

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

Ref: WM-018-11-704

Date: 5 August 2019

To whom it may concern

Request for Amendment to the Ireland-UK TSOs' proposal for a Common Capacity Calculation Methodology

On 23 January 2019, the Utility Regulator (UR) received the Ireland-UK (IU) TSOs' proposal for a common capacity calculation methodology (the "IU CC Methodology"), in accordance with Article 10 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 request an amendment to this proposal pursuant to Article 4(11) of the FCA Regulation and outlines the necessary steps that must be taken.

Background

The IU CC Methodology proposes a common and coordinated approach within the Ireland-United Kingdom Capacity Calculation Region to promote the effective and optimal calculation of long-term cross-zonal capacity. As per the IU Day-Ahead and Intraday Capacity Calculation Methodology which was approved on the 23 July 2018 pursuant to Commission Regulation (EU) 2015/1222, the IU CC Methodology uses the coordinated net transmission capacity approach to calculate cross-zonal capacity. The IU CC Methodology aims to promote effective long-term cross-zonal trade and to provide long-term cross-zonal hedging opportunities for market participants.

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.

Decision

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 Regulatory Authorities' agreement, the UR hereby requests an amendment to the Long-Term Capacity Calculation 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 IU Regulatory Authorities' agreement with the amended proposal being re-submitted 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



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cc: Jean Pierre Miura