

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

Ref: WM-018-11-559

Date: 23 July 2018

To whom it may concern

Approval of the Ireland – United Kingdom TSOs’ proposal for the Coordinated Net Transmission Capacity Methodology

On 23 May 2018, the Utility Regulator (UR) received a proposal from the Ireland – United Kingdom (IU) Transmission System Operators (TSOs) for the application of the coordinated net transmission capacity methodology (referred to as the “CNTC methodology”) within the IU region for the day-ahead and intraday market timeframe in accordance with Article 20(7) of Commission Regulation (EU) 2015/1222 establishing a guideline on Capacity Allocation and Congestion Management (the CACM Regulation).¹

This letter sets out the UR’s decision to approve the CNTC methodology under Article 9 of the CACM Regulation and outlines the necessary steps that must be taken.

Background

The CNTC approach is one of two approaches that can be used to calculate cross-zonal capacity for the day-ahead and intraday markets, with the alternative being the flow-based approach.

¹ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R1222&from=EN>

According to Article 20(7) of the CACM Regulation, TSOs may jointly request the competent Regulatory Authorities to apply the CNTC approach if the TSOs concerned are able to demonstrate that the application of the capacity calculation methodology using the flow-based approach would not yet be more efficient compared to the CNTC and assuming the same level of operational security in the concerned region.

The CNTC methodology proposal submitted to the UR on the 23 May 2018 contains the reasons by which TSOs seek to demonstrate that the application of the capacity calculation methodology using the flow-based approach would not yet be more efficient compared to the coordinated net transmission capacity (CNTC) approach and assuming the same level of operational security in the concerned region, as required by Article 20(7).

Decision

The UR have reviewed the submitted proposal in line with the requirements of the CACM Regulation, the wider objectives of the Regulation (EC) No 714/2009 and our statutory duties and obligations.

As required by Article 9(10) of the CACM Regulation, we have closely cooperated and coordinated with other Regulatory Authorities in order to reach agreement on this amended proposal. The IU Regulatory Authorities' agreement for the CNTC methodology was reached on 23 July 2018 and constitutes the reasons for the UR's decision. It is attached as an annex to this decision letter.

In line with the IU Regulatory Authorities' agreement, the UR hereby approves the Ireland – United Kingdom TSOs' proposal for the application of the Coordinated Net Transmission Capacity (CNTC) approach to capacity calculations.

Next Steps

In accordance with the above decision, the relevant TSOs must publish the approved methodology on the internet in line with Article 9(14) of the CACM Regulation and must meet the implementation deadlines set out in the methodology.

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

Yours sincerely



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cc: Jean Pierre Miura