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Consultation on proposed changes to the IFA Access Rules

Dear Industry Colleague and Market Party,

By way of background, the England–France electricity interconnector (IFA) is a 2000MW DC link connecting the transmission systems of England & Wales and France. The link is jointly owned and operated by National Grid Interconnectors Limited (NGIC) and Réseau de Transport d'Electricité (RTE).

NGIC and RTE have conducted a review of the current IFA Access Rules v8.0, and appended to this letter is a proposed revised set of rules (Consultation Draft v9.0 referred to hereafter as "Consultation Draft") and other related documentation. It is envisaged that the revised Rules will become effective during November 2013, subject to the necessary approvals being obtained, and also subject to the regional North West Europe (NWE) Price Coupling project programme to which the amendments relate, as described further below. The change of rules process to be followed will be in accordance with the Amendment provisions within Rule A4, and in accordance with NGIC's and RTE's respective regulatory obligations. If the proposals are approved, IFA Access Rules v9.0 will supersede the current v8.0.

The primary reason for the changes within Consultation Draft is for the introduction of Implicit Daily Auctions on IFA. Under these arrangements, IFA day ahead capacity allocation in normal circumstances will cease to be conducted via Explicit Daily Auctions, and will be administered by the Price Coupling algorithm within the overall NWE Price Coupling solution. Explicit Daily Auctions will be used as the IFA fallback process should Implicit Daily Auctions mechanism be operationally unavailable.

In addition to the proposals within the Consultation Draft which are associated with the introduction of Implicit Daily Auctions, there are change proposals to other aspects of the IFA business process such as firmness of explicit capacity and curtailment provisions, as described further in the related documentation.

This IFA Access Rules consultation contains a suite of documents, as follows, and it is strongly recommended that the overview document as referred in item 2) below is addressed first:

- 1) This covering letter,
- 2) An overview document "*IFA Interconnector within the NWE Price Coupling Solution*",
- 3) IFA Access Rules Consultation Draft,
- 4) "*IFA Firmness and Curtailment process development*", containing additional IFA Access Rules change proposals,
- 5) "*Proposal for activation of IFA cable losses in the Euphemia Algorithm within the NWE Price Coupling solution*" and the associated document "*Introduction of loss factors on interconnector capacities in NWE Market Coupling*", explaining in particular how IFA interconnector losses are proposed to be considered in the context of the Price Coupling algorithm,
- 6) Documentation from the NWE Price Coupling project.

This suite of consultation documents can be obtained on NGIC's and RTE's websites and on the FUI Portal, as follows:

www.nationalgrid.com/uk/Interconnectors/France/consultations/
http://clients.rte-france.com/index_en.jsp (Traders Supplier/To Contract Interconnection Access/ France-England)
<http://www.fui-portal.eu/>

NGIC and RTE would like to invite feedback from Market Participants on the above consultation documents. Some of the documents contain specific questions, all of which are included in the Overview Document.

The latest date for responses to this consultation will be Wednesday 5th June 2013, using the following link for addressing the specific questions:

<https://www.surveymonkey.com/s/IFAMarketConsultation>

More general responses may also be sent by E-mail to ifa@nationalgrid.com.

When responding please state your contact details and whether you are responding as an individual company or representing the views of an association.

In addition, when responding with specific comments and/or proposed alternative rules wording, please indicate clearly the rule number to which your comments relate.

NGIC and RTE will prepare a summary of the responses and publish this on their respective websites. Respondents may state whether or not they wish their comments to be attributed to their organisation in this public report. A revised (as necessary) version of the Rules will be submitted to the relevant National Regulatory Authorities for approval.

Yours faithfully,

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