



BritNed Border Specific Annex: BritNed’s Rationale for Variation from Harmonised Allocation Rules

The purpose of the table below is to provide BritNed Development Limited’s (hereinafter referred to as ‘BritNed’) rationale for the variation from the Harmonised Allocation Rules (hereinafter referred to as ‘HARs’). The variations have been outlined in a document called the Border Specific Annex (hereinafter referred to as the ‘BSA’). The BSA outlines those provisions of Long Term Capacity Allocation which BritNed propose to amend from the HARs.

Chapter/Section	Subject Matter	Rationale for Variation from HARs
Chapter 1 Section 1 GENERAL PROVISIONS	Subject – matter and scope	This section of the BSA outlines the scope of the document. There are specific additional definitions relevant to the BritNed interconnector which is included in this section, namely; “Annex”, “BritNed”, “BritNed Access Rules”, “BSUOS Charges”, “Interconnector”, “Marginal Price” and “Reserve Price”. Paragraph 3 of this particular section clarifies the definition of “Information System Rules” for the BritNed context.
Chapter 1 Section 2	Effective date and application	With 1 st January 2016 not apply for BritNed as an effective date for this revised version of the BritNed access rules; paragraphs 1 to 2 propose a target effective date with a mechanism for varying from this target date if necessary.
Chapter 3 Section 3 COLLATERALS	Collaterals	BritNed practice is to keep separate the accounts for cash deposit for credit cover purposes and accounts for payment of invoice. Paragraph 2 is proposed as an enhancement to the HARs whereby additional financial institutions other than banks may be valid LOC providers. This should create greater flexibility for Market Participants. The BSA proposed credit rating of banks/financial institutions A is retained from the previous BritNed Access Rules. The credit rating BBB+/Baa1 within the HARs is outwith National Grid’s current credit policy.
Chapter 3 Section 4	Credit Limit	BritNed practice will continue whereby the calculated credit limit at any time for a registered participant takes into account outstanding payment obligations across all timescales (Long Term, Day Ahead and Intraday). The addition of this



		provision in the BSA makes this clear.
Chapter 3 Section 5	Calls on Collaterals	Clarification that collateral provided under HARs for BritNed can be drawn upon in event of failure to pay under either the HARs or the BritNed Access Rules.
Chapter 4 Section 6 AUCTIONS	Reserve Price	To continue the provision of Reserve Price within BritNed's Access Rules; the inclusion of a reserve price originates from the agreed exemption from certain aspects from the Third Package legislation.
Chapter 7 Section 7 USE AND REMUNERATION OF LONG TERM TRANSMISSION RIGHTS	Remuneration of Long Term Transmission Rights holders for non – nominated Physical Transmission Rights	BritNed specific text reflecting the loss factors which affect the remuneration price for non – nominated long term rights.
Chapter 7 Section 8	Cancellation of a Long Term Nomination Gate	This makes provisions for compensation payable in the event of long term nomination gate cancellation and this is based on the existing curtailment compensation provisions as set out in Chapter 9 of this BSA.
Chapter 7 Section 9	Deemed Metered Volumes	This is used for the clarification that loss factor will be applied to DMVs associated with nomination of long term rights.
Chapter 7 Section 10	Rights Documents	This continues the BritNed practice of notifying participants of their Rights Documents at 16:15 following which Nomination Gate opens.
Chapter 9 Sections 11 – 18 CURTAILMENT	Sections 11 – 18 (inclusive)	BritNed proposal continues all current curtailment and associated compensation provisions, based on the uncertainty, commercial impact and technical complexity of HARS curtailment provisions and ahead of FCA guideline applying.
Chapter 10 Section 19 INVOICING AND PAYMENT	Invoicing and Payment Conditions	BritNed proposal replaces Article 66(8) of the HARs to clarify to its users and potential future participants as to how payments in association with Article 66(7) shall be made. This section clarifies BritNed's position on the Business Account provision.
Chapter 10 Section 20	Invoicing	Continuation of the current BritNed process of the 11 th working day notification.



Chapter 11 Section 21 MISCELLANEOUS	Duration and Amendment of Allocation Rules	Paragraph to clarify that a review of the rules under the HARs is not additional to the requirement to review of rules under the Interconnector Licence.
Chapter 11 Section 22	Miscellaneous	This clarifies that liability for simple negligence is excluded and this was considered prudent under English law.