

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

Ref: WM-018-11-455

Date: 26 October 2017

To whom it may concern

**Approval of the Single Allocation Platform (SAP) methodology and the SAP cost sharing methodology**

In accordance with Article 49 and Article 59 of EU Commission Regulation 2016/1719, establishing a guideline on Forward Capacity Allocation (FCA), the Utility Regulator (UR) received, on 13 April 2017, the all TSO proposal for the Single Allocation Platform (SAP) methodology and the SAP cost sharing methodology.

**Background**

The proposals for the SAP methodology and the SAP cost-sharing methodology are pan-EU proposals developed by all EU TSOs.

The SAP methodology sets out the functional requirements necessary for market participants to join the SAP and explains the operational processes by which it functions. The submission includes details on the governance and technical functionalities as well as the tasks of the platform. It also proposes that the company known as the Joint Allocation Office (JAO) operates the SAP. JAO is a joint service company owned and operated by TSOs which already performs yearly, monthly and daily auctions of transmission rights on 27 borders in Europe as well as acting as a fallback for market coupling.

Article 59 of the FCA Regulation sets out that all TSOs issuing long-term transmission rights on the SAP shall jointly bear the costs through the use of a sharing methodology which shall be reasonable, efficient and proportionate. Costs shall be shared using different combinations of two cost-sharing keys: i) the “per allocation border” cost sharing key and ii) the “per TSO” cost sharing key. These keys will be applied to the different SAP tasks and aim to ensure a fair distribution of costs where TSOs with more borders are required to pay a proportionately higher share of the common costs.

## Decision

The UR has reviewed these proposals in line with the requirements of the FCA, the wider objectives of the Regulation (EC) 714/2009 and the UR's statutory duties and obligations. Through close cooperation and coordination with the relevant Regulatory Authorities, agreement was reached on 18 September 2017. The Regulatory Authorities' approval, accompanying this decision letter and published on the UR website, constitutes the reasons for the UR decision.


In line with the Regulatory Authorities' agreement, this letter approves the Single Allocation Platform (SAP) methodology and the SAP cost sharing methodology.

## Next Steps

In accordance with this decision, Mutual Energy will be required to publish the Single Allocation Platform (SAP) methodology and the SAP cost-sharing methodology on the internet as per Article 4(13) of FCA and must meet the implementation deadline required by Article 4 of the all TSOs' proposal for the establishment of a Single Allocation Platform (SAP) and for the cost sharing methodology.

If you have any queries regarding the information contained within this letter please contact [JeanPierre.Miura@ureqni.gov.uk](mailto:JeanPierre.Miura@ureqni.gov.uk).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jo Aston', written in a cursive style.

Jo Aston  
Director of Wholesale Energy Regulation

cc: Jean Pierre Miura