

Annex 14 to the harmonised Allocation Rules for Forward Capacity Allocation

**Border specific annex for the border France-
Great Britain (IFA Interconnector)**

DRAFT

CHAPTER 1

General Provisions

Section 1

Subject-matter and scope

1. In accordance with Article 4 (*Regional specificities*) of the Allocation Rules regional or border specificities may be introduced for one or more Bidding Zone borders. Rules described in this Annex apply to the France-England border comprising the “Interconnexion France-Angleterre (IFA)” (the “Border”).
2. The capitalised terms used in this Annex are defined in the Allocation Rules to which this Annex is attached or in the IFA Access Rules unless otherwise specified below:

“IFA” has the meaning given to the term “Interconnector” under the Allocation Rules;

“IFA Access Rules” shall mean the Access Rules relating to the IFA published by National Grid and RTE but, for the avoidance of doubt, not including the Allocation Rules.
3. By way of amendment to Article 2 (*Definitions and interpretation*) of the Allocation Rules, the definition of “Information System Rules” shall mean the terms and conditions for access to and use of the Auction Tool by Registered Participants as set out in Rule B4 (*Information System Rules*) of the IFA Access Rules.

Section 2

Effective date and application

1. The entry into force in relation to the Border of these Allocation Rules and this Annex shall be the date specified in the notice referred to in paragraph 2 below and Article 5 (*Effective date and application of the Allocation Rules*) of the Allocation Rules shall be amended accordingly.
2. The Allocation Rules and this Annex shall be effective in relation to the Border on not less than thirty (30) days notice, such notice to be published on the websites of National Grid and RTE, subject to approval by the relevant National Regulatory Authorities of: (i) the Allocation Rules, (ii) this Annex; and (iii) the amendments to the IFA Access Rules necessary to reflect the adoption of the Allocation Rules.

CHAPTER 3

Collaterals

Section 3 **Collaterals**

By way of amendment to Article 20(e) (*Form of a cash deposit*) of the Allocation Rules, the dedicated Business Account will not be used by the Allocation Platform for the purposes of settlement.

Section 4 **Credit Limit**

For the purposes of calculating the Credit Limit under Article 23 (*Credit Limit*) of the Allocation Rules and Rule C3 (*Payment security*) of the IFA Access Rules, any outstanding payment obligations of the Registered Participant under the IFA Access Rules shall additionally be taken into account.

Section 5 **Calls on collaterals**

The right of the Allocation Platform to call upon the collaterals of a Registered Participant in respect of the Border under Article 26 (*Calls on collaterals*) of the Allocation Rules and Rule C3 (*Payment security*) of the IFA Access Rules shall additionally apply following the occurrence of a Payment Incident relating to amounts due under the IFA Access Rules.

CHAPTER 7

Use of Physical Transmission Rights with UIOSI

Section 6

Remuneration of Long Term Transmission Rights holders for non-nominated

Physical Transmission Rights

1. In accordance with Article 48(1)(a) (*Remuneration of Long Term Transmission Rights holders for non-nominated Physical Transmission Rights and Financial Transmission Rights Options*) of the Allocation Rules, the price is to be adjusted to reflect transmission losses over the IFA.
2. For Day-Ahead Implicit Allocation, the price shall be:
 - a. The maximum of (a) 0€/MWh and (b) the Mid Channel Day Ahead Market Spread calculated in accordance with Section 18 of this Annex in the direction of the Long Term Transmission Rights of the Day-Ahead Implicit Allocation in which that Cross Zonal Capacity was reallocated.
 - b. When the daily Offered Capacity for the Implicit Allocation is not fully allocated for a specific hour by the implicit allocation algorithm (ie. the IFA is uncongested) in the direction of the Long Term Transmission Rights in which Cross Zonal Capacity was reallocated then there will be no payment from the Allocation Platform to the Registered Participants for this specific hour.

Section 7

Cancellation of a Long Term Nomination Gate

In the event of technical difficulties with the Auction Tool, the Allocation Platform may be forced to cancel a Long Term Nomination Gate. In that case, the Allocation Platform shall inform the Registered Participants as soon as practicable of such cancellation. Physical Transmission Rights will be considered as curtailed by the Allocation Platform, and the holder will be compensated for its corresponding Physical Transmission Rights on the basis of the valuation principle set out in Section 18 of this Annex.

Section 8

Deemed Metered Volumes

When a Registered Participant issues a Mid-Channel nomination of Physical Transmission Rights, then the Allocation Platform will ensure that a corresponding Deemed Metered Volume, adjusted for losses on the IFA and for any reductions in Mid Channel Nominations as a result of curtailment, is allocated to the relevant Registered Participant using the Deemed Metered Volume allocation rules set out in Schedule 5: "Deemed Metered Volumes Allocation" of the IFA Access Rules.

Section 9

Rights Document

By way of amendment to Article 47(2) of the Allocation Rules, the Allocation Platform shall send the Rights Document daily and no later than at 16:15 p.m. on the second (2nd) day preceding the delivery day via the Auction Tool to the Registered Participant.

DRAFT

CHAPTER 9

Curtailment

Section 10

Curtailment general provisions

1. Curtailment shall be carried out for the Border in accordance with this chapter of the Annex in place of Chapter 9 (*Curtailment*) of the Allocation Rules. This chapter should be read in conjunction with Rules E7 (*Curtailment*) and E8 (*Curtailment Reconciliation*) of the IFA Access Rules published on the websites of National Grid and RTE which cover the curtailment of Daily and Intraday Interconnector Capacity and Daily and Intraday MCNs.
2. The Allocation Platform shall curtail Long Term Transmission Rights and if necessary Long Term MCNs during each Settlement Period in which there is a Capacity Shortage identified in accordance with Section 12 (*Capacity Shortage*) of this Annex.
3. Long Term Transmission Rights may be curtailed under these Allocation Rules at any time up to the publication of the Rights Document in accordance with Article 47 (*Rights Document*) of the Allocation Rules.
4. Long Term Mid Channel Nominations may be curtailed ex-post after Long Term Nomination Gate Closure in accordance with this Annex.
5. Each Registered Participant whose Long Term Transmission Rights are curtailed by the Allocation Platform shall lose its entitlement to transfer, return or nominate for physical use those Long Term Transmission Rights or to receive remuneration based on non-nominated rights.

Section 11

Notice to the Registered Participants

1. The Allocation Platform shall inform the Registered Participant of any curtailment of Long Term Transmission Rights or Long Term Nominations as soon as practicable via email, stating the Capacity Shortage.
2. Capacity Shortages may change from time to time and the Allocation Platform shall inform the Registered Participant of the anticipated duration of such Capacity Shortage as soon as practicably possible after any change.

Section 12

Capacity Shortage

1. A Capacity Shortage occurs in any minute in a direction if:

$$IC_{dir} < \sum Capa_{dir}^{GNC} + \sum MCN_{dir}^{GC} - \sum MCN_{opp}^{GC}$$

where:

- a. IC_{dir} is the value of the Interconnector Capability at that time in that direction; and
- b. $\sum Capa_{dir}^{GNC}$ is the sum of the Interconnector Capacity rights across all Registered Participants in that direction, including Daily and Intraday rights allocated under the IFA Access Rules, for any Timescale for which Nomination Gate Closure has not yet

occurred, (before curtailment of these rights in respect of the relevant Capacity Shortage); and

- c. $\sum MCN^{GC}_{dir}$ is the sum of the MCN values across all Registered Participants in that direction for all Timescales for which Nomination Gate Closure has occurred, (before curtailment of that MCN in respect of the relevant Capacity Shortage in accordance with this Annex or the IFA Access Rules); and
- d. $\sum MCN^{GC}_{opp}$ is the sum of the MCN values across all Registered Participants in the opposite direction for all Timescales, for which Nomination Gate Closure has occurred, (before curtailment of that MCN in respect of the relevant Capacity Shortage in accordance with this Annex or the IFA Access Rules).

And the “Curtailment Quantity” is the positive number equal to the difference between IC_{dir} in such direction and $(\sum Capa^{GNC}_{dir} + \sum MCN^{GC}_{dir} - \sum MCN^{GC}_{opp})$.

Section 13

Curtailment of Long Term Transmission Rights

1. If there is a Capacity Shortage in any Settlement Period, the Long Term Transmission Rights of all Registered Participants in that Settlement Period in the direction of the Capacity Shortage will be curtailed by the Allocation Platform under this Annex.
2. If there is a Capacity Shortage in any Settlement Period in a given direction, the Long Term Transmission Rights, in respect of which Rights Documents have not been published at the time of the curtailment incident being recorded on the Auction Tool, in that Settlement Period and in that direction, are curtailed pro rata for all Registered Participants. Each relevant Registered Participant will lose its entitlement to use such curtailed Long Term Transmission Rights.

For the avoidance of any doubt, the capacity rights are curtailed in the following order:

- a. Intraday Transmission Rights (where Intraday Rights Documents have not been published under the IFA Access Rules);
 - b. Daily Transmission Rights (where Explicit Daily Auctions have been invoked and Daily Rights Documents have not been published under the IFA Access Rules);
 - c. Long Term Transmission Rights (where Long Term Transmission Rights Documents have not been published) in the following order: from the shortest Product Period duration to the longest Product Period duration. Products with the same Product Period duration (e.g. both calendar annual and financial annual) will be curtailed in the same proportions.
3. If there is a Capacity Shortage in any Settlement Period in a given direction being recorded in the Auction Tool between Rights Documents publication and Long Term Nomination Gate-Closure, the curtailment process, in that Settlement Period and in that direction, is deferred until such Long Term Nomination Gate-Closure, following which the curtailment provisions described in paragraphs 1 and 2 shall apply.
 4. For each affected Registered Participant, the remaining aggregate Long Term Transmission Rights which have not been curtailed shall be rounded down to the nearest MW.

Section 14
Curtailment of Long Term Transmission Rights notified for Return

If there is a Capacity Shortage in any Settlement Period in a given direction leading to the potential curtailment of Long Term Transmission Rights notified for return by a Registered Participant to the Allocation Platform in accordance with Chapter 5 (*Return of Long Term Transmission Rights*) of the Allocation Rules (but not already resold), the corresponding notifications for return are cancelled in their entirety, without credit from the Allocation Platform and the corresponding Long Term Transmission Rights are retained by the Registered Participant. Those Long Term Transmission Rights are then subject to curtailment in accordance with Section 12 of this Annex.

Section 15
Compensation of curtailed Long Term Transmission Rights

Holders of curtailed Long Term Transmission Rights under Section 13 of this Annex shall be entitled to receive reimbursement equal to the price of the Long Term Transmission Rights set during the relevant Long Term Transmission Rights Allocation Process.

Section 16
Curtailment of non-nominated and nominated Physical Transmission Rights

1. If all capacity rights, in respect of which Rights Documents have not been published at the time of the curtailment incident being recorded on the Auction Tool, in that Settlement Period and in that direction, have been curtailed, and if further curtailment is required, the non-nominated and nominated Physical Transmission Rights, in that Settlement Period and in that direction, for which Nomination Gate Closure has occurred, are curtailed pro rata for all Registered Participants, in the following order:
 - i. Intraday nominated Physical Rights (where Intraday Nomination Gate Closure has occurred) in accordance with the IFA Access Rules;
 - ii. Daily nominated Physical Rights (where Explicit Daily Auctions have been invoked and Daily Nomination Gate Closure has occurred) in accordance with the IFA Access Rules;
 - iii. Long Term non-nominated Physical Rights (where Long Term Nomination Gate Closure has occurred) in accordance with this Annex;
 - iv. Long Term nominated Physical Rights (where Long Term Nomination Gate Closure has occurred) in accordance with this Annex.
2. Should an implicit Daily Auction be cancelled and the associated fallback Explicit Daily Auction also be cancelled, leading to the curtailment of all non-nominated Physical Transmission Rights, the Registered Participant will be compensated by the Allocation Platform for the corresponding curtailed Physical Transmission Rights.
3. For each affected Registered Participant, remaining aggregate Physical Transmission Rights which have not been curtailed shall be rounded down to the nearest MW.

Section 17
Monthly Compensation Cap

The total monthly amount of compensation paid by the Allocation Platform to a Registered Participant under Section 18 shall not exceed its pro rata share of the Monthly Compensation Cap calculated in accordance with this Section 17. The Monthly Compensation Cap (expressed in €) is calculated for each month as:

- i. all monthly instalments payable by all Registered Participants for the allocation of Long Term Units in accordance with these Allocation Rules;

minus
- ii. the compensation credited by the Allocation Platform for the Long Term Curtailed Units under Section 15 of this Annex (for avoidance of doubt which does not include compensation payable under Section 19);

minus
- iii. all amounts payable by the Allocation Platform in accordance with Section 5 of this Annex and Article 48 (*Remuneration of Long Term Transmission Rights holders for non-nominated Physical Transmission Rights and Financial Transmission Rights Options*) of the Allocation Rules .

If the aggregate amount of compensation payable to Long Term Transmission Rights Holders in a month under Section 19 would otherwise exceed the Monthly Compensation Cap, the amount payable to an individual Registered Participant in that month shall not exceed its pro-rata share of the Monthly Compensation Cap. For each Registered Participant, its pro-rata share of the Monthly Compensation Cap is calculated as the proportion that its compensation entitlement bears to the aggregated compensation entitlements of all Registered Participants under Section 19.

Section 18
Mid Channel Day Ahead Market Spread Cap

1. The Mid Channel Day Ahead Market Spread used for calculating, where relevant, the compensation payable to a Unit Holder is subject to a Mid Channel Day Ahead Market Spread Cap, calculated by the Allocation Platform in accordance with this Section.
2. The calculation of the Mid Channel Day Ahead Market Spread Cap is as follows:
 - i. Every month M the Allocation Platform will calculate the Mid Channel Day Ahead Market Spread Cap to apply in respect of each direction and each hour during that month M by reference to the period (the “Reference Period”) of twelve (12) consecutive months ending on the last day of the month prior to month M.
 - ii. In relation to the direction France to Great Britain, the Mid Channel Day Ahead Market Spread Cap shall be an amount (expressed in €/MWh) equal to the ninety-fifth (95th) percentile value of the positive Mid Channel Day Ahead Market Spread hourly values in the direction France to Great Britain for the Reference Period ranked in order from lowest to highest value. The positive Mid Channel Day Ahead Market Spread hourly values mean the values equal or higher than 0€/MWh.

- iii. In relation to the direction Great Britain to France, the Mid Channel Day Ahead Market Spread Cap shall be an amount (expressed in €/MWh) equal to the ninety-fifth (95th) percentile value of the positive Mid Channel Day Ahead Market Spread hourly values in the direction Great Britain to France for the Reference Period ranked in order from lowest to highest value. The positive Mid Channel Day Ahead Market Spread hourly values mean the values equal or higher than 0€/MWh.
 - iv. For the purposes of paragraphs 2(ii) and 2(iii), when the ninety-fifth (95th) percentile has no corresponding value, then the value corresponding to the closest higher percentile for which there is a corresponding value will be used.
 - v. The Mid Channel Day Ahead Market Spread Cap for a specific direction is a single value for all the hours for the month M.
3. By way of illustration only (and not to be used for the purposes of construction of these Allocation Rules), the Mid Channel Day Ahead Market Spread Cap for all hours for December 2013 and for the direction France to Great Britain might be calculated as follows:
- The Reference Period would be the months of December 2012 to November 2013 (inclusive).
 - All hourly positive Mid Channel Day Ahead Market Spread values for the direction France to Great Britain during the Reference Period will be ranked in order of value.
 - Assuming for the purposes of this example a Reference Period with eleven (11) hourly values (as set out in the table below).

Hours (time order)	1	2	3	4	5	6	7	8	9	10	11
Mid Channel Day Ahead Market Spread France to Great Britain (€/MWh)	0	1.2	-3	6.8	-5	30	25.5	60	0	50	55

Ascending Orders	1	2	3	4	5	6	7	8	9
Mid Channel Day Market Spread Cap France to Great Britain (€/MWh)	0	0	1.2	6.8	25.5	30	50	55	60

- The 95th percentile has no corresponding value (i.e. there is no rank 8.55) and the next highest percentile for which there is a corresponding value, being rank 9, is used. 60€/MWh would therefore be the Mid Channel Day Ahead Market Spread Cap for the direction France to Great Britain for all hours for December 2013.

Section 18
Compensation of curtailed Physical Transmission Rights

Holders of curtailed Long Term Physical Rights under Section 7 and Section 16 of this Annex shall be entitled to receive reimbursement for the corresponding curtailed units on the basis of the following principles:

- i. The maximum of (a) 0€/MWh and (b) the lesser of (i) the Mid Channel Day Ahead Market Spread in the direction of the curtailed Long Term Transmission Rights for the relevant hour(s) and (ii) the Mid Channel Day Ahead Market Spread Cap in the direction of the curtailed Long Term Transmission Rights for the relevant hour(s).
- ii. When the daily Offered Capacity for the Implicit Allocation is not fully allocated for a specific hour by the implicit allocation algorithm (i.e. the IFA is uncongested) in the direction of the curtailed Long Term Transmission Rights then there will be no payment from the Allocation Platform to the Long Term Transmission Rights holder for this specific hour.
- iii. Subject to the Monthly Compensation Cap as calculated under Section 18.

CHAPTER 10

Invoicing and Payment

Section 20

Invoicing and payment conditions

1. By way of amendment to Article 64(8)(a) (*Invoicing and payment conditions*) of the Allocation Rules, the Allocation Platform shall not collect the payment automatically from the dedicated Business Account of the Registered Participant.
2. By way of amendment to Article 64(8)(a) (*Invoicing and payment conditions*) of the Allocation Rules, the Allocation Platform shall at the request of the Registered Participant alternatively collect the payment automatically from any other bank account of the Registered Participant.

Section 21

Directional invoicing

1. By way of amendment of Article 64(2)-(8) (inclusive) (*Invoicing and Payment Conditions*) of the Allocation Rules, unless notified otherwise, National Grid will invoice the Registered Participant for the Long Term Transmission Rights acquired in the direction “England to France”, and RTE will invoice the Registered Participant for the Long Term Transmission Rights acquired in the direction “France to England”.
2. No later than the 11th Working Day of each month M, National Grid and RTE will send by postmail (or by any other means as indicated from time to time by the Allocation Platform) to the Registered Participant an invoice or credit note stating:
 - i. the monthly instalments payable by the Registered Participant in respect of the portion related to month M+1 of Long Term Transmission Rights, the Product Period of which is equal or greater than one month, and the allocation of which will have taken place before the 3rd Working Day of month M;
 - ii. the monthly instalments payable by the Registered Participant in respect of the portion related to month M of Long Term Transmission Rights, the Product Period of which is equal to or greater than one month, and the allocation of which will have taken place after or on the 3rd Working Day of month M-1;
 - iii. the amount payable by the Registered Participant in respect of Long Term Transmission Rights, the Product Period of which is less than one (1) month and starts in month M-1;
 - iv. the monthly instalments payable by the Allocation Platform to the Registered Participant in respect of the portion related to month M+1 of Long Term Transmission Rights reallocated in Auctions, the Product Period of which is equal or greater than one month, and the allocation of which will have taken place before the 3rd Working Day of month M;
 - v. the monthly instalments payable by the Allocation Platform to the Registered Participant in respect of the portion related to month M of Long Term Transmission

Rights reallocated in Auctions, the Product Period of which is equal to or greater than one month, and the reallocation of which will have taken place after or on the 3rd Working Day of month M-1;

- vi. the amount payable by the Allocation Platform in respect of the Long Term Transmission Rights returned for reallocation in Auctions in accordance with Chapter 5 (*Return of Long Term Transmission Rights*), the Product Period of which is less than one (1) month and starts M-1;
 - vii. the amount payable by the Allocation Platform in respect of non-nominated Long Term Transmission Rights;
 - viii. where practicable, the notification of the portion related to month M-1 of the Long Term Transmission Rights subject to transfer in accordance with Chapter 6 (*Transfer of Long Term Transmission Rights*) by or to the Registered Participant;
 - ix. any amounts payable or credits due to the Registered Participant by the Allocation Platform under Chapter 9 (*Curtailment*) as amended by this Annex;
 - x. any taxes payable by the Registered Participant or the Allocation Platform in respect of amounts in the invoice;
 - xi. the total amounts payable by the Registered Participant to the Allocation Platform under that invoice (or receivable by the Registered Participant from the Allocation Platform under that credit note); and
 - xii. any other information required to be included in the invoice under English or French law.
3. Where an invoice issued by the Allocation Platform does not contain full background data for the derivation of invoice summary amounts, then the Registered Participant may consult the Auction Tool to obtain such background data.
4. The invoice may include other items including those to be invoiced under the IFA Access Rules.