

All interested parties,
Stakeholders in Northern Ireland and beyond,
and other regulatory bodies

Ref: WM-018-11-624

Date: 13 December 2018

To whom it may concern

Request for Amendment to the all TSOs' proposal for a Congestion Income Distribution Methodology

On 6 June 2018, the Utility Regulator received the all TSOs' proposal for a Congestion Income Distribution Methodology (CIDM) in accordance with Article 57(1) of the Commission Regulation (EU) 2016/1719 of 26 September 2016, establishing a guideline on Forward Capacity Allocation ("Regulation 2016/1719").

This letter sets out the Utility Regulator's decision to request amendment to this proposal pursuant to Article 4(11) of Regulation 2016/1719 and outlines the necessary steps that must be taken.

Background

The proposal for a Congestion Income Distribution Methodology covers the distribution of congestion income from Forward Capacity Allocation for all existing and future Bidding Zone borders and interconnectors within and between Member States, to which the CACM and FCA Regulations apply and where congestion income from Forward Capacity Allocation is collected. It also covers interconnectors which are owned by TSOs or other legal entities.

Where congestion income derives from transmission assets owned by legal entities other than TSOs, the TSOs operating these assets shall conclude the necessary arrangements, compliant with the CIDM, with the relevant transmission asset owners to remunerate them for the congestion income from Forward Capacity Allocation corresponding to the transmission assets they operate on their behalf.

Article 4(9) of Regulation 2016/1719 requires the competent regulatory authorities to consult and closely cooperate and coordinate with each other in order to reach an agreement, and subsequently take national decisions within six months following receipt of the proposal by the last concerned regulatory authority. In this case, a national request for amendment, based on the agreement reached between the concerned regulatory authorities, is formally required by each regulatory authority by the 4 January 2019.

Decision

The Utility Regulator has reviewed the proposal in line with the requirements of the FCA Regulation, the wider objectives of Regulation (EC) 714/2009 and the Utility Regulator's principle objectives and duties.

As required by Article 4(9) of Regulation 2016/1719, the Utility Regulator has closely cooperated with all Regulatory Authorities to reach an agreement on the proposal.

The all Regulatory Authorities' agreement reached on 29 November 2018, attached as an annex to this decision letter, constitutes the reasons for the UR's decision and, in line with this agreement, the UR hereby requests amendment to the Congestion Income Distribution Methodology.

Next Steps

In accordance with Article 4(11) of Regulation 2016/1719, the TSOs must make the amendments necessary to address the points set out in the all Regulatory Authorities' agreement with the amended proposal being re-submitted to the UR and the Agency within two months of this decision.

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