

Annex 13 to the Harmonised Allocation Rules
Border specific annex: BritNed Interconnector

CHAPTER 1

General Provisions

Section 1

Subject-matter and scope

1. In accordance with Article 4 (*Regional specificities*) of the Allocation Rules, regional or border specificities may be introduced for one or more Bidding Zone borders. Rules described in this Annex apply to the Netherlands-Great Britain border comprising the Interconnector operated by BritNed (the “Border”).
2. The capitalised terms used in this Annex are defined in the Allocation Rules to which this Annex is attached or in the BritNed Access Rules unless otherwise specified below:

“Annex” means this annex to the Allocation Rules relating to the Border;

“BritNed” means BritNed Development Limited;

“BritNed Access Rules” shall mean the Access Rules relating to the Interconnector published by BritNed but, for the avoidance of doubt, not including the Allocation Rules;

“BSUOS Charges” means Balancing Services Use of System Charges as that term is defined in CUSC;

“Interconnector” means the interconnector linking the transmission systems in Great Britain and the Netherlands operated by BritNed;

“Marginal Price” means the price determined at a Long Term Auction to be paid by all the Registered Participants for each MW and hour of acquired Long Term Transmission Rights, which shall be equal to or higher than the Reserve Price; and

“Reserve Price” means the minimum price in a Long Term Auction for which Long Term Transmission Rights are offered. This minimum price will be set by reference to costs and not by reference to predictions of market revenues. Several steps of minimum prices may be identified within an Auction, ranging from the marginal cost to the full cost (including an allowance for capital expenditure) of operating the Interconnector.

3. By way of amendment to Article 2 (*Definitions and interpretation*) of the Allocation Rules, the definition of “Information System Rules” shall mean the terms and conditions for access to and use of the Auction Tool by Registered Participants as set out in Rule A9 (*Information System Rules*) of the BritNed Access Rules.

Section 2

Effective date and application

1. By way of amendment of Article 5 (*Effective date and application*) of the Allocation Rules, the Allocation Rules and this Annex shall enter into force in relation to the Border on:
 - a. 1 July 2016; or

- b. such other date, being not earlier than 1 January 2016, as may be specified on not less than thirty (30) days' notice, such notice to be published on the website of the Allocation Platform,

subject, in either case, to approval by the relevant National Regulatory Authorities, including The Gas and Electricity Markets Authority and the Netherlands Authority for Consumers and Markets of: (i) the Allocation Rules, (ii) this Annex; and (ii) the amendments to the BritNed Access Rules necessary to reflect the adoption of the Allocation Rules.

- 2. The Allocation Rules and this Annex shall apply to Long Term Transmission Rights and all other rights and obligations in relation to the Border including those acquired before but with all or part of the delivery period occurring after the date on which the Allocation Rules and this Annex take effect in accordance with paragraph 1 above.

CHAPTER 3

Collaterals

Section 3

Collaterals

1. By way of amendment to Article 20(e) (*Form of cash deposit*) of the Allocation Rules, the dedicated Business Account will not be used by the Allocation Platform for the purposes of settlement and must in all cases be opened in the name of the Allocation Platform at a financial institution selected by the Allocation Platform.
2. By way of amendment to Article 21 (*Form of Bank Guarantee*) of the Allocation Rules, the requirement to provide a Bank Guarantee may be satisfied by delivery of an equivalent instrument (“Alternative Guarantee”) in terms acceptable to the Allocation Platform, issued by a financial institution other than a bank with a long term credit rating meeting the requirements of paragraph 3 below.
3. By way of amendment to Article 21(1)(h) (*Form of Bank Guarantee*) of the Allocation Rules, the issuer of the Bank Guarantee or the issuer of any Alternative Guarantee accepted by the Allocation Platform under paragraph 2 above must have a long term credit rating of not less than A by Standard and Poor’s Corporation or A2 by Moody’s Investors Service Inc. If the issuer of the Bank Guarantee or Alternative Guarantee (the “Issuer”) ceases to have the required long term credit rating, the Registered Participant shall within five (5) Working Days submit to the Allocation Platform a substitute Bank Guarantee or Alternative Guarantee by a bank or other financial institution with the required long term credit rating or replace the Bank Guarantee or Alternative Guarantee with a cash collateral deposit. If there are industry-wide downgrades of financial institutions, the Allocation Platform may investigate what the new standards are and, at its own discretion if deemed necessary, decrease the required credit rating for a limited period of time. If the Issuer has two credit ratings and such credit ratings are not of the same level of parity (commonly known as “split ratings”) then, for the purposes of determining the Issuer’s long term credit rating, the lower credit rating will apply.

Section 4

Credit Limit

1. For the purposes of calculating the Credit Limit under Article 23 (*Credit Limit*) of the Allocation Rules and Rule B7 (*Payment Security*) of the BritNed Access Rules, any outstanding payment obligations of the Registered Participant under the BritNed Access Rules shall additionally be taken into account.
2. In the case of Long Term Auctions with a Product Period greater than one (1) month, one (1) month of potential maximum commitment associated with the Bid will be considered for the purposes of assessing the Credit Limit. (For example, in an Auction with a Product Period of a year where the Credit Limit is one hundred Euros (€100), Bids will be permitted up to a level that creates a total Product Period commitment of one thousand two hundred Euros (€1,200)).

Section 5
Calls on collaterals

The right of the Allocation Platform to call upon the collateral of a Registered Participant in respect of the Border under Article 26 (*Calls on collaterals*) of the Allocation Rules and Rule B7 (*Payment Security*) of the BritNed Access Rules shall additionally apply in relation to any sum invoiced under the BritNed Access Rules that a Registered Participant has failed to pay by the due date for payment.

CHAPTER 4

Auctions

Section 6

Reserve Price

1. By way of amendment to Article 35 (*Auction Results Determination*) of the Allocation Rules and for the purposes of determining the Auction results:
 - a. Bids with prices lower than the Reserve Price will be excluded for the purposes of determining the Auction results and, as a consequence, the Marginal Price will always be equal to or higher than the Reserve Price; and
 - b. If the total quantity of Cross Zonal Capacity for which valid Bids have been submitted is equal to or lower than the Offered Capacity for the relevant Auction then the Bids will be accepted and the Marginal Price will be the Reserve Price.
2. The Reserve Price for a particular Auction will be made available to Registered Participants as soon as practicable after the Auction has finished. Confirmation of the Reserve Price shall be submitted to both The Gas and Electricity Markets Authority and the Netherlands Authority for Consumers and Markets immediately before any Auction is conducted.

CHAPTER 7

Use and remuneration of Long Term Transmission Rights

Section 7

Remuneration of Long Term Transmission Rights holders for non-nominated

Physical Transmission Rights

1. For the purposes of calculating the remuneration payable to a Registered Participant under Article 48(1) (*Remuneration of Long Term Transmission Rights holders for non-nominated Physical Transmission Rights and Financial Transmission Rights Options*) of the Allocation Rules, where the non-nominated Long Term Transmission Rights are sold in a Daily Implicit Auction, the price shall be:
 - a. 100% of the difference of power exchange prices on the British and Dutch day ahead markets after market coupling (such power exchanges to be chosen by BritNed in its absolute discretion from time to time) for the relevant hour(s) minus the proportion of the DC losses of the Interconnector, BSUOS Charges and GB transmission system AC losses for the relevant Long Term Transmission Rights to the extent that the price difference is derived in the same flow direction of Long Term Transmission Rights not being used;
 - b. If a Daily Implicit Auction is cancelled or the Long Term Transmission Rights made available to a Daily Implicit Auction are reduced for any technical reason such that non-nominated Long Term Transmission Rights are not made available in the Daily Implicit Auction referred to in paragraph 1 above, compensation will be based on the Marginal Price derived from the fallback explicit Daily Auction;
 - c. If the explicit Daily Auction is not held for any reason, compensation to a Registered Participant with non-nominated Long Term Transmission Rights will be based on the weighted average price of Long Term Transmission Rights of the Registered Participant, the aggregate of which forms its entitlement set out in the Rights Document.

Section 8

Cancellation of a Long Term Nomination Gate

In the event of technical difficulties with the Auction Tool, the Allocation Platform may be forced to cancel a Long Term Nomination Gate. In that case, the Allocation Platform shall inform the Registered Participants as soon as practicable of such cancellation. Should BritNed cancel a Long Term Nomination Gate, the Registered Participant's corresponding Interconnector Capacity is compensated at the weighted average price of the Long Term Transmission Rights corresponding to such Interconnector Capacity in the Rights Document.

Section 9

Deemed Metered Volumes

When a Registered Participant issues a Mid North Sea Nomination of Physical Transmission Rights, then the Allocation Platform will ensure that a corresponding Deemed Metered Volume, adjusted for losses on the Interconnector and for any reductions in Mid North Sea Nominations as a result of curtailment, is allocated to the relevant Registered Participant

using the Deemed Metered Volume allocation rules set out in Schedule 5: “Deemed Metered Volume Allocation” of the BritNed Access Rules.

Section 10
Rights Document

By way of amendment to Article 47(2) (*Rights Document*) of the Allocation Rules, the Allocation Platform shall send the Rights Document daily and no later than at 16:15 p.m. on the second (2nd) day preceding the delivery day via the Auction Tool to the Registered Participant.

CHAPTER 9

Curtailement

Section 11

Curtailement general provisions

1. Curtailement shall be carried out for the Border in accordance with this chapter of the Annex in place of Chapter 9 (*Curtailement*) of the Allocation Rules. This chapter should be read in conjunction with Rules D8 (Curtailement) and D9 (Curtailement Reconciliation) of the BritNed Access Rules published on the website of the Allocation Platform which cover the curtailement of Daily and Intraday Interconnector Capacity and Daily and Intraday MNNs.
2. The Allocation Platform shall curtail Long Term Transmission Rights and if necessary Long Term MNNs during each Settlement Period GB or Settlement Period NL (as appropriate) in which there is a Capacity Shortage identified in accordance with Section 13 (*Capacity Shortage*) of this Annex.
3. Each Registered Participant whose Long Term Transmission Rights are curtailed by the Allocation Platform shall lose its entitlement to transfer, return or nominate for physical use those Long Term Transmission Rights or to receive remuneration based on non-nominated rights.

Section 12

Notice to the Registered Participants

1. The Allocation Platform shall inform the Registered Participant of any curtailement of Long Term Transmission Rights or Long Term Nominations as soon as practicable via email, stating the Capacity Shortage.
2. Capacity Shortages may change from time to time and the Allocation Platform shall inform the Registered Participant of the anticipated duration of such Capacity Shortage as soon as practicably possible after any change.

*Section 13
Capacity Shortage*

A Capacity Shortage occurs in any minute in a direction if:

$$NTC_{dir} < \sum \text{Capa}^{GNC}_{dir} + \sum \text{MNN}^{GC}_{dir} - \sum \text{MNN}^{GC}_{opp}$$

where:

- a. NTC_{dir} is the value of the Interconnector Capability at that time in that direction; and
- b. $\sum \text{Capa}^{GNC}_{dir}$ is the sum of the Interconnector Capacity rights across all Registered Participants in that direction, including Daily and Intraday rights allocated under the BritNed Access Rules, for any Timescale for which Nomination Gate Closure has not yet occurred, (before curtailment of these rights in respect of the relevant Capacity Shortage); and
- c. $\sum \text{MNN}^{GC}_{dir}$ is the sum of the MNN values across all Registered Participants in that direction for all Timescales, in respect of Interconnector Capacity for which Nomination Gate Closure has occurred (before curtailment of that MNN in respect of the relevant Capacity Shortage in accordance with this Annex or the BritNed Access Rules); and
- d. $\sum \text{MNN}^{GC}_{opp}$ is the sum of the MNN values across all Registered Participants in the opposite direction for all Timescales, in respect of Interconnector Capacity for which Nomination Gate Closure has occurred, (before curtailment of that MNN in respect of the relevant Capacity Shortage in accordance with this Annex or the BritNed Access Rules),

and the “Curtailment Quantity” is the positive number equal to the difference between the Net Transfer Capacity (NTC) in such direction and $(\sum \text{Capa}^{GNC}_{dir} + \sum \text{MNN}^{GC}_{dir} - \sum \text{MNN}^{GC}_{opp})$.

*Section 14
Curtailment of Long Term Transmission Rights and Long Term MNNs*

1. If there is a Capacity Shortage in any Settlement Period, the Long Term Transmission Rights of all Registered Participants in that Settlement Period in the direction of the Capacity Shortage will be curtailed by the Allocation Platform under this Annex on a pro rata basis with any Daily and Intraday Interconnector Capacity rights to be curtailed under the BritNed Access Rules.
2. Following the Long Term Nomination Gate Closure, if there is a Capacity Shortage, the Long Term MNN values, in that Settlement Period and in that direction, are curtailed under this Annex on a pro rata basis with any Daily and Intraday MNNs to be curtailed under the BritNed Access Rules.
3. To the extent that the calculations under paragraph 2 result in an Interconnector Capacity value and/or an MNN value for a Registered Participant that is not a whole number, BritNed will round the result down to the nearest whole number. Any Interconnector Capacity remaining as a result of the rounding down process will, to the extent it is a whole number, be

allocated by BritNed to Registered Participants at the next relevant Auction, where practicable.

4. If a Registered Participant's Interconnector Capacity has been curtailed as a result of a Capacity Shortage then any such Interconnector Capacity will not be reinstated if BritNed, acting reasonably, decides to increase the Interconnector Capability in any Settlement Period (either GB or NL) in any flow direction. Any such increase of Interconnector Capability will be added to the Offered Capacity in the next available Auction.

Section 15

Curtailed Long Term Transmission Rights notified for Return

If there is a Capacity Shortage in any Settlement Period (either by GB or NL) in a given direction leading to the curtailment of Long Term Transmission Rights notified for return by a Registered Participant to the Allocation Platform in accordance with Chapter 5 (*Return of Long Term Transmission Rights*) of the Allocation Rules (but not already resold), the corresponding notifications for return are cancelled in their entirety, without credit from the Allocation Platform and the corresponding Long Term Transmission Rights are retained by the Registered Participant. Those Long Term Transmission Rights are then subject to curtailment in accordance with Section 14 of this Annex.

Section 16

Curtailed Long Term Transmission Rights subject to Capacity Transfer

1. If there is a Capacity Shortage in any Settlement Period (either GB or NL) in a given direction leading to the curtailment of Long Term Transmission Rights notified for Capacity Transfer by a Registered Participant to the Allocation Platform:
 - a. if the Capacity Transfer has been confirmed by the party to whom the Capacity Transfer was made before the curtailment, the Long Term Transmission Rights are curtailed and a credit is made to such party in accordance with Section 14 of this Annex;
 - b. if the Capacity Transfer has not been confirmed by the party to whom the Capacity Transfer is being made before the curtailment, the Capacity Transfer is cancelled in its entirety by the Allocation Platform, the corresponding Long Term Transmission Rights are returned to the party which submitted the associated Capacity Transfer Notice and no credit is due to the party which had not confirmed the Capacity Transfer. These Long Term Transmission Rights are then subject to curtailment in accordance with Section 14 of this Annex.

Section 17

Compensation of curtailed Long Term Transmission Rights

Holders of curtailed Long Term Transmission Rights under Section 14 of this Annex shall be entitled to receive reimbursement (where practicable) equal to the price of the Long Term Transmission Rights set during the relevant Long Term Transmission Rights allocation process.

Section 18
Compensation of curtailed MNNNs

1. If:

- a. there is a Capacity Shortage in any Settlement Period (GB or NL) in a given direction leading to the curtailment of the Long Term MNNN of a Registered Participant; and
- b. such curtailment occurs prior to the receipt by the Allocation Platform of all Nominations in respect of Interconnector Capacity made available through Implicit Auctions from the Implicit Power Exchange in respect of such Settlement Periods,

the corresponding Long Term Transmission Rights will be credited to the Registered Participant at a price based on the weighted average Marginal Price of the relevant Long Term Auctions as originally paid by the Registered Participant.

2. If:

- a. there is a Capacity Shortage in any Settlement Period (GB or NL) in any given direction leading to the curtailment of the Long Term MNNN of a Registered Participant; and
- b. such curtailment occurs after the receipt by Allocation Platform of all nominations in respect of Interconnector Capacity made available through Implicit Auctions from the Implicit Power Exchange in respect of such Settlement Periods,

the Registered Participant will be compensated by the Allocation Platform subject to the following valuation principle and compensation caps:

-The positive Day-Ahead Market Spread in the affected period in the same direction as the curtailment subject to the following caps (if the positive Day-Ahead Market Spread is in the opposite direction to the curtailment, the price taken into account for the compensation will be equal to 0 € / MWh):

The first cap applies to the Day-Ahead Market Spread and is different for each direction:

-17.9 € / MWh for a nomination from the Netherlands to Great Britain (the value to be taken as a reference in the compensation scheme cannot be greater than this given value); or

-11.4 € / MWh for a Nomination from Great Britain to the Netherlands (the value to be taken as a reference in the compensation scheme cannot be greater than this given value).

The second cap applies to the total monthly amount of compensations under paragraphs 1 and 2 of this Section 18. This cap is defined for each month as the sum of:

-The revenue raised from Long Term Auctions with a Product Period less than or equal to a month in both directions for that particular Month; and

-The revenue raised in relation to that Month from Long Term Auctions with a Product Period longer than a month, which shall be calculated based on the amount of Long Term Transmission Rights sold with a Unit Validity Time applicable to that particular Month in both directions.

If this monthly amount is reached, it will be shared on a pro-rata basis between the Registered Participants deserving compensations in that month according to their

compensation amount. This sharing will be done after taking into account the cap on the Day-Ahead Market Spread.

CHAPTER 10

Invoicing and Payment

Section 19

Invoicing and payment conditions

1. Article 66(8) (*Invoicing and payment conditions*) of the Allocation Rules shall not apply in respect of the Border and the following shall apply in its place:

“Payments by the Registered Participant under paragraph 7 of this Article shall be made as follows:

- a. the Registered Participant shall ensure payment through a non-automated transaction to the account of the Allocation Platform specified on the invoice by indicating the invoice reference; or
- b. alternatively, the Allocation Platform shall, subject to prior agreement with the Registered Participant, collect the payment automatically from any bank account other than the dedicated Business Account (which, for the avoidance of doubt, may only be used for the purposes of holding collateral) of the Registered Participant on the due date of the invoice.

The alternative procedure set out in sub-paragraph b may only be used upon request of the Registered Participant and with the consent of the Allocation Platform. The Registered Participant may request the Allocation Platform to use the alternative procedure by email at least two (2) Working Days before the date of issuing of the next invoice under paragraph 2 of this Article (as amended by the Annex). Once the alternative procedure is agreed, it shall be deemed to be valid until otherwise agreed between the Registered Participant and the Allocation Platform.”

Section 20

Invoicing

1. By way of amendment of Article 66(2) to (8) (inclusive) (*Invoicing and Payment Conditions*) of the Allocation Rules, unless notified otherwise, no later than the 11th Working Day of each month, the Allocation Platform will send by email as a PDF attachment (or by any other means as indicated from time to time by the Allocation Platform) to the Registered Participant an invoice or credit note stating:
 - i. the monthly instalments payable by the Registered Participant in respect of the portion related to month M+1 of Long Term Transmission Rights, the Product Period of which is equal or greater than one month, and the allocation of which will have taken place before the 3rd Working Day of month M;
 - ii. the monthly instalments payable by the Registered Participant in respect of the portion related to month M of Long Term Transmission Rights, the Product Period of which is equal to or greater than one month, and the allocation of which will have taken place after or on the 3rd Working Day of month M-1;

- iii. the amount payable by the Registered Participant in respect of Long Term Transmission Rights, the Product Period of which is less than one (1) month and starts in month M-1;
 - iv. the monthly instalments payable by the Allocation Platform to the Registered Participant in respect of the portion related to month M+1 of Long Term Transmission Rights reallocated in Auctions, the Product Period of which is equal or greater than one month, and the allocation of which will have taken place before the 3rd Working Day of month M;
 - v. the monthly instalments payable by the Allocation Platform to the Registered Participant in respect of the portion related to month M of Long Term Transmission Rights reallocated in Auctions, the Product Period of which is equal to or greater than one month, and the reallocation of which will have taken place after or on the 3rd Working Day of month M-1;
 - vi. the amount payable by the Allocation Platform in respect of the Long Term Transmission Rights returned for reallocation in Auctions in accordance with Chapter 5 (*Return of Long Term Transmission Rights*) in Auctions, the Product Period of which is less than one (1) month and starts M-1;
 - vii. the amount payable by the Allocation Platform in respect of non-nominated Long Term Transmission Rights;
 - viii. where practicable, the notification of the portion related to month M-1 of the Long Term Transmission Rights subject to transfer in accordance with Chapter 6 (*Transfer of Long Term Transmission Rights*) by or to the Registered Participant;
 - ix. any amounts payable or credits due to the Registered Participant by the Allocation Platform under Chapter 9 (*Curtailment*) as amended by this Annex;
 - x. any amount payable by the Registered Participant to the Allocation Platform for any training requested by the Registered Participant, in addition to the Standard Training provided to the use of the Allocation Platform;
 - xi. any taxes payable by the Registered Participant or the Allocation Platform in respect of amounts in the invoice;
 - xii. the total amounts payable by the Registered Participant to the Allocation Platform under that invoice (or receivable by the Registered Participant from the Allocation Platform under that credit note); and
 - xiii. any other information required to be included in the invoice under English or Dutch law.
2. Where an invoice issued by the Allocation Platform does not contain full background data for the derivation of invoice summary amounts, then the Registered Participant may consult the Auction Tool to obtain such background data.
 3. Any invoice issued under Article 66 (*Invoicing and payment conditions*) of the Allocation Rules may include other items including those to be invoiced under the BritNed Access Rules.

CHAPTER 11

Miscellaneous

Section 21

Duration and amendment of Allocation Rules

By way of clarification to Article 69(6) (*Duration and amendment of Allocation Rules*) of the Allocation Rules, the biennial review required of the Allocation Rules and the border and /or regional specific annexes included with the Allocation Rules by the relevant TSOs shall be treated as satisfied to the extent that any such review is undertaken in accordance with the requirements of competent National Regulatory Authorities.

Section 22

Liability

By way of clarification of Article 70(2) (*Liability*) of the Allocation Rules, the Allocation Platform shall not be liable for damages caused by any act or omission that does not amount to fraud, gross negligence or wilful misconduct or that does not cause death or personal injury of any person.