

Consultation on UR and CER minded to position on assignment of TSO obligations under the Capacity Allocation and Congestion Management Regulation
Moyle Interconnector Ltd response

23rd June 2015

Moyle Interconnector Ltd (“Moyle”) welcomes the publication of, and the opportunity to respond to, this consultation on assignment of TSO obligations under the Capacity Allocation and Congestion Management Regulation (CACM Regulation) in the all-island market.

Moyle has been certified by the European Commission as a TSO and holds electricity transmission and interconnector licences issued by the Northern Ireland Authority for Utility Regulation and Ofgem respectively. It is in the context of Moyle’s position as a certified TSO, with obligations under CACM, that we are submitting this response.

The focus of this consultation is on the assignment of TSO obligations under the CACM Regulation within the all-island market on the island of Ireland. We note that a similar exercise is in progress regarding the assignment the CACM obligations to TSOs in GB. It is important that decisions taken by UR and CER following conclusion of this consultation are coordinated with the equivalent decisions to be taken by Ofgem. Therefore, it is imperative that the NRA’s and TSO’s in both ‘I-SEM’ and GB work closely together to ensure consistency.

We address the questions raised in the consultation document below:

1. Do you agree with the CER and UR’s application of Article 1(3) in assigning obligations to the TSOs operating in the all-island market as outlined in the Annex to this Consultation Paper?

We broadly agree with this approach. As we have indicated in previous discussions it is our view that in many articles, while all TSOs will be required to contribute to achieving member state compliance, some would expect to play a minor role in this such as information provision. It would therefore be our preference that the regulatory authorities determined a ‘lead’ TSO to coordinate achieving member state compliance in such cases. We note that UR and CER seem to have adopted this approach for 2 articles in Annex 1 but believe that several additional articles are suitable candidates for such an approach.

Further to the above comments we consider that the annex needs to be more nuanced in assigning individual obligations to one or more TSOs. We note the UR and CER view per the consultation paper that *“We do not consider that Article 1(3) requires us to decide how TSOs will comply with obligations once assigned. It is our opinion that the TSOs are best placed to determine the method of compliance with these new obligations”*.

This indirectly seems to suggest that TSOs themselves should develop a more nuanced approach and use article 81 to delegate obligations to the appropriate party. If this is the case we believe that there should be a

role for the regulatory authorities in the delegation process, whether that be coordinating it or assisting TSOs to agree on the appropriate, efficient allocation of roles.

The annex would benefit from increased granularity in places. There are a large number of articles where the obligation is placed on all TSOs. However, it is possible that within an article there may be a number of different obligations with perhaps one obligation resting with a particular type of TSO (e.g. onshore SO) and another obligation residing with a different type of TSO (e.g. interconnector TSO), or all TSOs depending on the specific obligation. A good example of this can be found in Articles 8 and 9 of the annex: TSO tasks related to Single Day Ahead and Intraday Coupling and Adoption of Terms, Conditions and Methodologies that confer multiple disparate tasks, deliverables, roles and responsibilities, some of which seem relevant to onshore TSOs and others to interconnector TSOs. Such articles would benefit from the suggested more granular approach to assignment of TSO obligations.

Articles 17-19 are ticked as “All TSO obligation” and it is reasonable to expect that all TSOs should have the opportunity to provide input to the relevant tasks. However, it would not be possible for an interconnector TSO to develop grid models in isolation so it is unclear that interconnector TSOs should be obliged to comply with these articles in their entirety – these are examples of articles that would benefit from identification of a ‘lead’ TSO as suggested above. This point is similarly relevant for the majority of Articles that have been highlighted as “All TSO obligation” and could be remedied by adopting the increased granularity suggested above. As it stands the Annex serves to indicate the TSOs that are impacted by each CACM Article rather than those that should be legally obliged to fulfill specific obligations contained in the detail. The annex should differentiate between those TSO(s) who are legally obliged to meet an obligation; those that have a supporting role e.g. data provision; and those who are impacted by the obligation.

Articles 69 and 79 are highlighted as being “Interconnectors only” obligations in the annex, suggesting that firmness refers to interconnector capacity only and that the Articles should therefore only confer obligations on interconnector TSOs. It should be noted that the CACM Guideline provides for Cross-Zonal Capacity on any given bidding zone border to be restricted for reasons of operational security internal to either bidding zone. Interconnector TSOs would have little control or influence over such Cross-Zonal Capacity restrictions so SONI and EirGrid have an obligation under these articles. Where cross-zonal capacity is allocated implicitly in the Day Ahead Market Coupling, the real-time responsibility for that delivery of that energy flow on an interconnector after the Day Ahead Firmness Deadline is with the TSO concerned with Balancing.

2. Do you agree that we have correctly identified the Articles of the CACM Regulation which place an obligation on TSOs?

In general yes although it is unclear how some articles (e.g. Article 2 on definitions, Article 3 on objectives) confer direct obligations on TSOs. As above, we would welcome the further development of the Annex such

that, where relevant, each article is broken down into its sub-paragraphs to identify where exactly obligations are conferred on each *type* of TSO i.e. interconnector TSO versus 'onshore' TSO.

3. How do you think the CER and UR should determine future changes to the assignment of TSO obligations under the CACM Regulation?

We have little to add at this stage but any assessment should aim to assign TSO obligations in the most efficient way i.e. to the party best equipped to meet them and minimizing duplication of effort.