

**BritNed IEM Access Rules Response Summary Table**

Ref	From	Comment	BritNed Response
1	NGESO	It should be noted that the introduction of hourly gates may mean an increase in the volume of reserve that NGESO will need to hold and if so this will impact GB consumers. Whilst this will be addressed as part of implementation of XBID it has not yet been fully considered in the context of BritNed's proposed change in intraday timings.	<p>BritNed considers the change to hourly gates to be a positive change for market parties which will allow more flexibility to respond to market changes. If market parties can respond closer to real time, this may reduce the actions NGESO needs to take as market parties are able to respond to market signals that they previously could not.</p> <p>No changes are required to the IEM Access Rules.</p>
2	NGESO	NGESO requires operational tools to operate the National Electricity Transmission System (NETS), efficiently and economically and consistent with the safety standards of secure network operation and the need for security of supply. With a move to hourly Intraday gates, and particularly as many interconnectors are connected to the National Electricity Transmission System in the South East, NGESO will require enhanced operational tools to manage the impact of changes of interconnector flows, closer to real time.	<p>BritNed supports the collaborative development of enhanced operational tools going forward where necessary.</p> <p>No changes are required to the IEM Access Rules.</p>
3	NGESO	The implementation in changing the intraday timings will need to be managed and coordinated with NGESO to enable NGESO to continue to operate the NETS efficiently and economically and consistent with the safety standards of secure network operation and the need for security of supply.	<p>BritNed will continue our engagement with NGESO to ensure implementation is managed in coordinated way.</p> <p>No changes are required to the IEM Access Rules.</p>
4	NGESO	It is welcomed that the proposed changes to nomination gate timings will allow the interconnector operator to process all files in sufficient time to submit them to NGESCO in advance of the GB market gate closure times ie at least 60 minutes before delivery.	<p>BritNed notes this comment.</p> <p>No changes are required to the IEM Access Rules.</p>

Ref	From	Comment	BritNed Response
5	NGESO	It is to note that this change is not fully in line with the requirements of XBID. Therefore, there may be a need for further amendment to the access rules in the future.	<p>BritNed notes this comment and that the implementation of XBID may require further review of the appropriate documentation.</p> <p>No changes are required to the IEM Access Rules.</p>
6	Gazprom	To keep the overall ID auctions timings between 8:00 am CET and 10:00 pm CET.	<p>BritNed notes that ID Auction 5 will be removed following other comments.</p> <p>ID Auctions 1, 3 and 4 will be between 08:00 CET and 22:00 CET.</p> <p>BritNed considered changing ID Auction 2 which starts at 05:50 CET but more parties have indicated that this time is suitable.</p> <p>BritNed notes that auction times will be kept under review to ensure they remain suitable.</p> <p>No changes are required to the IEM Access Rules.</p>
7	Gazprom	To remove the proposed ID auction number 4, which covers only two hours, and to either extending the coverage of ID auction 3 or set the starting of ID auction 5 at the same time of the removed ID auction 4.	<p>BritNed has removed ID Auction 5 and extended the coverage of ID Auction 4.</p> <p>Changes made to <i>Schedule 2 – 5. Intraday Process</i> in the IEM Access Rules</p>
8	EDFT	<p>We would prefer auction design where a market participant do not bid all hours of the day but only the next 4/6 hours. With the proposed design, a market participant will pay several times the capacity on some hours. Alternatively, this issue could be mitigated with the introduction of a Use It or Sell It mechanism (opposed to UloLI proposed in the consultation)</p>	<p>BritNed believes that the proposed design provides the most flexibility throughout the day. If this capacity hasn't been used by the capacity holder, it will be released for other market parties to purchase in subsequent ID auctions.</p> <p>A market party won't need to pay for the capacity multiple times, once the capacity is purchased and nominated, that is a firm position and won't be unwound in subsequent auctions.</p> <p>No changes are required to the IEM Access Rules.</p>
9	EDFT	We would prefer 4 auctions instead of 5 (1 auction in D-1 and 3 auctions during D)	<p>BritNed has removed ID Auction 5 and extended the coverage of ID Auction 4.</p> <p>Changes made to <i>Schedule 2 – 5. Intraday Process</i> in the IEM Access Rules</p>

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10	EDFT	We have a 24/7 trading desk so we can perform auctions overnight	<p>BritNed notes this comment.</p> <p>No changes are required to the IEM Access Rules.</p>
11	EDFT	The D-1 auction at 19:30 is too early: something around 21:30 or 22:00 would be better for Intraday Auction 1 as market participant will have a better view of D+1	<p>BritNed considered changing ID Auction 1 which starts at D-1 19:30 CET but more parties have indicated that this time is suitable.</p> <p>BritNed notes that auction times will be kept under review to ensure they remain suitable.</p> <p>No changes are required to the IEM Access Rules.</p>
12	EDFT	Intraday Auction 2 (5:50/6:20): we would suggest to advance it by one hour at 4:50/5:20	<p>BritNed considered changing ID Auction 2 which starts at 05:50 CET but more parties have indicated that this time is suitable.</p> <p>BritNed notes that auction times will be kept under review to ensure they remain suitable.</p> <p>No changes are required to the IEM Access Rules.</p>
13	EDFT	Intraday Auction 3 (9:50/10:20): no change	<p>BritNed notes this comment.</p> <p>No changes are required to the IEM Access Rules.</p>
14	EDFT	We would suggest to merge Intraday Auction 4 (13:50/16:20) with Intraday Auction 5 (15:50/16:20) to only one Intraday Auction 4 at 14:50/15:20 (to bid HE18-HE24)	<p>BritNed has removed ID Auction 5 and extended the coverage of ID Auction 4.</p> <p>Changes made to <i>Schedule 2 – 5. Intraday Process</i> in the IEM Access Rules</p>

Dear Britned,

We would like to thank you for giving market participants the opportunity to comment the Britned Access Rules.

### **Intraday Market Design**

We strongly **support Britned effort to improve** the current intraday market design.

Please find below our comments regarding the proposed model:

- We would prefer auction design where a **market participant do not bid all hours** of the day but only the next 4/6 hours. With the proposed design, a market participant will pay several times the capacity on some hours. Alternatively, this issue could be mitigated with the introduction of a Use It or Sell It mechanism (opposed to UoLI proposed in the consultation)
- We would prefer **4 auctions** instead of 5 (1 auction in D-1 and 3 auctions during D)
- We have a **24/7 trading desk** so we can perform auctions overnight
- The D-1 auction at 19:30 is too early: something around **21:30 or 22:00 would be better for Intraday Auction 1** as market participant will have a better view of D+1
- **Intraday Auction 2** (5:50/6:20): we would suggest to advance it by one hour at 4:50/5:20
- **Intraday Auction 3** (9:50/10:20): no change
- We would suggest to **merge Intraday Auction 4** (13:50/16:20) **with Intraday Auction 5** (15:50/16:20) to **only one Intraday Auction 4 at 14:50/15:20** (to bid HE18-HE24)

We hope to have the new design launched **before end of year 2019**.

### **Reserve Price for Long Term Auctions**

We would like to comment the use of the reserve price on the Long Term auctions.

EDFT has consistently argued against the use of this reserve pricing as its use prevents the market from establishing an efficient clearing price – i.e., where the auction price of the capacity reflects the market's valuation rather than the value ascribed to it by Britned.

This reserve price holds back capacity from the market when a participant:

- tries to buy capacity in the long term auction. If his bid is lower than the reserve price, he will not obtain capacity while the capacity could have cleared lower than the reserve price. This results in the capacity not clearing or only clearing partially
- tries to re-sell his yearly capacity on the monthly auction. Even when a market participant wants to sell it lower than the reserve price, his capacity is not sold, and Britned's capacity is sold first while the rest of the capacity does not clear

An inefficient allocation of capacity means the market will not operate efficiently.

An auction is a competitive process and it should maximize the allocated capacity: this key principle is clearly not respected with the use of reserve price.

**EDF Trading therefore requests the removal of the use of this reserve price.**

As we understand this needs to be discussed and approved by regulators which can take few months, **EDF Trading urges Britned, for the time being, to publish this reserve price prior to the long term auctions.** This action can be implemented in a short notice.

For the re-sell of yearly capacity on monthly auctions, the Long Term Transmission Right (LTTR) holders is remunerated at the marginal price of the auction.

When the capacity does not clear due to the application of the reserve price, the LTTR holder should be compensated at the reserve price as in this case, the reserve price represents the clearing price of the auction.

As long as the reserve price is not removed, **EDF Trading requests that the remuneration of LTTR should be compensated at the clearing price or/and reserve price.**

Most of the other cross border long term auctions in Europe do not use the reserve price.

Britned might be the only one to use it, and there is no justification for that.

This is going against the trend of European harmonization.

Thank you.

Best regards,

Jerome MICHEL

EDF Trading



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**Object: Response to BritNed Access Rules Consultation, 5th July 2019**

2 August 2019

Dear Nicole,

Thank you for the opportunity to provide our view on the BritNed Access Rules Consultation.

Gazprom Marketing & Trading Limited (GM&T) is an UK registered wholly-owned subsidiary of the Gazprom Group ("Gazprom") active in the marketing and trading of energy commodities worldwide including power, gas, oil, LNG and carbon allowances. We actively trade on the BritNed Interconnector and, therefore, we have a significant interest in any regulatory changes that can impact our activities. With this regard, we wish to express our view on the explicit Intraday proposals.

Overall, we are supportive of the proposed amendments and welcome the decision to keep the Intraday auction in the Kingdom platform, which provides market participants with more flexibility on the design of the products and a 24/7 customer service.

In relation to the number of Intraday auctions, we note that a maximum of three explicit Intraday auctions will be the best option. From an operational point of view, performing five auctions will be significantly time consuming with non-negligible operational cost, which has limited evidence of additional value and faces risk of a lower liquidity. In addition, IFA and Nemo Link also proposed to increase the number of explicit Intraday auctions in their recent consultations. Once the new design will be implemented, market participants may have to face around 15 Intraday auctions per day for the three Interconnectors, which is operationally onerous.

We also believe that Intraday auctions should be held throughout the day with no auctions overnight. This will avoid unnecessary burdensome and costly overnight shifts for market participants. We also believe that having auctions overnight will not provide any additional benefits, in terms of liquidity and trading opportunities.

Therefore, we suggest:

- keeping the overall ID auctions timings between 8:00 am CET and 10:00 pm CET;



- removing the proposed ID auction number 4, which covers only two hours;
- either extending the coverage of ID auction 3 or set the starting of ID auction 5 at the same time of the removed ID auction 4.

Moreover, we wish to take this opportunity to reiterate that the current reserve price for long term auctions should be removed. We are concerned that long term auctions are not fully cleared due to the applied high reserve price. We understand the original rationale of the reserve price was to ensure that BritNed commissioning costs were fully recovered. However, if this is no longer needed, we do not see the benefits of keeping it. The high reserve price is preventing from having an optimal allocation of capacity, which is detrimental for both market participants and Interconnector owner. Therefore, we suggest considering whether the reserve price should be removed or set at 'zero'. We wish to be kept informed on how BritNed intends to approach this topic and we are happy to provide any input if required.

As to firmness, unlike IFA and Nemo Link Interconnectors, BritNed is not fully firm after the day ahead firmness deadline, which negatively impacts market participants that face imbalance costs in case of unplanned outages. Therefore, we believe that BritNed should apply the same firmness principle to its products.

We hope the comments above prove helpful. Please do not hesitate to contact me on 020 7756 0080 or at [giulia.barranu@gazprom-mt.com](mailto:giulia.barranu@gazprom-mt.com) in the first instance should you have any questions.

Yours sincerely,

Giulia Barranu  
Regulatory Affairs Advisor  
Gazprom Marketing & Trading

Mauricio Cepeda  
Regulatory Affairs Manager  
Gazprom Marketing & Trading

Dear BritNed,

In response to BritNed's Access Rules Consultation dated 8<sup>th</sup> July 2019 and as published on <https://www.britned.com/news/access-rules-iem-consultation-2019/> , NGESO would like to take the opportunity to provide our feedback. These comments apply in both the IEM and non IEM context.

NGESO wishes to raise a number of considerations which we believe must be taken into account with the changes in intraday timings, to ensure that the optimum solution for the consumer is implemented:

1. It should be noted that the introduction of hourly gates may mean an increase in the volume of reserve that NGESO will need to hold and if so this will impact GB consumers. Whilst this will be addressed as part of implementation of XBID it has not yet been fully considered in the context of BritNed's proposed change in intraday timings.
2. NGESO requires operational tools to operate the National Electricity Transmission System (NETS), efficiently and economically and consistent with the safety standards of secure network operation and the need for security of supply. With a move to hourly Intraday gates, and particularly as many interconnectors are connected to the National Electricity Transmission System in the South East, NGESO will require enhanced operational tools to manage the impact of changes of interconnector flows, closer to real time.
3. The implementation in changing the intraday timings will need to be managed and coordinated with NGESO to enable NGESO to continue to operate the NETS efficiently and economically and consistent with the safety standards of secure network operation and the need for security of supply.
4. It is welcomed that the proposed changes to nomination gate timings will allow the interconnector operator to process all files in sufficient time to submit them to NGESO in advance of the GB market gate closure times ie at least 60 minutes before delivery.
5. It is to note that this change is not fully in line with the requirements of XBID. Therefore, there may be a need for further amendment to the access rules in the future.

NGESO are happy to continue the engagement with BritNed and TenneT in relation to the changes required as part of this consultation.

If you would like to discuss any of the above points further, please do feel free to contact us.

Kind regards,

**Amy Wong**  
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