

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

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Date: 5 August 2019

To whom it may concern

Approval of the Ireland-UK TSOs' Proposal for a Methodology for Splitting Long-Term Cross-Zonal Capacity

On 23 January 2019, the Utility Regulator (UR) received the Ireland-UK (IU) TSOs' proposal for a methodology for splitting long-term cross-zonal capacity (the "Splitting Rules Methodology"), in accordance with Article 16 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 this proposal pursuant to Article 4(9) of the FCA Regulation and outlines the necessary steps that must be taken.

Background

The Splitting Rules Methodology proposes a coordinated approach for splitting long-term cross-zonal capacity between different long-term timeframes within the IU Capacity Calculation Region. The proposal must meet the hedging needs of market participants, be coherent with the long-term capacity calculation methodology and must not lead to restrictions in competition, in particular for the access to long-term transmission rights.

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 July 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 IU TSOs' proposal for a methodology for splitting long-term cross-zonal capacity.

Next Steps

In accordance with this decision, TSOs will be required to publish the Splitting Rules Methodology on the internet as per Article 4(13) of the FCA Regulation.

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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