



An Coimisiún
um Rialáil Fóntas
Commission for
Regulation of Utilities



28 February 2023

Our Ref: OSC-C-23-015

Alan Campbell
SONI Limited
Castlereagh House
12 Manse Road
Belfast
BT6 9RT

Sent by email: alan.campbell@soni.ltd.uk

Re: Interim Cross-Zonal Arrangements and the Greenlink Interconnector

Dear Alan,

Further to our letter dated 18th January 2023, we are writing to you regarding the application of the Interim Cross-Zonal Arrangements¹ (ICZAs) to the Greenlink Interconnector, and to future SEM-GB interconnectors.

The SEM TSOs have recommended that the ICZAs, which currently apply to the existing SEM-GB interconnectors, should be applied to Greenlink, and to future SEM-GB interconnectors², with the exception of Article 3 (20, 21 and 22) of these arrangements. In our previous letter to all parties, we stated our intention to endorse this recommendation.

Given that the ICZAs applied to all impacted parties at the time they were agreed, including all Interconnector Owners, and given that they are the exclusive existing set of arrangements relating to cross-border trade, the RAs consider that it is appropriate for them to apply to Greenlink and any future SEM-GB interconnectors in the absence of enduring arrangements. The RAs note that the ICZAs may be superseded by policy developments under the Trade and Cooperation Agreement (TCA) in particular. As set out in our previous letter to all parties, the RAs await the implementation of the “Multi-Region Loose Volume Coupling” (MRLVC), as outlined in the TCA, which will allocate capacity on the SEM-GB interconnectors in the day-ahead timeframe.

Therefore, the SEM RAs are now endorsing the application of the ICZAs to the Greenlink Interconnector, and to any future SEM-GB interconnectors, with the exception of Article 3 (20, 21 and 22).

¹ <https://www.sem-o.com/documents/general-publications/Interim-Cross-Zonal-TSO-Arrangements-for-GB-ISEM-go-live-Publication.pdf>

² This notwithstanding the potential for future policy development in this area that would impact on the arrangements.

Regarding Article 3 (20, 21 and 22), as also indicated in our letter to all parties of 18th January 2023, the RAs will shortly open a consultation on the appropriate arrangements for NTC reduction compensation going forward in the SEM. This consultation will consider the forward-looking arrangements for NTC reduction compensation in the SEM only.

Please do not hesitate to contact us should you need any further information regarding this decision, and we invite your response to the upcoming consultation.

Yours Sincerely,

(no signature required – sent by email)

John Melvin
Director
Security of Supply and Wholesale
Commission for Regulation of Utilities

Colin Broomfield
Director
Wholesale Energy Regulation
Utility Regulator

cc: Gráinne Black, Manager, Wholesale Electricity Markets, CRU
Paul Bell, Manager, UR