

Mr Bill Thompson
Group Regulation Manager
EirGrid plc
The Oval
160 Shelbourne Rd.
Ballsbridge
Dublin 4

04 September 2012

Re: Approval of the Access Rules and Charging Methodology Statement for the East-West Interconnector

Dear Bill

This letter is to give notice of the approval by the Commission for Energy Regulation (CER) of the Access Rules and Charging Methodology Statement submitted by EirGrid Interconnector Limited (EIL) on 22 August 2012¹.

This approval is forthcoming following consideration by the SEM Committee of the amended Access Rules and Charging Methodology Statement as submitted on 22nd August 2012. The effective date of this approval is 6 September 2012.

The CER has the power to approve Access Rules for cross border interconnector operators under Article 34A(1) of the Electricity Regulation Act (1999) (as amended), which states that:

Subject to subsection (3), the holder of a licence under section 14(1)(i) [in this section referred to as the interconnector operator] shall offer access to the interconnector concerned on the basis of published non-discriminatory terms which shall be subject to the approval of and directions given by the Commission.

The CER has granted an Interconnector Operator licence to EIL and approved the first set of Access Rules on 7 October 2011 satisfying the requirement under Condition 20 of this licence.

¹ A copy of the EIL Access Rules submission letter will be published on the All Island Project website, alongside this letter.

SEM Committee decision on intra-day congestion management and EIL's proposed EWIC Access Rules

Paragraph 1.9 of the Congestion Management Guidelines which are annexed to, and form part of, the Electricity Regulation², requires mechanisms for intra-day congestion management of interconnector capacity to be established in a coordinated way by 01 January 2008. To meet this requirement reforms were initiated in Ireland and Northern Ireland to introduce intra-day trading in the Single Electricity Market (SEM). The implementation of intra-day trading in the SEM and on the EWIC interconnector is necessary to ensure compliance with the Congestion Management Guidelines.

Following approval of the EWIC Access Rules in September 2011, EIL and Moyle Interconnector Limited (MIL) issued a joint consultation on charging for interconnector capacity allocation intra-day³.

EIL and MIL's joint consultation closed on 14 March 2012. On 4 May 2012, EIL and MIL submitted a recommendation paper, together with the ten consultation responses received, to the SEM Committee and Ofgem proposing intra-day congestion charging arrangements.

Following consideration of the consultation responses and discussion with Ofgem, the SEM Committee issued a Decision Paper on 6 July 2012 on the intraday congestion charging methodology⁴. The Decision Paper also instructed EIL to amend the Access Rules to incorporate the SEM Committee decision and to submit the Access Rules to the relevant Regulatory Authorities for approval by 13 July 2012.

Intra-day trading went live in SEM on 21 July 2012⁵ and on 9 July 2012 EIL submitted amended Access Rules as well as a report explaining the proposed changes to CER for approval. These Access Rules amended the September 2011 Access Rules to incorporate the SEM Committee decision on the intraday congestion. Further amendments were made following a request from CER and the EWIC Access Rules were finally re-submitted for approval on 22 August 2012.

As part of the transitional arrangements for island systems with central dispatch provided for in the Capacity Allocation and Congestion Management Framework Guideline and the anticipated Network Code⁶, the SEM Committee and Ofgem committed to monitor the efficiency of the cross-border trading arrangements on interconnectors and publish an annual report. As part of this monitoring exercise the Regulatory Authorities will assess the operation of the intra-day congestion charging arrangements.

² The Guidelines on the management and allocation of available transfer capacity of interconnectors between national systems annexed to the Electricity Regulation.

³ <http://www.eirgrid.com/media/Congestionchargingconsultation.pdf>

⁴ SEM12054 - Decision Paper on Intraday Congestion Charging

⁵ <http://www.sem-o.com/MarketDevelopment/IDT/Pages/Home.aspx>

⁶ <https://www.entsoe.eu/resources/network-codes/capacity-allocation-and-congestion-management/>

Charging Methodology Statement

EIL has also submitted the Charging Methodology Statement for approval by the CER. EIL published the draft Charging Methodology Statement for consultation on 29 February 2012 and subsequently submitted to the CER for approval in May 2012. Further amendments were made following a request from CER and the EWIC Charging Methodology Statement was re-submitted for approval on 22 August 2012.

Further review of the Access Rules


We note that EWIC Access Rules are silent on precisely how capacity would be curtailed in the event of an outage. Some market participants have raised concerns regarding the order in which long-term and daily capacity is curtailed on SEM interconnectors.

We also note that, while not required in the current version of the Access Rules, EIL has committed to publish the intraday auction results on the Auction Management Platform.

We request EIL to review the EWIC Access Rules in light of the above issues and to provide CER with a report on the review, including any proposed Access Rules amendments, by 04 December 2012. As part of this we expect that EIL will consult with interconnector users and interested parties.

Finally, we request that EIL publishes the approved updated Access Rules and Charging Methodology Statement and this letter on your website.

Yours sincerely,



Sheenagh Rooney
Manager - Wholesale Electricity Market