
Proposal for nomination rules for Physical Transmission Rights for the bidding zone borders of the Channel region in accordance with Article 36 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation

20 June 2017

DISCLAIMER

This document is released on behalf of the transmission system operators (“TSOs”) of the Channel region issuing physical transmission rights for the purpose of public consultation on their proposal for Nomination Rules for Physical Transmission Rights for the Bidding Zone border(s) of the Channel region in accordance with Article 36 of Commission Regulation (EU) No 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (“FCA Regulation”). This version of the Proposal is a draft proposal and does not constitute a firm, binding or definitive TSOs’ position on the content.

All Transmission System Operators of the Channel region issuing Physical Transmission Rights (hereafter referred to as TSOs), taking into account the following,

Whereas

- (1) This document is the common proposal developed by the TSOs for Nomination Rules for Physical Transmission Rights (hereafter referred to as the **Proposal**) in accordance with Article 36 of Commission Regulation (EU) 2016/1719 establishing a guideline on Forward Capacity Allocation (hereafter referred to as the **FCA Regulation**).
- (2) Article 31 of the FCA Regulation foresees that long-term cross-zonal capacity shall be allocated to market participants in the form of physical transmission rights (“**PTRs**”) pursuant to the UIOSI principle or in the form of financial transmission rights (“**FTRs**”), under the form of FTR Options or FTR Obligations. This Proposal only applies to PTRs acquired in forward capacity allocation. It establishes the rules for Nomination of PTRs for the Bidding Zone borders of the Channel region.
- (3) In accordance with Article 36(2) of the FCA Regulation, this Proposal is subject to consultation. Article 6 of the FCA Regulation requires that the parties submitting proposals at bilateral or at multilateral level shall consult at least the Member States concerned and that the consultation shall last for a period of not less than one month. Accordingly, this Proposal was consulted from [●] June 2017 until [●] July 2017.
- (4) This Proposal is submitted for the approval of all National Regulatory Authorities (hereafter referred to as the NRAs) of the Bidding Zones of the Channel region where PTRs are offered.
- (5) The TSOs consider that the FCA Regulation allows the submission of this Proposal on a Bidding Zone border level, since proposals for nomination rules for electricity exchange schedules between Bidding Zones are not listed in Article 4 of the FCA Regulation. The TSOs acknowledge that Article 36(3) of the FCA Regulation requires all Transmission System Operators to progressively harmonise the nomination rules on all Bidding Zone borders on which PTRs are applied. The TSOs therefore undertake to progressively examine the potential and the need for harmonisation of these rules, taking into account their technical nature. This Proposal therefore is the first step towards the desired harmonisation of the Nomination Rules as envisaged by Article 36(3) of the FCA Regulation.
- (6) This Proposal contributes to the achievement of the objectives of Article 3 of the FCA Regulation. In particular, this Proposal serves the aim of promoting effective long-term cross-zonal trade with long-term hedging opportunities for market participants giving a transparent framework for the Nomination Rules for PTRs.
- (7) This Proposal contributes to the provision of non-discriminatory access to long-term cross-zonal capacity by detailing the process of Nominating PTRs.
- (8) Furthermore, this Proposal ensures fair and non-discriminatory treatment of all affected parties, as it establishes rules to be applied by and to all parties.
- (9) Regarding the objective of transparency and reliability of information on forward capacity allocation, this Proposal includes provisions on the necessary exchange of information between holders of PTRs and the Nomination Platform for executing Nominations of such PTRs.
- (10) In conclusion, this Proposal contributes to the general objectives of the FCA Regulation to the benefit of all market participants and electricity end consumers.

SUBMIT THE FOLLOWING PROPOSAL TO ALL NATIONAL REGULATORY AUTHORITIES OF THE BIDDING ZONE BORDERS OF THE CHANNEL REGION WHERE PTRs ARE OFFERED:

TITLE 1

General provisions

Article 1

Subject matter and scope

1. This Proposal establishes the binding Nomination Rules on the Bidding Zone borders of the Channel region in terms of:
 - Entitlement of a PTR holder to Nominate electricity exchange schedules;
 - Minimum technical requirements to submit Nominations;
 - Description of the Nomination process;
 - Nomination timings; and
 - Format of PTR Nominations and communication.
2. This Proposal shall only apply to the Nomination of long term PTRs.
3. Forward capacity allocation on the Bidding Zone borders of the Channel region takes place through explicit allocation PTRs through Auctions in accordance with a) harmonised allocation rules for Long-Term Transmission Rights developed as per Article 51 of the FCA Regulation (hereafter **Allocation Rules**) and the associated border specific annexes; b) the proposal for design of Long Term Transmission Rights in accordance with Article 31 of the FCA Regulation (hereafter Long Term Rights Design); and c) the proposal for splitting long-term cross zonal capacity in accordance with Article 16 of the FCA Regulation.
4. In accordance with the FCA Regulation and the Allocation Rules and the Long Term Rights Design, this Proposal shall bind PTR Holders, their counterparties where applicable, and eligible parties acting on their behalf.

Article 2

Definitions and interpretation

1. Capitalised terms used in this Proposal shall have the meaning given to them in either Article 2 of Regulation (EC) 714/2009, Article 2 of Regulation (EC) 2013/543, Article 2 of Regulation (EC) 2015/1222, Article 2 of Directive 2009/72/EC, Regulation (EU) 2016/1719 or in the applicable Allocation Rules as the case may be.
2. In addition, the following definitions shall apply:

Business Rules	Those additional terms and conditions for each applicable Interconnector as set out in the Annexes to this Proposal
Contract Day	In relation to a Contract Day D, means a period of 24 hours commencing at 00:00 hours on day D.

Deemed Metered Volumes	For each Settlement Period, the Deemed Metered Volume of each PTR Holder for a direction is equal to the maximum between 0 and the net of the Long-Term and where applicable Daily and Intraday Mid-Interconnector Nominations (as amended by any Curtailment) of that PTR Holder for that Settlement Period integrated over the Settlement Period.
Energy Accounts	The declared energy volume of a balance responsible party used for the calculation of its imbalance.
Information System Rules	Rules related to the technical use of the Nomination Platform as referred to in the Nomination Participation Agreement and published on the websites of the relevant TSOs.
Mid-Interconnector Nomination	For IFA this means Mid-Channel Nomination. For BritNed this mean Mid-North Sea Nomination.
Nomination Gate	Relevant time period in which a PTR Holder is able to Nominate its Long Term PTRs, timings of which are defined within Article 6 of this Proposal.
Nomination Participation Agreement	The binding agreement, between a market participant and the relevant TSO(s) responsible for a particular Interconnector and incorporates the Nomination Rules, the Information System Rules and all other aspects of the Nomination Platform.
Nomination Platform	The relevant system used by PTR Holders to Nominate PTRs on the relevant Interconnector.
PTR Holder	A Registered Participant which has been allocated long term PTRs under the Allocation Rules
Registered Participant	A market participant which has entered into a Nomination Participation Agreement.
Settlement Period	The time unit for which a balance responsible party imbalance is calculated, in each respective imbalance area.

TITLE 2

Nomination Rules

Article 3

Entitlement of a PTR Holder to nominate electricity exchange schedules

1. In order to Nominate PTRs on one of the Interconnectors referenced in the table below, a PTR Holder must comply with the following requirements for such Interconnector:

IFA	<p>Market Participants must have a signed and completed Nomination Participation Agreement along with evidence of the following:</p> <ol style="list-style-type: none"> i. its accession to a Use of System Interconnector Agreement with National Grid Electricity Transmission Plc and the Framework Agreement established under the Connection and Use of System Code; ii. its accession to the Framework Agreement as defined in the Balancing and Settlement Code (BSC) together with full details of the Production and Consumption Interconnector BM Units registered to the Registered Participant under the BSC; iii. Entry into an Accord de Participation with RTE Réseau de Transport d'Electricité.
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BritNed	<p>Market Participants must have a signed Nomination Participation Agreement along with evidence of the following:</p> <ul style="list-style-type: none"> i. its accession to a Use of System Interconnector Agreement with National Grid Electricity Transmission Plc and the Framework Agreement established under the Connection and Use of System Code; ii. its accession to the Framework Agreement as defined in the Balancing and Settlement Code (BSC) together with full details of the Production and Consumption Interconnector BM Units registered to the Registered Participant under the BSC; iii. its entry into either a Programme Responsible Party (“PRP”) agreement with TenneT TSO B.V. or an agreement with a PRP, in either case, in respect of such Nominations; and iv. completed and returned to TenneT TSO B.V. an authorisation form for Single Sided Transactions in the Dutch market.
Nemo Link	<p>Market Participants must have a signed Nomination Participation Agreement along with evidence of the following:</p> <ul style="list-style-type: none"> i. its accession to a Use of System Interconnector Agreement with National Grid Electricity Transmission Plc and the Framework Agreement established under the Connection and Use of System Code; ii. its accession to the Framework Agreement as defined in the Balancing and Settlement Code (BSC) together with full details of the Production and Consumption Interconnector BM Units registered to the Registered Participant under the BSC; iii. A signed Access Responsible Party (ARP) contract with Elia

Article 4

Minimum technical requirements to Nominate

1. Registered Participants must comply at all times with the applicable Information System Rules as published by the TSOs on their websites.
2. The Nomination Platform is a web-based application, therefore the minimum technical requirement for a PTR Holder to Nominate is to have internet access.

Article 5

Description of the Nomination process

1. The PTR Holders are entitled to Nominate PTRs acquired pursuant to the Allocation Rules. Such Nominations shall be issued at Mid-Interconnector and on a per direction and per Market Time Unit basis. The Nominations are subject to the terms and conditions of this Proposal and as specified in the relevant Allocation Rules (including curtailment).
2. PTR Holders must comply with the Business Rules for each Interconnector and all Nominations shall be subject to such Business Rules. In the event of any conflict between the Business Rules and this Proposal then with respect to an individual Interconnector the applicable Business Rules shall prevail.
3. PTR Holder will only be entitled to Nominate long term PTRs allocated under the Allocation Rules to the extent provided for under this Proposal.

4. For each hour in a Contract Day for which a Rights Document has been issued by the Allocation Platform, each PTR Holder may Nominate the PTR to the Nomination Platform at Mid-Interconnector (as defined in the applicable Business Rules for each Interconnector) up to but not exceeding the amount set out in the Rights Document in the relevant direction in that hour ("**Mid-Interconnector Nomination**").
5. For the avoidance of doubt, the Nomination Platform will reject a Nomination in its entirety for the Contract Day where the corresponding Mid-Interconnector Nomination(s) in one or more hours exceed(s) the PTR Holder's rights set out in the applicable Rights Document(s).
6. The Mid-Interconnector Nomination for each hour in the Contract Day must be expressed in whole MW, with a single value, greater than or equal to zero, for each hour.
7. Mid-Interconnector Nominations shall not be subject to any modification by the PTR Holder after the Nomination Gate.
8. In the absence of a Nomination by a PTR Holder in a direction, the corresponding Mid-Interconnector Nominations are assumed to be equal to zero.

Article 6

Nomination timings

1. PTR Holders can submit Long-Term Mid-Interconnector Nominations of PTRs for Contract Day D, from opening of the Nomination Gate at 16h30 CET/CEST on the day D-2 until the closure of the Nomination Gate at 09:30 CET/CEST on day D-1.
2. Under exceptional circumstances Registered Participants will be informed of new timings where these situations arise at the earliest opportunity.

Article 7

Format of nomination and communication

1. Each Registered Participant must notify its Nominations electronically to the Nomination Platform. The Nomination Platform supports two ways of communication of Nominations:
 - Web form interface;
 - Web services communication.
2. Nominations shall be submitted in the formats specified by the relevant TSO(s) of each Interconnector in the Information System Rules and pursuant to any other technical recommendations provided via the Nomination Platform to the Registered Participants.
3. The Nomination Platform will acknowledge receipt of each Nomination to the relevant Registered Participant by a message indicating that the Nomination has been correctly registered.
4. Only Nominations confirmed via the Nomination Platform (or by a TSO pursuant to Article 7 paragraph 5) as correctly registered shall be valid.
5. In the event of a problem of communication between the a PTR Holder and the Nomination Platform due to a Nomination Platform failure the PTR Holder may contact the TSO(s) of the

relevant Interconnector to request, in respect of Nominations periods for which Nomination Gate closure has not occurred, the possibility to send applicable Nominations by email or fax to the single point of contact as determined by the TSO(s) of the relevant Interconnector.

TITLE 3

Miscellaneous

Article 8

Effective date and application

1. The Nomination Rules described in this document shall apply for an Interconnector at the latest from the issuance of the first Rights Documents for such Interconnector by the Single Allocation Platform (as defined under Commission Regulation (EU) 2016/1719). The date on which the Nomination Rules shall become operational for an Interconnector shall be published by the relevant TSOs for such Interconnector on their websites at least one month in advance.

Article 9

Additional Nomination Information

1. Cancellation of a Nomination Gate;
 - a. In the event of technical difficulties with the Nomination Platform, the Nomination Platform may cancel a Nomination Gate. In that case, the Nomination Platform shall inform all affected Registered Participants as soon as practicable of such cancellation and in any event before the Nomination Gate closure, and all affected PTRs shall be considered as non-Nominated and accordingly the PTR Holders shall be compensated by the relevant TSO(s) for the non-Nomination of such PTRs in accordance with Article 48 of the Allocation Rules. With respect to the relevant TSO's obligation to compensate any individual PTR Holder the relevant TSO(s) shall be deemed to have satisfied such obligation in full by procuring payment of the applicable compensation by the Single Allocation Platform to such individual PTR Holder in accordance with the provisions of the Allocation Rules.
2. Re – Nomination of existing Nominations:
 - a. In case of any redeclaration of Rights Documents during the Nomination Gate:
 - i. Where a PTR holder has issued a Nomination above its updated Rights Document, the Nomination Platform will automatically reduce the Nomination in line with the updated Rights Document and inform the PTR holder of such reduction.
 - ii. Where a PTR holder has not issued a Nomination above its updated Rights Document, then the original Nomination will be retained.
 - iii. Where a PTR holder issues a Nomination greater than the updated Rights Document then the Nomination shall be rejected.
 - b. In case of any redeclaration of Rights Documents between the Long Term Nomination Gate Closure and the day-ahead firmness deadline the nominations submitted by the PTR Holders may be curtailed in accordance with the procedure described in the Allocation Rules.
3. Default Nominations:

- a. Default Nominations can be activated by a PTR Holder for Long-Term Nominations. Where a default Nomination is activated, all Mid-Interconnector Nominations would be automatically generated at the value set out in the Rights Document for each hour of that Contract Day.
 - b. The registered default Nomination is considered as a schedule of Mid-Interconnector Nomination submitted by a PTR Holder at the opening of the Nomination Gate. This Mid-Interconnector Nomination is considered as valid once confirmed as such by the Nomination Platform or by the relevant TSO(s).
 - c. A PTR Holder may modify the Mid-Interconnector Nomination resulting from the default Nomination within the Nomination Gate in accordance with the normal Nomination process.
 - d. A PTR Holder may deactivate its default Nomination on the Nomination Platform at any time. Where such deactivation is received by the Nomination Platform after the Nomination Gate, any existing valid Mid-Interconnector Nomination resulting from a Default Nomination remains unchanged.
4. Deemed Metered Volumes:
- a. When a PTR Holder submits a valid Mid-Interconnector Nomination, then the Nomination Platform will ensure that a corresponding Deemed Metered Volume, adjusted for losses on the applicable Interconnector and for any reductions in Mid-Interconnector Nominations as a result of curtailment pursuant to the Allocation Rules, is allocated to the relevant PTR Holder using the allocation rules set out for each Interconnector in the applicable Business Rules.

Article 10

Amendment of the nomination rules

1. Any amendment to the present proposal shall be in accordance with Article 4 of the FCA regulation.

Article 11

Language

1. The reference language for this Proposal shall be English. For the avoidance of doubt, where TSOs need to translate this 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 NRAs with an updated translation of the Proposal.

Annex 1

Business Rules for IFA Interconnector

1. Introduction

When a holder of PTRs submits a valid Mid-Interconnector Nomination, then the Nomination Platform will ensure that a corresponding Deemed Metered Volume, adjusted for losses on the Interconnector and for any reductions in Mid-Interconnector Nominations as a result of curtailment, is allocated to the relevant holder of PTRs using the Deemed Metered Volume allocation rules set out in this annex.

2. Losses

The physical flow on the Interconnector is subject to losses. The Nomination Platform will apply a Loss Factor ("LF") to calculate each PTR Holder's share of the losses in accordance with paragraph 3 of this Annex. The Loss Factor is symmetrical between Mid-Interconnector and either end of the Interconnector (Sellindge and Les Mandarins).

The Loss Factor to be applied is published on the relevant TSO(s) websites. If there is a requirement to change the Loss Factor at any time, then Registered Participants shall be notified at least five (5) working days before the change is to take effect.

3. Adjustment for losses

For the purposes of the Balancing and Settlement Code, the Nomination Platform will send to the Settlement Administration Agent (as defined in that Code) a program called BM Unit Metered Volume expressed in kWh at Sellindge in half-hourly points and calculated by this formula:

a. for a BM Unit in the direction from France to England:
 $BMUMV = (1-LF) * DMV$; and

b. for a BM Unit in the direction from England to France:

$BMUMV = (1+LF) * DMV$.

For the purpose of the RTE Settlement Arrangements and for an export from France to England, the Nomination Platform will send to RTE (in its capacity as Transmission System

Operator) a program called "Programme d'Export à Mandarins" expressed in kWh at Les Mandarins in half-hourly points and calculated by this formula:

$PEM = (1+LF) * DMV$

For the purpose of the RTE Settlement Arrangements and for an import from England to France, the Nomination Platform will send to RTE a program called “Programme d'Import à Mandarins” expressed in kWh at Les Mandarins in half-hourly points and calculated by this formula:

$$PIM = (1-LF)*DMV.$$

In the above paragraphs, “DMV” means the Deemed Metered Volume calculated for that Registered Participant for that Settlement Period.

Annex 2

Business Rules for Britned Interconnector

1. Introduction

When a holder of PTRs submits a valid Mid-Interconnector Nomination, then the Nomination Platform will ensure that a corresponding Deemed Metered Volume, adjusted for losses on the Interconnector and for any reductions in Mid-Interconnector Nominations as a result of curtailment, is allocated to the relevant holder of PTRs using the Deemed Metered Volume allocation rules set out in this annex.

2. Losses

The physical flow on the Interconnector is subject to losses. The Nomination Platform will apply a Loss Factor ("LF") to calculate each Registered Participant's share of the losses in accordance with paragraph 3 of this annex. The Loss Factor is symmetrical between Mid North Sea and either end of the Interconnector (Isle of Grain and Maasvlakte).

The Loss Factor to be applied by the Nomination Platform is published on the Relevant TSO(s) website. If there is a requirement to change the Loss Factor at any time, then the Registered Participants shall be notified and such notification to be made at least five (5) Business Days before the change takes effect.

3. Adjustment for losses

For the purpose of the Balancing and Settlement Code, the Allocation Platform will send to the SAA (as defined in that Code) a program called BM Unit Metered Volume (BMUMV) expressed in MWh at Grain in half-hourly volumes and calculated by this formula:

- a. for a BM Unit in the direction from The Netherlands to GB:

$$\text{BMUMV} = (1 - (\text{LF}/2)) * \text{DMV}; \text{ and}$$

- b. for a BM Unit in the direction from GB to The Netherlands:

$$\text{BMUMV} = (1 + (\text{LF}/2)) * \text{DMV}.$$

For the purpose of the TenneT TSO B.V. settlement arrangements and for an export from The Netherlands to GB, BritNed will send to TenneT TSO B.V. (in its capacity as Transmission System Operator) a program called "Export Transaction at Maasvlakte" as part of the NL Energy Programme expressed in kWh at Maasvlakte in quarter hour volumes and calculated by this formula:

$$ETM = 1 + (LF/2) * DMV$$

4. ~~Notwithstanding the above, the Allocation Platform will freeze the transaction for an export from GB to The Netherlands, if the capacity of the interconnector is reached.~~

For the purpose of the TenneT TSO B.V. settlement arrangements and for an import from GB to The Netherlands, the Allocation Platform will send to TenneT TSO B.V. a program called “Import Transaction at Maasvlakte” as part of the NL Energy Programme expressed in MWh at Maasvlakte in quarter hour volumes and calculated by this formula:

$$ITM = (1 - (LF/2)) * DMV.$$

In the above paragraphs, “DMV” means the Deemed Metered Volume calculated for that Registered Participant for that Settlement Period.

Annex 3

Business Rules for Nemo Link Interconnector

1. Introduction

When a PTR Holder submits a valid Mid-Interconnector Nomination, then the Nomination Platform will ensure that a corresponding Deemed Metered Volume, adjusted for losses on the Interconnector and for any reductions in Mid-Interconnector Nominations as a result of curtailment, is allocated to the relevant holder of PTRs using the Deemed Metered Volume allocation rules set out in this annex.

2. Losses

The Deemed Metered Volume will be adjusted for losses according to paragraph 3 below.

The Loss Factor to be applied is referred to in the Border Specific Annex for the Nemo Link Interconnector of the Allocation Rules. If there is a requirement to change the Loss Factor at any time, then Registered Participants shall be notified at least five (5) Business Days before the change is to take effect.

3. Adjustment for losses

In the following formulas “DMV” means the Deemed Metered Volume calculated for that Registered Participant for that Settlement Period and “LF” represent the Loss Factor.

For the purpose of the Balancing and Settlement Code, the Nomination Platform will send to the Settlement Administration Agent (SAA) (as defined in the Balancing and Settlement Code) a program called BM Unit Metered Volume (BMUMV) expressed in kWh at Richborough in half-hourly points and calculated by this formula:

- a. for a BM Unit in the direction from Belgium to England:

$$\text{BMUMV} = (1 - \text{LF}) * \text{DMV}; \text{ and}$$

- b. for a BM Unit in the direction from England to Belgium:

$$\text{BMUMV} = (1 + \text{LF}) * \text{DMV}.$$

For the purpose of the Elia imbalance settlement arrangements and for an export from Belgium to England, the Nomination Platform will send to Elia a notification of the energy to be allocated to the Energy Accounts of the PTR Holders in the form of a program expressed in MW at Zeebrugge with a Hourly or Quarter-Hourly time resolution and calculated by this formula:

$$\text{Export BE to GB} = (1 + \text{LF}) * \text{DMV}$$

For the purpose of the Elia imbalance settlement arrangements and for an import from England to Belgium, the Nomination Platform will send to Elia a notification of the energy to be allocated to the Energy Accounts of the PTR Holders in the form of a program expressed in MW at Zeebrugge with a Hourly or Quarter-Hourly time resolution and calculated by this formula:

Import GB to BE = $(1-LF)*DMV$.

This notification will be sent to Elia after the Nomination Gate Closure and will be updated and resent to Elia with a new version of the file in case of nomination curtailments. Elia will adjust the Energy Accounts (this is the BRP perimeters) of the Registered Participants in the Elia Local Hub in accordance with aforementioned notification received from the Nomination Platform.