

**Ireland-United Kingdom TSOs proposal for the regional
design of long-term transmission rights in accordance with
Commission Regulation (EU) 2016/1719 on establishing a
Guideline on Forward Capacity Allocation**

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Contents

WHEREAS	3
GENERAL PROVISIONS	4
Article 1 Subject matter and scope	4
Article 2 Definitions	4
REGIONAL DESIGN OF LONG-TERM TRANSMISSION RIGHTS	5
Article 3 Bidding zone borders covered	5
Article 4 Type of long-term transmission rights	5
Article 5 Forward capacity allocation time frames	5
Article 6 Form of product	5
MISCELLANEOUS	5
Article 7 Amendment	5
Article 8 Implementation	6
Article 9 Language	6
Annex 1 Bidding zone borders	7

WHEREAS

- (1) This document is a common proposal developed by all relevant Transmission System Operators (hereafter referred to as “TSOs”) within the Ireland-United Kingdom Capacity Calculation Region (“IU CCR”) as defined in accordance with Article 15 of the Regulation (EU) 2015/1222 on Capacity Allocation and Congestion Management (the “CACM Regulation”).
- (2) This common proposal is required by Article 31 of Regulation (EU) 2016/1719 on Forward Capacity Allocation (the “FCA Regulation”) regarding the regional design of long-term transmission rights (hereafter referred to as “Product Proposal”).
- (3) In accordance with Article 31 of the FCA Regulation this Product Proposal shall contain at least the description of the following items, the type of long-term transmission rights, forward capacity allocation time frames, form of product (base load, peak load, off-peak load), the bidding zone borders covered and the implementation timeline.
- (4) Based on the provisions of Article 31 of the FCA Regulation, this Product Proposal is subject to public consultation in accordance with Article 6 of the FCA regulation. The main body and the Annex of this Product Proposal are subject to the approval of the National Regulatory Authorities (hereinafter referred to as “NRAs”) of the IU CCR.
- (5) Reduction periods of offered capacity and the rules related to this within the Harmonised Allocation Rules developed pursuant to Article 51 of the FCA Regulation shall also apply within this Product Proposal.
- (6) Article 4 (8) of the FCA Regulation, requires that the expected impact of this Product Proposal on the objectives of the FCA Regulation is described. The Product Proposal for the IU CCR contributes to and does not in any way hinder the achievement of the objectives of Article 3 of the FCA Regulation. The impact is presented below in point 7 of this “Whereas” section.
- (7) This Product Proposal identifies a clearly defined range of long-term transmission rights that can be offered in the IU CCR. Having a clearly defined list of long-term transmission rights allows market participants to have a range of options for cross-zonal hedging opportunities (objectives 3a, 3e, and 3f), of which the allocation can be optimised (objective 3b), and these options are available to any market party on a non-discriminatory basis subject to them meeting market requirements for participation (objective 3c).
- (8) Consistent with Ofgem’s decision on the assignment of Transmission System Operator obligations under the FCA Regulation¹ the relevant TSOs for the submission of this Product Proposal from a GB perspective are Moyle Interconnector Ltd and EirGrid Interconnector DAC. The Product Proposal is also submitted by EirGrid plc and SONI Ltd.
- (9) Although this Product Proposal is for the IU CCR, it has been developed in coordination with the Channel capacity calculation region TSOs as part of a joint Channel-IU working group.

¹ <https://www.ofgem.gov.uk/publications-and-updates/decision-our-consultation-assignment-transmission-system-operator-obligations-under-requirements-generators-demand-connection-high-voltage-direct-current-and-forward-capacity-allocation-regulations-within-gb>

GENERAL PROVISIONS

Article 1

Subject matter and scope

1. As required under Article 31 of the FCA Regulation, relevant TSOs in the IU CCR hereby propose a regional design of long-term transmission rights to be issued on each bidding zone border within the IU CCR.

Article 2

Definitions

1. For the purpose of this Product Proposal, the definitions in Article 2 of the FCA Regulation shall apply.
2. In addition, the following definitions shall apply:
 - a. "Annual" means forward capacity with a delivery period of twelve calendar months with delivery starting on the first day of a month and ending on the last day of the twelfth month inclusive. These can be either:
 - i. Calendar – starting on the first day of January and ending on the last day of December inclusive; and
 - ii. SEM – starting on the first day of October and ending on the last day of September inclusive.
 - b. "Seasonal" means forward capacity with a delivery period of six calendar months with delivery starting on the first day of a month and ending on the last day of the sixth month inclusive. These can be either:
 - i. Winter – starting on the first day of October and ending on the last day of March inclusive; and
 - ii. Summer – starting on the first day of April and ending on the last day of September inclusive.
 - c. "Quarterly" means forward capacity with a delivery period of three calendar months with delivery starting on the first day of a month and ending on the last day of the third month inclusive. These can be:
 - i. Quarter 1 – starting on the first day of January and ending on the last day of March inclusive;
 - ii. Quarter 2 – starting on the first day of April and ending on the last day of June inclusive;
 - iii. Quarter 3 – starting on the first day of July and ending on the last day of September inclusive; and
 - iv. Quarter 4 – starting on the first day of October and ending on the last day of December inclusive.
 - d. "Monthly" means forward capacity with a delivery period of one calendar month with delivery starting on the first day of a month and ending on the last day of that month inclusive.

REGIONAL DESIGN OF LONG-TERM TRANSMISSION RIGHTS

Article 3

Bidding zone borders covered

1. The bidding zone borders covered by this Product Proposal are those within the IU CCR.
2. Any reference to bidding zone border may refer to all interconnectors collectively or only one or a subset of interconnector(s) on this bidding zone border as specified in Annex 1 of this Product Proposal.

Article 4

Type of long-term transmission rights

1. The type of long-term transmission rights offered on the bidding zone border of the IU CCR will be Financial Transmission Rights - Options.

Article 5

Forward capacity allocation time frames

1. Relevant TSOs in the IU CCR shall offer long-term transmission rights for at least annual and monthly time frames.
2. In addition to annual and monthly time frames, each relevant TSO in the IU CCR may independently offer one or more of the additional time frames as defined in Article 2 of this Product Proposal.
3. For the avoidance of doubt, a TSO operating one or more interconnectors may offer long-term transmission rights for different time frames on each interconnector.

Article 6

Form of product

1. Relevant TSOs in the IU CCR shall offer long-term transmission rights in the form of any one or more of the following; base load, peak load or off-peak load as outlined in Annex 1 of this Product Proposal.

MISCELLANEOUS

Article 7

Amendment

1. The amendment of this Product Proposal will take place in accordance with Article 31 (7) to (10) of the FCA Regulation.
2. The amendment of this Product Proposal shall be triggered in readiness for a new Interconnector being commissioned within the IU region.
3. In addition, a relevant TSO can unilaterally trigger a review on its bidding zone border(s) if it considers that the current long-term transmission rights being offered do not support adequate cross zonal hedging opportunities.

Article 8 Implementation

1. The arrangements described in this Product Proposal, subject to its approval, shall be implemented at the same time as the go-live of the I-SEM² arrangements, which is the earliest date when market coupling on the bidding zone border between Great Britain and Single Electricity Market in Ireland and Northern Ireland will be in place.

Article 9 Language

1. The reference language for this Product Proposal shall be English. For the avoidance of doubt, where TSOs need to translate this Product Proposal 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 Product Proposal.

² I-SEM is the name given to the project to redesign the single electricity market on the island of Ireland in order to implement the European target model for electricity in accordance with EU Directive 2009/72/EC, Regulation (EC) No. 714/2009, Regulation (EC) No. 713/2009, and Commission Regulations (EU) No. 2015/1222 and (EU) No. 2016/1719.

Annex 1
Bidding zone borders

1. A list of bidding zone borders and/or their subset of interconnectors to which the Product Proposal applies.

Interconnector / Bidding zone border	Time frames on bidding zone border	Form of Product
Moyle (NI-GB)	Annual Seasonal Quarterly Monthly	Base Load
EastWest Interconnector (IE-GB)	Annual Seasonal Quarterly Monthly	Base Load