rightarrow NI}{GB \rightarrow IE} LAMS = MAX \left[\left(SEM_p - \frac{GB_p}{\{1 - ICLF\}} \right), 0 \right]$$

Loss-adjusted market spread for IE→GB and NI→GB

$$\frac{NI \rightarrow GB}{IE \rightarrow GB} LAMS = MAX \left[\left(GB_p - \frac{SEM_p}{\{1 - ICLF\}} \right), 0 \right]$$

where:

- $LAMS$ is the loss-adjusted market spread (in €/MWh);
 - GB_p is the day-ahead market coupling price (in €/MWh) in the GB bidding zone for such contract day and specific hour;
 - SEM_p is the day-ahead market coupling price (in €/MWh) in the SEM bidding zone for such contract day and specific hour; and
 - $ICLF$ is the Interconnector Loss Factor for that interconnector that was applied as an allocation constraint in the day-ahead market coupling.
8. By way of clarification to Article 56 of the Allocation Rules, in the case of direct current interconnectors on the SEM-GB border, curtailment to ‘ensure operation remains within Operational Security Limits’ shall include cases where:

$$IC_{dir} < \sum Capa_{dir}$$

where:

- IC_{dir} is the value of the interconnector capability⁷ in MW at that time in that direction; and
 - $\sum Capa_{dir}$ is the MW sum of the allocated Long Term Transmission Rights across all Registered Participants at that time in that direction under the Allocation Rules.
9. Pursuant to Article 59 of the Allocation Rules, a cap will be applied to the compensations calculated according to paragraph 1 of Article 59.

⁶ These are Allocation Constraints as considered by Article 35(4) of Regulation (EU) 2016/1719 establishing a guideline on forward capacity allocation.

⁷ The capability of the DC interconnector is one of the inputs to the capacity calculation which determines the available cross-zonal capacity in MWs. This is to clarify that it is also considered as an operational security limit in the implementation of Article 56 of the Allocation Rules.

10. The common capacity calculation methodology being developed pursuant to Article 20(2) of the CACM Regulation⁸ and the capacity calculation methodology pursuant to Article 10 of the FCA Regulation⁹ may make provision for network TSOs to compensate interconnector TSOs for curtailment. If applicable, these amounts will be added to the cap calculated pursuant to Article 59(3) of the Allocation Rules.

⁸ Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management.

⁹ Regulation (EU) 2016/1719 establishing a guideline on forward capacity allocation.