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## **Modification of the BritNed Access Rules**

### **(a) Introduction**

BritNed Development Ltd (BritNed) has undertaken a review of its intraday process. BritNed currently runs two intraday auctions, comprising six nomination intervals, with a four-hour lead time between the nomination gate closure and the start of each interval. In recent years, BritNed has received a number of comments on its intraday product through customer bilateral meetings, ad-hoc communications and customer surveys, and this four-hour lead times between nomination gate closure and the auctioned time periods has been frequently highlighted as being restrictive.

In order to address this issue, and following productive discussions and collaboration with both National Grid Electricity Transmission (NGET) and TenneT, BritNed proposes changes to the existing intraday process which would halve this lead time to just two hours. Based on recent feedback from a number of prospective and current participants, it is anticipated that this more flexible setup will better serve the needs of BritNed's customers and will offer the industry a service that will better facilitate cross border trade even closer to real time at a time when the whole continent is more focussed on renewable resources than ever before. For the avoidance of doubt, these changes only would affect the times – and not the principles – of the intraday process, hence the number of the auctions and gate closures would remain the same.

As part of making this change, BritNed has reviewed its current Access Rules and acknowledges the need to modify *Schedule 4: Business Rules for Use of Interconnector* in light of the proposed adjustments to the intraday business process timings. Following a twenty-eight day consultation with Market Participants, running from 18 August to 15 September 2014, this report outlines the proposal for a modification to the Access Rules to reflect the changes to the intraday timings. In line with the requirements of the Interconnector License, this report comprises a summary of the terms originally proposed for the modification, the responses received during the consultation period, the amendments to the original proposal based on these consultation responses and how the modification better achieves the Access Rules objectives and an implementation timeline.



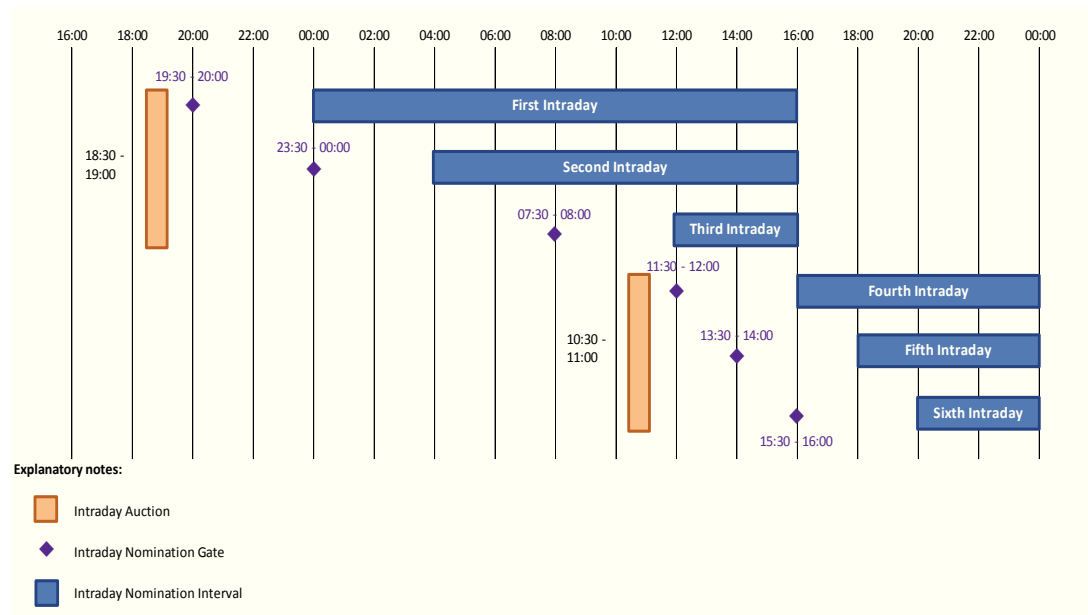
**(b) Modification Proposal**

A consultation pack was published on the BritNed website, comprising an overview document explaining both the amendments to BritNed’s intraday process and the affiliated proposed changes to the Access Rules, a covering letter and a tracked-changes copy of the BritNed Access Rules highlighting the suggested modification.

The consultation pack outlined the proposed changes to the intraday product which would see the nomination gates of the first, second, fourth fifth and sixth auctioned periods closing two hours later than currently scheduled, while the third auctioned period would be extended by two hours, starting at 10.00am. Furthermore, the time period of the nomination gate would also be extended from the existing half-an-hour to a rolling system, which would see the start of the subsequent nomination gate period open fifteen minutes after as the previous one closes in each of the two auctions. For the avoidance of doubt, these changes only would affect the times – and not the principles – of the intraday process, hence the number of the auctions and gate closures would remain the same.

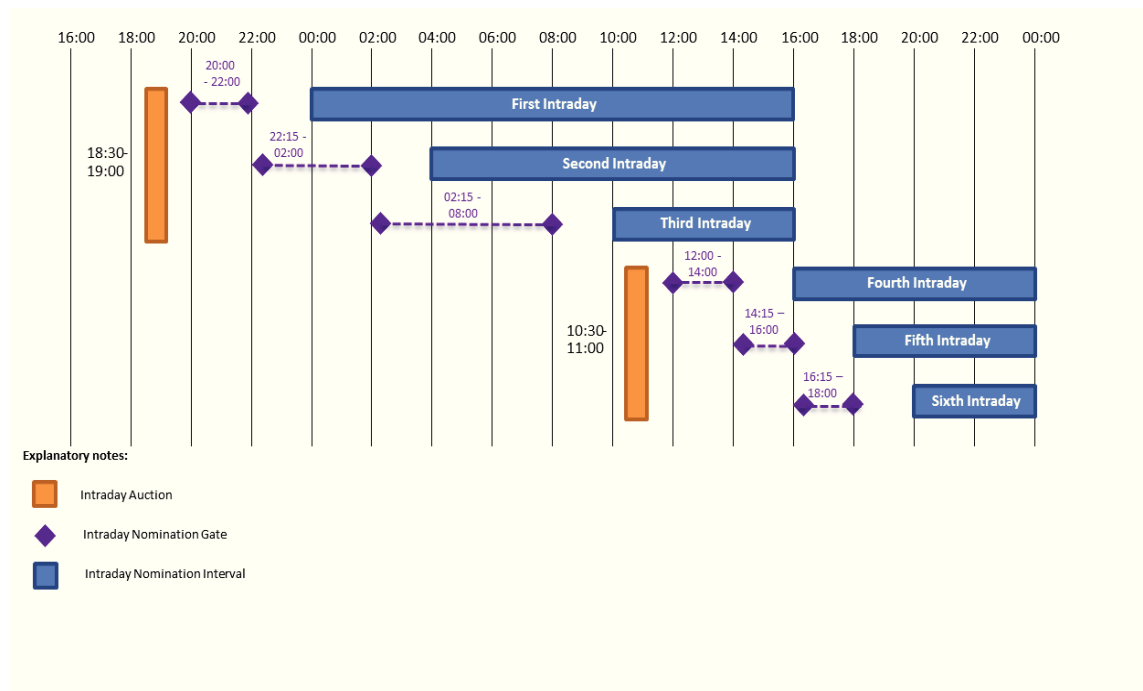
The overall impact of this can be summarised in Figures 1 and 2. The first depicts the current intraday operational timeline and the second shows BritNed’s amended approach.

**Figure 1: Current BritNed intraday process**





**Figure 2: Proposed BritNed intraday process**



The consultation pack also highlighted that the indicative timings of the BritNed intraday process are currently included in the Access Rules under *Schedule 4: Business Rules for Use of Interconnector*. In anticipation of further amendments to the intraday product being required as part of the changes arising from EU legislation, it was proposed to amend *Paragraph 5* and remove references to these indicative timings and, instead, to insert a new clause outlining BritNed’s intention to publish a summary of the timings associated with BritNed’s intraday process on the website. Furthermore, BritNed would also ensure that all existing participants were made aware of these new timings in sufficient time that necessary amendments can be made to their in-house systems.

It was, therefore, proposed that the revised text in Paragraph 5 read as follows:

### **5. Intraday Business Process**

*5.1 BritNed will publish the timings associated with its Intraday Business Process on the BritNed company website.*

*5.2 The Intraday Business Process publication will clearly stipulate the Nomination Gate Closure times for each Nomination Interval and the timings of Intraday ICE Notifications.*

*5.3 BritNed participants will be notified at least thirty (30) business days before any changes are made to BritNed’s Intraday Business Process timings*



### **(c) Representations of interested parties**

The formal responses to the consultation are included in Appendix A of this report. Two interested parties provided official feedback, with both focussing on the proposed amendment to the intraday product, rather than the method of publishing the timings affiliated with the new process.

BP and Centrica explicitly stated their support of BritNed's reduction in the lead time between nomination gate closure and the start of the corresponding nomination interval. Both parties acknowledged that the move from four hours' lead time to two hours will further enhance cross border trade and hence offer greater liquidity in the intraday market. They both opined that they would like to see the lead time between the nomination gate closure and the start of each interval reduced further, describing BritNed's proposal as a "first step" towards a shorter lead time. It is, therefore, worth highlighting that the prospect of further-reduced lead times was discussed with NGET. It was concluded that, at this stage, a movement to a two-hour lead time would ease the transition of the GB market towards the one-hour lead time proposed by the current draft of the CACM Network Code and, ultimately, the continuous implicit solution proposed as part of ENTSO-E's target model. As such, no changes will be made to the specification of BritNed's new intraday product at this stage, although this should be considered an interim measure as the market prepares for further changes to the European intraday market.

Further consideration was, however, given to the platform through which the timings should be published. Discussions between BritNed and ACM and Ofgem highlighted that, whether published on the BritNed website or elsewhere, any changes to these timings would be subject to the same modification process as the rest of the Access Rules. In order to ensure that the BritNed Access Rules remain as transparent as possible, in line with the Interconnector License, it is proposed that the revised timings simply replace those currently listed in Schedule 4, Paragraph 5 the current Access Rules and retain their place within the Access Rules document.

### **(d) Change to the terms of the modification following stakeholder feedback**

In light of Ofgem and ACM's feedback on the publication of the revised intraday timings, and in the absence of any concerns being expressed by Market Participants on the method used to communicate the official times of the intraday process, it is proposed that Schedule 4, Paragraph 5 of the Access Rules is altered to reflect the new times, in order that participants are provided with a clear view of the process. The timings are consolidated in the table in Paragraph 5.25, which will be updated to reflect the new times as per Figure 4 (where the changes are highlighted). These changes will also be captured in the other references to specific times throughout Schedule 4, Paragraph 5. Figures 3 and 4 overleaf show the current version of Indicative Timings Summary table published in Paragraph 5.25 and the proposed amendment respectively. Amendments in Figure 4 are highlighted in yellow.



Figure 3: Current indicative timings summary – BritNed Access Rules (Schedule 4, Paragraph 5)

Timings summary (CET time) (indicative) Units Validity Times	...are auctioned in...	can be Capacity Transferred during	Notification of Intraday ICE	relevant Nomination Gate-Closures
00:00-15:59	ID auction 1 (end 19:00 D – 1)	-	19:15 D – 1	20:00 D – 1
04:00-15:59	ID auction 1 (end 19:00 D – 1)	20:30-23:00 D – 1	23:15 D – 1	00:00 D
12:00-15:59	ID auction 1 (end 19:00 D – 1)	00:30-07:00 D	07:15 D	08:00 D
16:00-23:59	ID auction 2 (end 11:00 D)	-	11:15 D	12:00 D
18:00-23:59	ID auction 2 (end 11:00 D)	12:30 – 13:00 D	13:15 D	14:00 D
20:00-23:59	ID auction 2 (end 11:00 D)	14:30-15:00 D	15:15 D	16:00 D

Figure 4: Amended indicative timings summary

Timings summary (CET time) (indicative) Units Validity Times	...are auctioned in...	can be Capacity Transferred during	Notification of Intraday ICE	relevant Nomination Gate-Closures
00:00-15:59	ID auction 1 (end 19:00 D – 1)	-	19:45 D – 1	22:00 D – 1
04:00-15:59	ID auction 1 (end 19:00 D – 1)	22:01-22:13 D – 1	22:14 D	02:00 D
10:00-15:59	ID auction 1 (end 19:00 D – 1)	02:01-02:13 D	02:14 D	08:00 D
16:00-23:59	ID auction 2 (end 11:00 D)	-	11:44 D	14:00 D
18:00-23:59	ID auction 2 (end 11:00 D)	14:01 – 14:13 D	14:14 D	16:00 D
20:00-23:59	ID auction 2 (end 11:00 D)	16:01-16:13 D	16:14 D	18:00 D

In order to align the current text of Schedule 4, Paragraph 5 with these timings, references made to Capacity Transfer of Intraday Units needing to be confirmed by the Participant to whom the Capacity Transfer was made within 20 minutes of the Capacity Transfer Notice being received by BritNed has been removed from the Access Rules. The relevant paragraphs now only reference the last point at which Capacity Transfers must be completed (i.e. 22:13, 02:13, 14:13 and 16:13).

The full rewording of Schedule 4, Paragraph 5, in light of the proposed changes, can be found in Appendix B.

**(e) How the intended modification better achieves the relevant access rules objectives**

As the proposed modification focuses exclusively on planned changes to BritNed’s operational practices outlined in Schedule 4, Paragraph 5, it can be deduced that the changes are in the interests of improving the transparency of the Access Rules. This is achieved by aligning the “Indicative Times” in Schedule 4, Paragraph 5 with the revised intraday process. It was determined that the timings in



the Access Rules should be amended as part of the introduction of the new product rather than making the changes and modify the Access Rules retrospectively. This accurate and updated reflection of the process that is in place should provide all stakeholders with a clearer view of the intraday product.

Furthermore, it is the view of BritNed that these changes are non-discriminatory and objective in their nature. The changes in timings were agreed in principle with both National Grid Electricity Transmission and TenneT TSO during July's Interconnector Operating Protocol trilateral meeting. In addition, this proposed change was the result of feedback from BritNed's participants, rather than being driven by BritNed's desire to redefine core components of the Access Rules.

In light of the anticipated move towards shorter lead times between nomination gate closure and the start of the relevant market time period, as directed by the Capacity Allocation & Congestion Management Guideline, this move should also see the Access Rules better align with future regulatory requirements in the coming years.

#### **(f) Implementation timetable**

Once approved by Ofgem and ACM, it is proposed that BritNed will provide participants with six weeks' notice before the activation of the new intraday timings. Based on feedback received from customers, this notice should be sufficient to allow sufficient notice for traders' in-house systems to be amended such that they can submit nominations during the new gate times and, thus, profit from the new service offered by BritNed. BritNed and NGET Control Room's system testing has already taken place, hence both organisations will be ready to make the transition to the new timings in line with this six weeks' notice. Assuming an approval date of 30 December 2014, the intraday product would be launched on 10 February 2015 – should the regulatory review period conclude earlier, BritNed's participants have requested that the move towards the improved intraday timings takes place sooner.

#### **(g) Summary**

Given the resounding support from BritNed participants and with cooperation from the incumbent system operators at either end of the interconnector, it is proposed that BritNed's enhanced intraday product will serve not only to increase the volumes traded in the intraday markets in Great Britain and the Netherlands, but also to provide NGET, BritNed and TenneT with a transitional arrangement that will support the move towards ENTSO-E's target model for intraday trading. The prospect of being able to trade with the more certainty that comes from reacting closer to real-time is an attractive one for participants, who will look to respond to the price dips on sunny and windy days in mainland Europe.

The modification outlined in this report will enable BritNed to introduce this product to the market and will see the Access Rules continue to clearly consolidate all the timings affiliated with the



intraday process. This level of transparency is demonstrative of BritNed's commitment to the retention of the Access Rules objectives, as well as the company's goal of working with the industry's key players to provide customers with products that match their business needs.



## Appendix A: Public consultation feedback – BP & Centrica

bp

Ijaz Rasool

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15 September 2014

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**BP response to:  
Consultation on proposed changes to the BritNed Access Rules**

Dear sir/madam,

We welcome the opportunity to respond to BritNed's proposals to change the BritNed interconnector access rules. This response is not confidential

**Summary response**

We support the move to reduce the lead time between the nomination gate closure and the start of each interval from four to two hours. This will allow market participants much greater flexibility in nominating flows across the interconnector, enabling a more efficient utilisation of interconnector capacity, which in turn should enhance cross border trade.

We would note that whilst the proposed change represents a very good first step, ideally we would like to see the lead time between the nomination gate closure and the start of each interval reduced further. As noted above, this will give market participants greater flexibility in managing flows.

We also support extending the time period of the nomination gate closure from the existing 30 minutes. We also support the move to publish indicative timings associated with the intraday process on BritNed's website. This will allow changes to the timings to be made more quickly, for instance in response to changes to European legislation. We would suggest that BritNed consults with market participants in advance of making changes to the timings.

Please do not hesitate to contact me if you have any questions.

Yours Sincerely,

Ijaz Rasool

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11 September 2014

**Dear Steve**

**Consultation on proposed changes to the BritNed Access Rules August 2014.**

Thank you for the opportunity to submit a response to your Consultation on proposed changes to the BritNed Access Rules August 2014.

Centrica Energy supports this proposal. We view the reduction in lead time for intraday nomination gates on Britned as an important step towards a more harmonised cross border capacity allocation methodology across the CWE (Central Western Europe) region. This reduction in lead time will enable market participants to make better decisions for cross border flows and access greater liquidity in the intraday markets. Indeed, we view this as a first step towards one hour lead times for Intraday Gate closures, and would welcome further collaborative work between Interconnector Owners, TSOs and Market Participants.

I am at your disposal should you need any further information.

Best Regards

**Nick Fee**

European Strategy Manager  
Centrica Energy Limited



## **Appendix B: Proposed re-wording of Schedule 4, Paragraph 5**

### **5. Intraday Business Process (all timings are indicative).**

5.1 *The Auction Specification of the first Intraday Auction of Units for Contract Day D is published by BritNed no later than 18:15 hrs on day D-1, in accordance with Rule C4. This first Intraday Auction covers hours from 00:00 to 15:59 hrs.*

5.2 *The first Intraday Auction for the Contract Day D opens at 18:30 hrs on day D-1 and closes 19:00 hrs on day D-1 (or at any other times specified by BritNed in the relevant Auction Specification or after publication of the Auction Specification). During this period of time, Participants can submit bids to BritNed, in accordance with Rules C4 and C5.*

5.3 *Once the first Intraday Auction is closed, Units are allocated, pursuant to Rule C6, and final results of this Intraday Auction are published.*

#### *Intraday Units with a Unit Validity Time of 00:00 to 15:59 hrs of the Contract Day D*

5.4 *BritNed will notify each Unit Holder of its Intraday ICE in respect of Intraday Units with a Unit Validity Time of 00:00 to 15:59 hrs of the Contract Day D in each direction, pursuant to Rules D1, at 19:45 hrs on the day D-1 (or at any other time specified in advance by BritNed).*

5.5 *Unit Holders can submit Intraday Mid North Sea Nominations of Intraday Units with a Unit Validity Time of 00:00 to 15:59 hrs of the Contract Day D, from opening of the gate for Intraday MNNs at 20:00 hrs on the day D-1 until Intraday MNNs gate closure at 22:00 hrs on day D-1, in accordance with Rule D2 (or at any other time specified in advance by BritNed).*

5.6 *Not used*

5.7 *Not used*

#### *Intraday Units with a Unit Validity Time of 04:00 to 15:59 hrs of the Contract Day D*

5.8 *Any Intraday Unit with a Unit Validity Time of 04:00 to 15:59 hrs of the Contract Day D can be subject to a Capacity Transfer Notice from 22:01 hrs on the day D-1 until 22:13 hrs on the day D-1. Any such Capacity Transfer of Intraday Units must be confirmed by the Participant to whom the Capacity Transfer was made no later than 22:13 hrs on the day D-1.*



5.9 *BritNed will notify each Unit Holder of its Intraday ICE in respect of Intraday Units with a Unit Validity Time of 04:00 to 15:59 hrs of the Contract Day D in each Direction, pursuant to Rule D1, at 22:14 hrs on the day D-1 (or at any other time specified in advance by BritNed).*

5.10 *Unit Holders can submit Intraday Mid North Sea Nominations of Intraday Units with a Unit Validity Time of 04:00 to 15:59 hrs of the Contract Day D, from opening of the gate for Intraday MNNs at 22:15 hrs on the day D-1 until Intraday MNNs gate closure at 02:00 hrs on day D, in accordance with Rule D2 (or at any other time specified in advance by BritNed).*

*Intraday Units with a Unit Validity Time of 10:00 to 15:59 hrs of the Contract Day D*

5.11 *Any Intraday Unit with a Unit Validity Time of 10:00 to 15:59 hrs of the Contract Day D can be subject to a Capacity Transfer Notice from 02:01 hrs on the day D until 02:13 hrs on the day D. Any such Capacity Transfer of Intraday Units must be confirmed by the Participant to whom the Capacity Transfer was made no later than 02:13 hrs on the day D.*

5.12 *BritNed will notify each Unit Holder of its Intraday ICE in respect of Intraday Units with a Unit Validity Time of 10:00 to 15:59 hrs of the Contract Day D in each Direction, pursuant to Rule D1, at 02:14 hrs on the day D (or at any other time specified in advance by BritNed).*

5.13 *Unit Holders can submit Intraday Mid North Sea Nominations of Intraday Units with a Unit Validity Time of 10:00 to 15:59 hrs of the Contract Day D, from opening of the gate for Intraday MNNs at 02:15 hrs on the day D until Intraday*

*MNNs gate closure at 08:00 hrs on day D, in accordance with Rule D2 (or at any other time specified in advance by BritNed).*

5.14 *Not used*

5.15 *The Auction Specification of the second Intraday Auction of Units for Contract Day D is published by BritNed no later than 10:15 hrs on day D, in accordance with Rule C4. This second Intraday Auction covers hours from 16:00 to 23:59 hrs.*

5.16 *The second Intraday Auction for the Contract Day D opens at 10:30 hrs and closes at 11:00 hrs (or at any other times specified by BritNed in the relevant Auction Specification or after publication of the Auction Specification). During this period of time, Participants can submit bids to BritNed, in accordance to Rules C4 and C5.*

5.17 *Once the second Intraday Auction is closed, Units are allocated, pursuant to Rule C6, and final results of this Intraday Auction are published.*



*Intraday Units with a Unit Validity Time of 16:00 to 23:59 hrs of the Contract Day D*

5.18 *BritNed will notify each Unit Holder of its Intraday ICE in respect of Intraday Units with a Unit Validity Time of 16:00 to 23:59 hrs of the Contract Day D in each Direction, pursuant to Rule D1, at 11:45 hrs on the day D (or at any other time specified in advance by BritNed).*

5.19 *Unit Holders can submit Intraday Mid North Sea Nominations of Intraday Units with a Unit Validity Time of 16:00 to 23:59 hrs of the Contract Day D, from opening of the gate for Intraday MNNs at 12:00 hrs on the day D until Intraday MNNs gate closure at 14:00 hrs on day D, in accordance with Rule D2 (or at any other time specified in advance by BritNed).*

5.20 *Any Intraday Unit with a Unit Validity Time of 18:00 to 23:59 hrs of the Contract Day D can be subject to a Capacity Transfer Notice from 14:01 hrs on the day D until 14:13 hrs on the day D. Any such Capacity Transfer of Intraday Units must be confirmed by the Participant to whom the Capacity Transfer was made no later than 14:13 hrs on the day D.*

5.21 *BritNed will notify each Unit Holder of its Intraday ICE in respect of Intraday Units with a Unit Validity Time of 18:00 to 23:59 hrs of the Contract Day D in each Direction, pursuant to Rule D1, at 14:14 hrs on the day D (or at any other time specified in advance by BritNed).*

5.22 *Unit Holders can submit Intraday Mid North Sea Nominations of Intraday Units with a Unit Validity Time of 18:00 to 23:59 hrs of the Contract Day D, from opening of the gate for Intraday MNNs at 14:15 hrs on the day D until Intraday MNNs gate closure at 16:00 hrs on day D, in accordance with Rule D2 (or at any other time specified in advance by BritNed).*

5.23 *Any Intraday Unit with a Unit Validity Time of 20:00 to 23:59 hrs of the Contract Day D can be subject to a Capacity Transfer Notice from 16:01 hrs on the day D until 16:13 hrs on the day D. Any such Capacity Transfer of Intraday Units must be confirmed by the Participant to whom the Capacity Transfer was made no later than 15:00 hrs on the day D.*

5.24 *BritNed will notify each Unit Holder of its Intraday ICE in respect of Intraday Units with a Unit Validity Time of 20:00 to 23:59 hrs of the Contract Day D in each Direction, pursuant to Rule D1, at 16:14 hrs on the day D (or at any other time specified in advance by BritNed).*

5.25 *Unit Holders can submit Intraday Mid North Sea Nominations of Intraday Units with a Unit Validity Time of 20:00 to 23:59 hrs of the Contract Day D, from opening of the gate for Intraday MNNs at 16:15 hrs on the day D until Intraday MNNs gate closure at 18:00 hrs on day D, in accordance with Rule D2 (or at any other time specified in advance by BritNed).*