

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

Ref: WM-018-11-694

Date: 3 June 2019

To whom it may concern

Approval of the amended all TSOs' proposal for a Congestion Income Distribution Methodology

On 14 March 2019, the Utility Regulator (UR) received an amended all TSOs' proposal for the Congestion Income Distribution Methodology (the "CID-FCA Methodology"), in accordance with Article 4(11) and Article 57(1) of Commission Regulation (EU) 2016/1719 of 26 September 2016, establishing a guideline on Forward Capacity Allocation (the "FCA Regulation").

This letter sets out the UR's decision to approve the CID-FCA Methodology pursuant to Article 4(9) and Article 4(11) of the FCA Regulation and outlines the necessary steps that must be taken.

Background

On 6 June 2018, the UR received the all TSOs' proposal for the CID-FCA Methodology in accordance with Article 57(1) of the FCA Regulation. The proposal for a Congestion Income Distribution Methodology takes into account the methodology for sharing congestion income

developed in accordance with Article 73 of the guideline on Capacity Allocation and Congestion Management (the “CACM Regulation”).

In the context of the FCA Regulation, congestion income is accrued from each auction of long-term transmission rights on a bidding zone border where, after collection by the Single Allocation Platform (based on rules described in the CID-FCA Methodology), the congestion income is assigned to each Bidding Zone border and then distributed to the TSOs on each side of the border.

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 CID-FCA Methodology, 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.

The original proposal was reviewed by the Regulatory Authorities and an agreement reached at the Energy Regulators’ Forum on 29 November 2018. This agreement requested amendment of the proposal with the amended methodology being submitted to the UR for approval on the 14 March 2019.

The UR has reviewed the proposal in line with the requirements of the FCA Regulation, the wider objectives of Regulation (EC) 714/2009 and UR’s statutory duties and obligations. Through close cooperation and coordination with the relevant Regulatory Authorities, an agreement was reached on 22 May 2019. The relevant Regulatory Authorities’ agreement, accompanying this letter and published on the UR website, constitutes the reason for the UR decision.

In line with the relevant Regulatory Authorities’ agreement and in line with Article 4 of the FCA Regulation, this letter approves the amended all TSOs’ proposal for a Congestion Income Distribution Methodology.

Next Steps

In accordance with this decision, TSOs will be required to publish the Congestion Income Distribution Methodology on the internet as per Article 4(13) of the FCA Regulation and must meet the implementation deadline required by Article 5 of the proposal.

If you have any queries regarding the information contained within this letter please contact JeanPierre.Miura@uregni.gov.uk.

Yours sincerely



Colin Broomfield
Director of Wholesale Energy Regulation

cc: Jean Pierre Miura