



Agency for the Cooperation  
of Energy Regulators

*The Director*

Ljubljana, 11 July 2012  
ACER/AP/CGC/ss/812

Mr. Konstantin Staschus  
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*By e-mail only*

**Subject:** *Network Code on CACM;  
Transitional arrangements for the island of Ireland*

Dear Mr. Staschus, *dear Konstantin,*

The Commission for Energy Regulation, the Utility Regulator of Northern Ireland and Ofgem proposed, in accordance with Section 1.2 of the Framework Guidelines on Capacity Allocation and Congestion Management (CACM), transitional arrangements for the application of the Network Code on CACM to the island of Ireland.

Having assessed those proposals, we consider them as eligible of being included in the Network Code on CACM. An appropriate wording reflecting those arrangements in the Network Code on CACM could be the following:

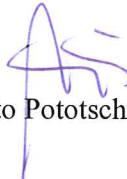
1. This Network Code shall not apply, until 31 December 2016, to Transmission System Operators in the Republic of Ireland and Northern Ireland, operating island systems with central dispatch. From the entry into force of this Network Code and until 31 December 2016 those Transmission System Operators shall implement arrangements intended to ensure full implementation of and compliance with this Network Code by 31 December 2016. Those arrangements shall:
  - (a) facilitate the transition to the full implementation of and compliance with this Network Code;
  - (b) be justified on the basis of a cost-benefit analysis;
  - (c) not unduly affect other jurisdictions;
  - (d) guarantee a reasonable degree of integration with the markets in adjacent jurisdictions;
  - (e) provide for at least:

- (i) the allocation of interconnector capacity in a day-ahead explicit auction and in at least two intraday implicit auctions;
  - (ii) the joint nomination of interconnection capacity and energy at the day-ahead timeframe;
  - (iii) the application of the “Use-It-Or-Lose-It” or “Use-It-Or-Sell-It” principle to capacity not used at the day-ahead timeframe;
  - (iv) the fair and non-discriminatory pricing of interconnector capacity in the intraday implicit auctions;
  - (v) the fair, transparent and non-discriminatory compensation mechanisms for ensuring firmness;
  - (f) set out a detailed roadmap, approved by the regulatory authorities for Ireland, Northern Ireland and Great Britain, of milestones for achieving full implementation of and compliance with this Network Code;
  - (g) be subject to a consultation process involving all relevant parties and give utmost consideration to the consultation’s outcome.
2. The regulatory authorities for Ireland, Northern Ireland and Great Britain shall provide the Agency regularly, but at least quarterly, or upon the Agency’s request, with any information required for assessing the transitional arrangements for the electricity market in the island of Ireland and the progress towards achieving full implementation of and compliance with this Network Code.

We therefore suggest including this wording into the Network Code on CACM (to our understanding the relevant provision would be in Article 104 of the current draft Network Code).

Should you have any questions, please do not hesitate to contact me.

Yours sincerely,

  
Alberto Pototschnig

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