

Mr. Paul McGuckin
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Date: 10th November 2017

Dear Paul

Approval of Interconnector Access Rules and Charging Methodology Statement

On 21 July 2017, Moyle interconnector Limited (MIL) submitted to the Utility Regulator (UR) (the "Authority") proposals for modified access rules (the Moyle Access Rules) and modified charging methodology (the Moyle Charging Methodology) for the Moyle interconnector.

The Moyle Access Rules were submitted pursuant to Condition 17(4) of the Moyle Interconnector Transmission Licence which states that:

"Revisions to the relevant access arrangements proposed by the licensee and sent to the Authority pursuant to paragraph 3 shall require to be approved by the Authority"

The rules provide the general terms and conditions a user must accept to obtain and use transmission capacity on the Moyle interconnector. These were most recently approved by the Authority on 15 October 2015.¹

The Moyle Charging Methodology sets out a procedure detailing how users access and are charged for long term transmission rights on the Moyle interconnector. This was also approved by the Authority on 15 October 2015.²

¹ <https://www.uregni.gov.uk/publication/moyle-interconnector-access-rules-and-charging-approval-publications>

² <https://www.uregni.gov.uk/publication/moyle-interconnector-access-rules-and-charging-approval-publications>

Background

On 17 October 2016 European Commission Regulation (EU) No 2016/1719³ establishing a guideline on forward capacity allocation (the FCA Regulation) came into effect. Amongst other things, this Regulation requires Transmission System Operators (TSOs) to develop a set of Harmonised Allocation Rules (HAR) for the allocation of long-term transmission rights.

In April 2017, the TSOs submitted to the relevant National Regulatory Authorities (NRAs) an all TSO proposal for the HAR. At the same time, the Ireland-United Kingdom (IU) regional TSOs also submitted a SEM-GB Regional Annex to the HAR.

As a result of the NRAs being unable to reach agreement on the HAR proposals, the HAR was sent to the Agency for the Cooperation of Energy Regulators (ACER) in order for them to adopt a decision, as per FCA Regulation. ACER adopted a decision on 28 September 2017.⁴ On the 13 October 2017, the UR approved the Regional Annex for the IU region.⁵

The modifications proposed by MIL to the Moyle Access Rules and the Moyle Charging Methodology aim to align the documents with the approved HAR and Regional Annex. However, in order to do so, the following changes have been required:

Moyle Access Rules

Version 4 of the Moyle Access Rules (the current version) will be replaced by transitional version 4.1, effective until I-SEM Go Live. Version 4.1 will not only reflect the move from the current rules on capacity allocation to the new arrangements but will also allow the rules and user agreements between Moyle and its customers to terminate at I-SEM Go Live. Furthermore, it will permit market participants to enter into user agreements with the Single Allocation Platform (SAP) in order to facilitate the allocation of financial transmission rights (FTRs).

Version 5 of the Moyle Access Rules will come into effect from I-SEM Go Live and will reflect the transition from Physical Transmission Rights (PTRs) to FTRs under the harmonised allocation rules for long term transmission rights.

Moyle Charging Methodology

From I-SEM Go Live, FTR charging arrangements will be incorporated within the HAR. Changes to the current version of the Moyle Charging Methodology will reflect this by referring to the Moyle Access Rules which, in turn, will refer to the HAR.

MIL undertook a consultation on the Moyle Access Rules and Moyle Charging Methodology from 13 June 2017 to 11 July 2017 with one response being received. This respondent sought

³ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1719&from=EN>

⁴ http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Pages/Individual-decision.aspx

⁵ <https://www.uregni.gov.uk/publications/approval-regional-specific-annex-borders-great-britain-ireland-and-great-britain>

clarification on a number of matters but indicated that they were satisfied with the proposed drafting.

Decision

We note that MIL consider the documents to fulfil the objectives of allocation and charging for interconnector capacity in an open, transparent and non-discriminatory manner and that the modifications align them with the HAR and IU Regional Annex.

The UR has reviewed these proposals in line with the UR's statutory duties and obligations and approves the:

- proposed transitional version of Moyle's Access Rules (Version 4.1);
- proposed modified version of Moyle's Access Rules (Version 5); and the
- proposed Moyle Charging Methodology.

Next Steps

In accordance with this decision, Mutual Energy will be required to publish updated versions of the Moyle Access Rules and the Moyle Charging Methodology on its website.

If you have any queries regarding the information contained within this letter please contact JeanPierre.Miura@uregni.gov.uk.

Yours sincerely



Jo Aston
Director of Wholesale Energy Regulation

cc: Jean Pierre Miura