

Richard Sidley
Chief Operating Officer
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Date: 27 July 2023

Email: mo.rahee@ofgem.gov.uk

Dear Richard,

Approval of ElecLink's modified Access Rules pursuant to Standard Licence Condition 11A of the Electricity Interconnector Licence

On 28 April 2023, ElecLink Limited (ElecLink)¹ submitted modifications to its Access Rules to the Authority² for approval. Following discussions with Ofgem after issues were identified with the original submission in respect of wording concerning economic sanctions, ElecLink then resubmitted its Access Rules to the Authority on the 18 July 2023 for approval.³

The modified Access Rules were submitted pursuant to Standard Licence Condition (SLC) 11A of the Electricity Interconnector Licence (the Licence)⁴ which requires ElecLink to maintain the Access Rules, that set out the terms and conditions for access to, and including use of, the interconnector.

We have decided to approve the modified Access Rules on the basis that we are satisfied the proposed modifications achieve the relevant Access Rules objectives as required under the Licence⁵. This letter contains the relevant Direction, attached as Annex 1, that approves the

¹ ElecLink interconnector is a 1000MW high voltage direct current (HVDC) link, connecting the transmission systems of Great Britain (GB) and France.

² The Gas and Electricity Markets Authority. Ofgem is the Office of the Authority. The terms "Ofgem" and "the Authority," "we" and "us" are used interchangeably in this letter.

³ For the avoidance of doubt, this restarted the 3-month review period for Ofgem to consider this matter under Standard Licence Condition (SLC) 11A of the Electricity Interconnector Licence.

⁴ The electricity interconnector licence standard conditions can be found here:

[https://epr.ofgem.gov.uk//Content/Documents/Electricity Interconnector Standard%20Licence%20Conditions%20Consolidated%20-%20Current%20Version.pdf](https://epr.ofgem.gov.uk//Content/Documents/Electricity%20Interconnector%20Standard%20Licence%20Conditions%20Consolidated%20-%20Current%20Version.pdf).

⁵ The relevant Access Rules objectives are set out in SLC 11A and state that the Access Rules be transparent, objective, non-discriminatory and compliant with the Regulation (as amended following UK exit from the EU, as detailed below) and any relevant legally binding decision of the European Commission and/or the Agency.

modified Access Rules respectively. It also explains the reasons for our approval as required under section 49A of the Electricity Act 1989.

The proposed modifications to the ElecLink Access Rules

The modified Access Rules look to further build upon the ElecLink Access Rules approved by Ofgem on 27 August 2019⁶ by introducing the following amendments:

1. Day-Ahead firmness deadline

1.1 ElecLink proposes to bring forward the day-ahead firmness deadline to 09:00 D-1 instead of 09:30 D-1.

1.2 This would result in capacity being firm earlier for market participants using ElecLink interconnector services.

2. Day-Ahead Auction Timing

2.1 ElecLink proposes to amend the timing of the day-ahead auction so that it runs from 09:28 to 09:50 D-1, rather than 09:40-10:00 D-1 as it currently does under ElecLink's existing Access Rules.

2.2 This follows the operational requirements set out by Joint Allocation Office's (JAO) auction provider⁷ which required the day-ahead auction opening time to be moved from 09:30⁸ to 09:28.

3. Long-Term Nomination Gate

3.1 ElecLink proposes to amend the opening of the long-term nomination gate to 13:15 D-2, rather than 16:30 D-2 in ElecLink's existing Access Rules. In accordance with the current ElecLink Access Rules, ElecLink previously modified the closing time of the long-term Nomination Gate such that it closes at 09:00 D-1.

3.2 The long-term nomination gate therefore would run from 13:15 D-2 to 09:00 D-1.

4. Intraday Auction and Nomination Gate Timings

4.1 ElecLink proposes to amend the intraday auction 1 (delivery period 00:00 – 14:00) to open from 19:30 D-1 until 20:00 D-1, rather than 15:40 to 16:10 D-1 as specified in ElecLink's existing Access Rules.

4.2 ElecLink proposes to amend intraday nomination gate 1.1 (delivery period 00:00 – 14:00) opening to move to 20:30 D-1 instead of the opening time of 17:00 in the existing Access

⁶ The decision letter on the ElecLink Access Rules approved by Ofgem on 27 August 2019 can be accessed here: [Approval of the Access Rules and Charging Methodology submitted by ElecLink pursuant to Standard License \(SLC\) 11A and 10 of the electricity interconnector license | Ofgem](#)

⁷ JAO means the Joint Allocation Office www.jao.eu and performs long and short-term auctions of transmission capacity for ElecLink.

⁸ ElecLink originally consulted on the 09:30 auction timing. Following the operational requirements set out by JAO this was changed to 09:28 as part of the submission to Ofgem.

Rules. This is a move to accommodate the later timing of intraday auction 1. Thereby, it would be open from 20:30 D-1 to 21:00 D-1.

5. Cancellation of Nomination Gates

5.1 ElecLink proposes to amend the wording that deals with nomination gate cancellations in the nomination rules by deleting certain limiting text. This move would bring ElecLink in line with other GB – France interconnectors.

5.2 By widening the circumstances in which intraday nomination cancellations can arise, this change would allow ElecLink to cancel an intraday nomination gate in the event of an unplanned outage. It therefore prevents imbalances being created that would otherwise have to be managed by the system operators on each side of the interconnector.

6. Return of Long-Term Transmission Rights (LTTRs) in months with planned maintenance periods

6.1 ElecLink proposes to allow market participants to return capacity purchased from a long-term auction into another subsequent long-term auction, where the delivery period contains a maintenance period for the interconnector.

6.2 This follows the introduction of a new functionality in JAO's auction system which allows this to take place.

7. Updated sanctions wording, housekeeping changes in light of the revised HAR, and JAO input

7.1 Ofgem noted that ElecLink had consulted upon certain wording with respect to sanctions that Ofgem determined as subjective in nature.⁹ ElecLink resubmitted its access rules on 18 July 2023 to remove the subjective wording. The practical impact of that re-submission compared to the consulted upon version was as follows in respect of the relevant provisions¹⁰ (additions in bold, as consulted upon; deletions in strikethrough text, which denotes changes made in the submission of 18 July 2023):

“Once the Registered Participant has fulfilled or remedied the suspension event as notified to it in the notice sent by the Allocation Platform, **or if sanctions against the Registered Participant have been lifted**, ~~to the Allocation Platform's satisfaction~~”

7.2 ElecLink also proposed to make certain changes to the Access Rules to ensure alignment with the Harmonised Allocation Rules (HAR) following amendments made in 2021¹¹.

⁹ See ID (Article 51), DA (Article 57) and LT (Article 72) Allocation Rules “4. Once the Registered Participant has fulfilled or remedied the suspension event as notified to it in the notice sent by the Allocation Platform, or if sanctions against the Registered Participant have been lifted to the Allocation Platform's satisfaction, the Allocation Platform shall reinstate as soon as reasonably practicable the Registered Participant's rights ...”

¹⁰ See Article 51, Intraday Allocation Rules; Article 57, Day-Ahead Allocation Rules; Article 71 Long-Term Allocation Rules.

¹¹ The latest Harmonised Allocation Rules can be found here: <https://eepublicdownloads.entsoe.eu/clean-documents/nc-tasks/HAR%20ACERs%20decision%20final%20approval%202021%20-%20Annex%201.pdf>

7.3 This includes clarification that the Allocation Platform may suspend the participation agreement for intraday, day-ahead and long-term auctions if the registered participant is under economic and/or trade sanctions.

7.4 In addition, JAO raised four minor additional technical modifications to be included in the updated Access Rules following the consultation process. These were:

- a) Update to Article 34 of the intraday Rules, such that the contestation period for intraday auction 1 would be at 10:00-11:00 on contract day +1, to ensure that it takes place within JAO's working hours;
- b) Updating a reference in Article 33(2) of the long-term rules to refer to bid price, rather than bid value as was previously proposed;
- c) Removing superfluous drafting in Article 37(2) of the long-term rules, relating to the return of long-term transmission rights; and
- d) Removing superfluous drafting from Article 51(5) of the intraday rules and 57(5) of the day-ahead rules.

Consultation responses

In accordance with the applicable legal and regulatory framework, ElecLink ran a public consultation on the Access Rules from 16 December 2022 to 20 January 2023¹². There were six responses in relation to the Access Rules consultation. As noted elsewhere in this decision, ElecLink also received input from JAO in addition to the consultation responses.

1. Day-Ahead firmness deadline

1.1 There were no objections to this proposal from the respondents.

2. Day-Ahead Auction Timing

2.1 Three out of six respondents disagreed with ElecLink's proposed changes on day-ahead auction timing, based on the consulted time of 09:30, citing the potential market effect and potential practical difficulties relating to their internal commercial processes. The remaining respondents did not provide a specific comment or object to the proposed change.

2.2 One respondent mentioned that the 09:30–09:50 D-1 split is already in conflict with other capacity bidding such as the "Swiss borders". The respondent stated that it would prefer ElecLink to keep its existing day-ahead auction timing, or alternatively suggested the day-ahead auction timing 09:30-10:00 D-1 to allow an additional 10 minutes for bidding.

2.3 Another respondent specified a preference for all GB–FR day-ahead auctions to take place at the same time to allow market participants to bid for the capacity at the same time. The respondent believed that having them at different times would increase the market

¹² The Access Rules consultation can be found here: [ElecLink - Open season - Public consultation](#)

participant's time spent on auction, decrease their ability to follow the over-the-counter market and effectively manage hedging any capacity where applicable.

2.4 A further respondent mentioned that having aligned day-ahead auction timings on the GB–FR border would maintain a fair and efficient market. They also believed that such a change to the timing will have an adverse effect by shifting participant traded volumes to the later FR-GB auctions.

2.5 In response ElecLink mentioned that the driver of the proposed move to an earlier day-ahead auction time is an effort to most effectively meet market demand, in the mutual interest of ElecLink, its customers and the market more broadly. Notably, ElecLink say that it's driven in part by customer feedback received prior to the consultation and their view remains that a slightly earlier day-ahead auction time would more effectively meet market demand.

2.6 ElecLink also say that this change supports the principles underpinning a fair and orderly market and a fair and orderly price formation process. Therefore, ElecLink have no reason to consider that such a change would in any way undermine this process.

2.7 Eleclink also noted that they received a range of market views in relation to this proposed change and highlighted that it would be disproportionate for ElecLink to decide against this change because of potential, internal practical difficulties raised by a small number of customers.

2.8 As a general comment, another respondent mentioned that a change in auction timings may reduce opportunities to change the flow of the interconnector and could potentially impact trading on the GB–FR border. ElecLink stated that it sought further information on this comment from the respondent, however, received no further feedback. Therefore, there were no substantive comments to take into account on this point.

3. Long-Term Nomination Gate

3.1 One respondent suggested that changes to nomination gates may reduce opportunities to change the flow of the interconnector and could potentially impact trading on the GB–FR border.

3.2 ElecLink stated that it sought further information on this comment from the respondent, however, it received no further feedback. Therefore, there were no substantive comments to take into account.

3.3 Of the remaining responses, one respondent expressly agreed with the proposed change and the others did not comment on the proposed change.

4. Intraday Auction and Nomination Gate Timings

4.1 Two respondents requested an increased number of intraday auctions and nomination gates, but did not respond directly to specific proposals in the consultation.

4.2 One respondent mentioned that extending the 1st intraday nomination gate, would be a positive move for capacity holders to more effectively use their capacity rights. And also be of benefit for the system operator to be able to use the overnight capacities in balancing the UK. The same respondent expressed concern that a later intraday auction 1 would overlap with the equivalent IFA/IFA2 and BritNed interconnector auctions, therefore there would be too many auctions running at the same time to bid effectively across all 4 intraday capacity auctions. The respondent had no objection to extending the 1st intraday nomination gate. They believe this would be a positive move for capacity holders to more effectively use their capacity rights and be a benefit for the system operator to be able to use the overnight capacities in balancing the UK.

4.3. Another respondent queried whether ElecLink considered splitting up the intraday auctions even further. For example, four intraday auctions a day as is the case for other GB-FR interconnectors. They also queried with ElecLink if they considered hourly gates for nominating flow instead of the nomination windows and gates spread over the day.

4.4 As a side comment, one respondent expressed a broad preference for less time between nomination gate closure and delivery, and greater synchronisation between the auctions and nomination gates of ElecLink, IFA and IFA2 interconnectors in the future.

4.5 Of the remaining responses, one respondent was expressly supportive, and the others did not comment on the proposed change.

4.6. In response, ElecLink mentioned the proposal had been developed based in large part on customer feedback and their assessment of likely market demand, in line with the wider principles of supporting an efficient, fair and orderly market and price formation process.

4.7 In addition, ElecLink acknowledged the respondent's internal processes but do not consider that this should take precedence over ElecLink's other customers' preferences. ElecLink also noted that it is difficult to see evidence that this change will negatively impact the price formation process.

4.8 As a general comment, another respondent mentioned that a change in intraday auction and nomination may reduce opportunities to change the flow of the interconnector and could potentially impact trading on GB-FR border. ElecLink stated that it sought further information on this comment from the respondent, however, received no further feedback. Therefore, there was no substantive comments to take into account on this point.

5. Cancellation of Nomination Gates

5.1 There were no objections to this proposal from the respondents and therefore ElecLink did not make further changes.

6. Return of Long-Term Transmission Rights (LTTRs) in months with planned maintenance periods

6.1 There were no objections to this proposal from the respondents and therefore ElecLink did not make further changes.

7. Updated sanctions wording, housekeeping changes in light of the revised HAR, and JAO input

7.1 With respect to the housekeeping matters, there were no objections to this proposal from the respondents and therefore ElecLink did not make further changes. Both the JAO input and the revised sanctions wording amounted to amendments made after the conclusion of the consultation process.

Regulatory framework

SLC 11A of the Licence¹³ introduces relevant Access Rules objectives, against which the Authority assesses the Access Rules and any proposed modifications. The relevant objectives are that the Access Rules shall be transparent, objective, non-discriminatory and compliant with Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast following the UK's exit from the EU) (the 'Electricity Regulation') and any relevant legally binding decision of the European Commission and/or the Agency for the Cooperation of Energy Regulators retained following the UK's exit from the EU.

At the end of the transition period¹⁴ the legal and regulatory frameworks changed. We have taken these changes into account when assessing the modified Access Rules.

The Authority's decision

We have reviewed the modified Access Rules submitted to Ofgem on 18 July 2023 and considered the consultation responses received by ElecLink. We have concluded that the proposed changes meet the relevant Access Rules objectives as explained below.

1. Day-Ahead firmness deadline

1.1 The authority is satisfied with this change and considers ElecLink will now have the same day-ahead firmness arrangements as other GB-FR interconnectors. This means that the cross-zonal capacity on all GB-FR interconnectors will become firm at the same time of 09:00 D-1.

1.2 The change better achieves the relevant Access Rules objectives as it provides a level of transparency for market participants in terms of the day-ahead firmness deadline and the alignment with other interconnectors is more objective.

¹³ The Electricity Interconnector Standard Licence Conditions can be found here: [Electricity Interconnector Standard Licence Conditions 03 08 2021 \(ofgem.gov.uk\)](https://www.ofgem.gov.uk/interconnectors/standard-licence-conditions)

¹⁴ Defined as the "IP completion day" in section 39(1) of the European Union (Withdrawal Agreement) Act 2020 here: <https://www.legislation.gov.uk/ukpga/2020/1/section/39/enacted>

2. Day-Ahead Auction Timing

2.1 We have examined Eleclink's responses to the consultation feedback, and have investigated this point further on a variety of fronts, which included requesting additional input from Eleclink on this proposed modification.

2.2 While noting the concerns in the consultation responses and having considered the additional input provided by Eleclink on this point, we consider the concerns do not represent the views of all stakeholders and we are, at this stage, unable to observe a material negative impact to the GB-FR day-ahead market as a result of this change. We also note that certain objections raised related to internal practical difficulties from the respondents. This change should provide Eleclink with scope to meet what it believes is market demand based upon the feedback it has received. In light of these considerations, we have determined that this change makes the Access Rules more objective.

2.3 We note that the additional two minute change that moves the opening time of the day-ahead auction from 09:30 to 09:28 was required as part of the post consultation process. This is because it accommodates operational requirements required by JAO. The further adjustment by 2 minutes following JAO's intervention better achieves the transparency objective as it enables market participants to understand which times will apply in practice.

2.4 Nevertheless, we shall monitor developments following the introduction of this change.

3. Long-Term Nomination Gate

3.1 We are satisfied with Eleclink's proposal considering there were no objections received in the consultation.

3.2. We consider that this change makes the Access Rules more objective, as it provides market participants with a longer window to nominate long-term capacity.

4. Intraday Auction and Nomination Gate Timings

4.1 We are satisfied with Eleclink's proposal and its response to the consultation feedback.

4.2 While noting the concerns in the consultation responses, we consider that those concerns represent only certain views and we are unable to observe any negative material impact(s).

4.3 The proposed change also reflects what Eleclink believes is market demand.

4.4 Overall, we have therefore determined that this modification makes the Access Rules more objective.

5. Cancellation of Nomination Gates

5.1 We consider this change makes the Access Rules more objective as it prevents a situation where capacity is sold which could not be nominated by market participants. This also avoids offering of false expectation of available capacity for intraday nomination.

5.2 Without this change, in the event of an unplanned outage, we understand ElecLink's intraday nomination gate(s) would continue to run and ElecLink would not have the ability to trade to compensate market participants for the imbalance, although the exact volumes and directions of the nominations would eventually be known at the closure of the intraday nomination gate.

5.3. We also note that maintaining the intraday nomination gate could unnecessarily worsen the imbalance cost for ElecLink and potentially generate imbalance costs in the GB and FR markets. This would need to be managed by the system operators, National Grid Electricity System Operator (NGESO) and RTE¹⁵.

5.4 We shall monitor developments following the introduction of this change to ensure there is clarity when different interconnectors can cancel nomination gates.

6. Return of Long-Term Transmission Rights (LTTRs) in months with planned maintenance periods

6.1 We consider this modification better achieves the relevant Access Rules objective of being non-discriminatory as it offers market participants increased flexibility to return long-term capacity in months with planned maintenance periods.

6.2 We also consider that it provides greater transparency to market participants on the process for returns in months with planned maintenance periods.

7. Updated sanctions wording, housekeeping changes in light of the revised HAR, and JAO input

7.1 The updated sanctions wording ensures greater transparency for registered participants as to when their rights will be reinstated in the event that sanctions are imposed against them. The final wording is also more objective than the version originally proposed and consulted upon by ElecLink, which gave ElecLink a degree of discretion in determining when sanctions would be lifted. We note that wording of this nature has already been agreed in respect of IFA / IFA 2.

7.2 The housekeeping changes ensure that these Access Rules reflect the latest version of the HARs. The HARs were consulted upon and approved by ACER at a European level. This is both more objective and transparent.

7.3 We also note that the four minor additional technical modifications were required to the updated Access Rules following JAO's input as they ensure the Access Rules are harmonised with JAO's process requirements, addressed an error, and ensured superfluous wording was removed on long-term rules and intraday rules. This is also both more objective and transparent.

¹⁵ RTE is France's transmission system operator, in charge of more than 105,000 km of high and ultra-high voltage lines spanning the whole of France and 50 interconnections with neighbouring European countries. Find more information here: RTE in a nutshell | RTE (rte-france.com).

7.4 We therefore consider that these minor additional changes and changes to the terms of suspensions provide market participants with greater transparency and are more objective.

In reaching our decision we have also closely cooperated with the Commission de Régulation de l'Énergie (CRE), the French regulatory authority, to ensure we make consistent regulatory decisions.

The Authority therefore approves the modified Access Rules on the basis that they meet the relevant Access Rules objectives set out respectively in SLC 11A(4).

The direction relating to the approval of the modified Access Rules, issued in accordance with SLC 11A(13) of the Licence, can be found in Annex 1 of this letter.

Next steps

In accordance with SLC 11A(14) of the Licence, we direct ElecLink to publish (at least on its website) the modified Access Rules for a period of at least 28 days prior to them coming into effect; and those rules must not come into effect before CRE has approved the equivalent rules in France for the same interconnector.

Ofgem intends to monitor and keep under close review the practical impacts of the changes that are being made by ElecLink, with cooperation with CRE where necessary. As a reminder for future submissions, ElecLink is obliged to comply with any direction from Ofgem to amend its proposed modified Access Rules for the purposes of meeting the relevant Access Rules objectives in accordance with SLC 11A(12). In addition, Ofgem may seek to utilise its powers under paragraph 9 of SLC 11A if it sees fit to do so.

Yours sincerely,

Mo Rahee

**Head of Team for Cross Border Market Arrangements,
Energy Systems Management & Security**

ANNEX 1

Direction issued to ElecLink Limited pursuant to paragraph 13 of Standard Licence Condition 11A (Approval of terms for access to the Licensee's interconnector) of its Electricity Interconnector Licence

1. This Direction is issued by the Gas and Electricity Markets Authority (the Authority) pursuant to paragraph 13 of Standard Licence Condition 11A of the electricity interconnector licence (the Licence) granted or treated as granted under section 6(1)(e) of the Electricity Act 1989 (the Act) to ElecLink Limited (the Licensee).
2. Standard Licence Condition 11A, paragraph 4, requires that the Access Rules must be transparent, objective, non-discriminatory and compliant with the Regulation (Regulation (EC) No 2019/943 on the internal market for electricity, as modified further to UK exit from the EU) and any relevant legally binding decision of the European Commission and/or Agency for the Co-operation of Energy Regulators (collectively the 'relevant Access Rules objectives').
3. Standard Licence Condition 11A, paragraph 8, requires that the Licensee reviews its Access Rules at least once in each calendar year and make such modifications to the Access Rules as may be requisite for the purpose of ensuring that the Access Rules better achieve the relevant Access Rules objectives.
4. Standard Licence Condition 11A, paragraph 10, requires the Licensee to take all reasonable steps to ensure that all persons, including those in other Member States that may have a direct interest in the Access Rules, are consulted and allow them a period of not less than 28 days within which to make written representations. The Licensee must also furnish to the Authority a report setting out the terms originally proposed for the modification, the representations, if any, made by interested persons and any change in the terms of the modification intended as a consequence of such representations.
5. In accordance with Standard Licence Condition 11A, paragraph 10, the Licensee furnished the Authority with a report setting out the Licensee's proposed modifications to the Access Rules (the modified Access Rules).
6. After careful consideration of the report and the response to the public consultation and after consulting and closely cooperating with the French regulatory authority, the Authority has decided that the Licensee's proposed modified Access Rules provided to the Authority

on 18 July 2023 meet the relevant Access Rules objectives for the reasons set out in the letter accompanying this Direction.

7. Standard Licence Condition 11A, paragraph 14 requires that, unless the Authority directs otherwise, the modified Access Rules shall be published 28 days prior to coming into effect.
8. The Authority therefore hereby directs that pursuant to paragraph 13 of Standard Licence Condition 11A of the Licence, the Licensee's modified Access Rules are approved and, pursuant to paragraph 14 of the same, the modified Access Rules (i) shall be published by the Licensee on its website at least 28 days prior to coming into effect; and (ii) must not come into effect before the Commission de régulation de l'énergie (CRE) has approved the equivalent rules in France for the same interconnector.
9. This Direction shall take effect immediately and shall remain in effect until such time as the Authority may revoke or vary the Direction in writing upon reasonable notice.
10. This Direction constitutes notice of the Authority's reasons for the decision pursuant to section 49A of the Act.

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Mo Rahee

**Head of Team for Cross Border Market Arrangements,
Energy Systems Management & Security**

**Signed on behalf of the Authority and authorised for that purpose by the Authority
on 27 July 2023**