

Mr Paul McGuckin
MIL Interconnector Ltd
First Floor, The Arena Building
85 Ormeau Road
Belfast
BT7 1SH

Our Ref: E/127/Moyle/JA/43

Date 15 January 2014

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Dear Paul,

Re: Approval of the Access Rules and Charging Methodology Statement for the Moyle Interconnector

This letter gives notice of the approval by the Utility Regulator (UR) of the Access Rules and Charging Methodology Statement submitted by Moyle Interconnector Limited (MIL) on 8 November 2013¹.

This approval follows considerations by the SEM Committee of the amended Access Rules and Charging Methodology Statement as submitted on 8 November 2013. The effective date of this approval is 20 January 2014.

The UR has the power to approve Access Rules for the Moyle Interconnector under Condition 17, paragraph 4 of the Moyle Interconnector Licence, which states that:

'Revisions to the relevant access arrangements proposed by the licensee and sent to the Authority pursuant to paragraph 3 shall require to be approved by the Authority.'

We have reviewed the corresponding consultation document and acknowledge the key changes are to reflect the SEM Committee's decision detailed in the 'Curtailed Approach on SEM Interconnectors' published on 6 September 2013. We also note that a number of smaller changes have been proposed to the Access Rules and Charging Methodology and that these changes also formed part of the consultation process.

Background

In September 2011, the interconnector owners (Moyle Interconnector Limited and EirGrid Interconnector Limited) consulted upon and submitted Access Rules to the SEM Committee. Co-ordinated Access Rules were approved by the respective regulators (SEM Committee and Ofgem) for the Moyle Interconnector and East West Interconnector (EWIC) and these Access Rules came into effect in October 2011.

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

In September 2012 an amended version of the Access Rules was approved by SEM Committee and Ofgem to reflect changes consequent upon the introduction of intra-day trading in the SEM.

In approving this amended version of the Access Rules for the Moyle Interconnector and the East West Interconnector in 2012, Regulators requested that a review and consultation dealing with the capacity auction management and the curtailment of capacity on the SEM Interconnectors be undertaken on a joint basis by the Moyle Interconnector and East West Interconnector owners. The Regulators requested that two issues be addressed as part of this review.

1. To consider whether, in the event of reduced availability, the practice of auctioning (in future auctions) only the capacity which is forecast to be available was the correct approach and was in accordance with Regulation (EC) No. 714/2009.
2. To consider precisely how already allocated capacity would be curtailed in the event of an outage as both the Moyle Access Rules and EWIC Access Rules are silent on this presently. Current practice dictates that all Modified Interconnector Nominations are reduced on a pro-rata basis.

SEM Committee Decision

The SEM Committee's decision with respect to capacity auction management was that no change should be made to current practices by Interconnector Owners. However, the SEM Committee requested that the Access Arrangements make it explicit that where interconnector capacity is reduced that the reduced availability is spread pro-rata across all future auction volumes.

Secondly, with respect to the curtailment of capacity, the SEM Committee opined² that where curtailment of allocated capacity is required on the Moyle Interconnector and EWIC (i.e. where the volume of capacity which has been sold in auctions is greater than the capacity that is available following an outage or a trip of an interconnector), all capacity which has been allocated should be curtailed on a pro-rata basis.

Consultation on Access Rules and Charging Methodology

The proposed changes to the Access Rules fall into three broad categories:

1. Rule C2 Invoicing and Payment: Allocation basis updated to refer to 5th calendar day.
2. Rule E4 Capacity Transfer: Trading period updated to refer to hourly periods
3. Rule E7 Curtailment: Provides explicitly for pro-rata curtailment in the event of an outage.

² SEM Committee Decision Paper SEM-13-061

http://www.allislandproject.org/en/TS_Current_Consultations.aspx?article=7ef81e9f-949e-474e-848c-45934650fa48

The Utility Regulator acknowledges that no responses from stakeholders were received to the proposed changes to either the Access Rules or the Charging Methodology Statement.

Further action in respect of Access Rules

Having provided our approval for both the revised Access Rules and Charging Methodology Statement we request Moyle Interconnector Ltd to publish the approved updated Access Rules and Charging Methodology Statement together with this letter on its website.

We would remind Moyle Interconnector Ltd of its obligation under Condition 17, paragraph 3, to periodically review the relevant access arrangements which are in force from time to time and liaise with us should further amendments be required.

Yours sincerely,



Jo Aston
Director

