STRICTLY PRIVATE AND CONFIDENTIAL

Réseau de transport d'électricité
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30 July 2021

Dear Sir/Madam,

RE: ElecLink Limited's response to the public consultation entitled "FR-UK Long Term Capacity Calculation – NTC Interim Solution"

ElecLink Limited ("ElecLink") welcomes the opportunity to respond to the aforementioned consultation. Please treat our response as strictly private and confidential, not for publication.

RTE has developed a proposal in respect of an interim long-term capacity calculation applicable on the FR-UK border ("LT CC Interim Solution"). ElecLink understands the need to develop and implement a coordinated capacity calculation mechanism and ensure security system operation. However, we believe RTE has no legal or regulatory mandate to implement a unilateral methodology on an interim basis. In addition, the connection agreement entered into between RTE and ElecLink in September 2016 clearly states that RTE will be able to apply any coordinated capacity calculation methodology approved by the relevant national regulatory authorities ("NRAs") to ElecLink[1] and in the meantime, RTE will be allowed to plan outages during 5 days over 3 years[2]. ElecLink therefore considers that an interim methodology is not required as RTE can plan outages to operate and maintain the grid and is not compliant with the contractual provisions of the connection agreement. In our view, agreement upon the LT CC Interim Solution must be given by ElecLink in order to override the relevant provisions of the connection agreement.

ElecLink also wishes to express its concerns about the way the process was managed by RTE. The high-level principles of the LT CC Interim Solution were presented by RTE but there was no further discussion to go through all the details of the methodology and take into account potential improvements from the relevant market parties. The process appears to be a "take it or leave it" approach which is inappropriate.

In the event a unilateral capacity calculation methodology is indeed implemented by RTE, ElecLink disagrees with the proposed LT CC Interim Solution which lacks details, clarity and transparency and is likely to have a detrimental impact on ElecLink's financial and/or commercial position(s) through no fault of its own (in accordance with the relevant provisions set out in the network access agreement applicable for the operational phase that is currently consulted on). ElecLink believes that the LT CC

[1] Chapter 4 of the specific conditions regarding the characteristics of the connection works ("Caractéristiques des ouvrages de raccordement").
[2] Article 3.3 of the specific conditions regarding the characteristics of the connection works ("Caractéristiques des ouvrages de raccordement").

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Interim Solution should be amended to ensure that the objectives listed in Whereas 4 are achieved (which is not the case in our view) and give more certainty to interconnectors. This is further explained below.

1. Basis of the calculation methodology

ElecLink agrees that the long-term capacity calculation methodology developed within the Channel region ("Channel LT CCM") should be used as a basis for the development of the LT CC Interim Solution and the net transmission capacity approach is appropriate in such a case.

However, the wording used in Whereas 3 ("*the rules and mechanisms described in the LT CC Interim Solution are in line with the principles defined in the previous Long Term Capacity Calculation Methodology for Channel CCR*") should be amended to avoid any confusion or misinterpretation by the market parties. ElecLink considers that the LT CC Interim Solution is not in line with the Channel LT CCM given that the LT CC Interim Solution does not, amongst others, apply a statistical approach for the first calculation in February Y-1, include a calculation in December Y-1, use the ENTSO-E scenarios and a common grid model as defined in Article 2(2) of the CACM Regulation, select the same timestamps, define a generation shift keys methodology, give a minimum guaranteed value as a result of the calculation in September Y-1 and apply the same calculation timings.

ElecLink expects the amended LT CC Interim Solution to be more analogous to the Channel LT CCM. The amendments requested by ElecLink are detailed below.

2. Calculation methodology

The calculation methodology is described in Article 4 of the LT CC Interim Solution. ElecLink is of the view that the methodology is not fit for purpose.

RTE will carry out a capacity calculation in September Y-1 in accordance with Article 4(3)(ii) of the LT CC Interim Solution. Such a calculation will result in a single net transmission capacity ("NTC") value per interconnector and per direction. Unlike the Channel LT CCM, the NTC value is not considered as a minimum guaranteed value ("MGV") in this LT CC Interim Solution. ElecLink requests clarification on the reason(s) why RTE no longer can guarantee this value in September Y-1 and believes the methodology should be amended in line with the Channel LT CCM.

Article 4(3) of the LT CC Interim Solution does not encompass any calculation in December Y-1. We think that such a calculation should be included as RTE will have more certainty regarding outages given that the outage planning must be finalised before 1 December of Y-1 in accordance with Article 99 of the SOGL Regulation. This calculation could be made optional in the event no updated or additional input data is received between the previous calculation and the one performed in December Y-1. Such an amendment would be in line with the Channel LT CCM.

ElecLink strongly disagrees with the timings of the monthly and weekly calculations defined in Article 4(3)(iii) of the LT CC Interim Solution (i.e. by the end of each month M-1 and each week W-1 respectively). The timing of the monthly calculation is different from the one in the Channel LT CCM (i.e. before the end of month M-2) and ElecLink requests further clarification on the reason(s) why RTE no longer can carry out this calculation by the end of month M-2. In practical terms, it means that RTE can perform the monthly and weekly calculations at the very last moment which does not give time or sufficient time for interconnectors to allocate capacity. As an example, in the event RTE

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calculates the monthly capacity to be allocated in July on 30 June, ElecLink will not be able to hold a monthly auction for a product starting on 1 July. Even if RTE carries out such a calculation a few days earlier, ElecLink will need time to set up the auction and have the obligation to publish the auction specification no later than two working days before the end of the bidding period of the relevant auction[3].

This would likely put ElecLink and the other interconnectors in breach of their splitting rules and have a significant detrimental impact on revenue. Market participants would not be able to buy monthly and/or weekly products and this would hinder the objectives of the EU-UK Trade and Cooperation Agreement ("TCA"), namely the objective of promoting effective long-term cross-border trade with long-term cross-border hedging opportunities for market participants and the objective of optimising the calculation and allocation of long-term cross-border capacity. Moreover, all the interconnectors on the FR-UK border would hold their monthly and weekly auctions within the same period which could impede the formation of an orderly price, especially as market participants would not be able to participate in all the auctions due to the requirement of providing collaterals to participate in auctions. ElecLink requests the timings to be amended to ensure that interconnectors can allocate capacity in a timely manner and the objectives of the TCA are met. ElecLink supports a calculation performed by the end of month M-2 for monthly products and by the end of week W-2 for weekly products.

RTE states in Article 4(3)(iii) that calculations can be carried out until day D-2 following re-assessment of the maintenance works and the associated outages. This is reiterated in Article 4(5) in which RTE considers that the "*analysis must be performed in a timely manner in order to release forward cross-border capacity before the day-ahead firmness deadline*". ElecLink would like to stress that the LT CC Interim Solution exclusively covers the long-term timeframes as set out in Articles 1(2) and (3) and should not, in any way, impact the day-ahead process and the day-ahead capacity of the interconnectors[4] (apart from increasing capacity if there is an outage change for example). Any reference to day D-2 or the day-ahead firmness deadline should be removed.

RTE has proposed to calculate capacity at any moment after September Y-1 in the event there is a relevant critical outage in accordance with Article 4(3)(iv). Although ElecLink agrees in principle as this would ensure security system operation, a clear distinction should be made between planned and urgent outages[5] given that the compensation principles are different for ElecLink. We request that interconnectors are provided sufficient information on the type of outage in such a case.

It is stated in Article 4(4) of the LT CC Interim Solution that "*at each timeframe, the resulting NTC shall not be lower than the capacity that has been allocated by the interconnectors following previous capacity calculations ran by RTE*". This is not in line with Article 4(3)(i) which guarantees a minimum value of 35% of the MPTC without exception. Article 4(4) should therefore be amended to take this specific situation into account.

Lastly, RTE has established a principle in Article 4(3)(ii) by which the calculated NTC will apply for the whole days during which RTE has planned a critical outage. It is not clear whether this principle would

[3] Please refer to Article 28 of ElecLink Long Term Allocation Rules (Part 3 of ElecLink Access Rules).
[4] A capacity calculation impacting the day-ahead capacity must be part of a specific day-ahead capacity calculation methodology in which different scenarios, input data and modelling assumptions (amongst others) are required.
[5] An urgent outage does not have to be carried out immediately and can be planned at a later point in time.

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apply to the calculation performed in September Y-1 only or to all calculations. ElecLink believes that such a principle should not apply to all calculations because this would hamper the objective of optimising the calculation and allocation of long-term cross-border capacity (e.g. an outage of 6 hours should not impact the whole day) and would negatively impact revenues. Following finalisation of the outage planning as mentioned above, RTE should know the timings of these critical outages and hence, be able to release capacity during these days in the event the outage does not last the whole day. We request further clarification as well as an amendment to the methodology.

3. Input definition

RTE will develop a set of scenarios for each long-term capacity calculation time frame in compliance with Article 9(1). The scenarios will be the "*most representatives for outages periods in terms of generation and load pattern and exchanges*" (Article 9(2)). Detail is not provided at all on how the set of scenarios will be developed, the modelling assumptions to be used and the other input data to be selected. ElecLink considers that inputs are not clear and transparent and requests further information in the LT CC Interim Solution and/or in the separate document presenting the hypothesis. It is crucial for ElecLink to understand the input data that will be required to generate the scenarios and how such data will be applied as this will form the basis of the calculations and may result in capacity reductions. Also, the set of scenarios should de detailed and provided to the relevant interconnector and/or the French NRA (or published) to ensure the objectives listed in Whereas 4 are complied with and the scenarios are reliable. If the scenarios are not shared or published, it means that RTE will be given 'carte blanche' which is inappropriate.

RTE has proposed to be able "*to use different scenarios according to the area of influence of the interconnectors*" (Article 9(2)). Again, no detail is provided so ElecLink cannot make any assessment. We request further information (e.g. how do these scenarios will be developed? Which input data will be used? Will RTE explain why a different set of scenarios will be required?) and highlight that RTE has the obligation to ensure the same treatment for all the interconnectors on the FR-UK border. As such, the methodology to develop scenarios should be applied consistently across the areas of influence.

In Article 11, RTE refers to "*a network situation scenario at the ad hoc timestamp*" as one of the inputs to be used for the calculation. This does not seem in line with the "*set of scenarios*" to be developed in Article 9. ElecLink requests clarification on what a network situation scenario is and whether this is the same as the set of scenarios mentioned in Article 9. In addition, we think that the already allocated capacity should be part of the list of inputs as RTE will need the information in accordance with Articles 4(4), 14(2), 17(2) and 19(3)(a).

4. Calculation process

The calculation process is set out in Chapter 3 of the LT CC Interim Solution.

RTE states in Article 13 that grid models will be prepared for each timestamp but does not provide further detail. Grid models must be designed in a clear and transparent manner and therefore, ElecLink requests information on how the grid models will be developed based on the set of scenarios defined in Article 9. This is essential for ElecLink to understand this part of the process as it will have a significant impact on the calculation results.

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As part of the calculation process, RTE will run a contingency analysis on the grid model in accordance with Article 13(1). Information is not provided in this respect so ElecLink would like to comprehend how this contingency analysis will be carried out and requests additional information in the LT CC Interim Solution.

In the event capacity is reduced following a calculation, the capacity limitation will be spread between all interconnectors located in the relevant area of influence, proportionally to their MPTC as detailed in Article 14(1)(b) and the hypothesis. ElecLink is of the view that the limitation should be spread between the relevant interconnectors proportionally to their influence on the limiting critical network element. This would ensure non-discrimination between the interconnectors as an interconnector could have a greater influence on the critical network element and the other interconnector(s) in the area of influence should not bear such consequences.

Curtailment may be required in specific situations in accordance with Article 14(2). ElecLink agrees with this principle but requests further detail on the curtailment process as well as the document or agreement in which it will be specified.

Lastly, we would welcome the inclusion of a formula in Article 17(2) regarding the maximum value between the resulting NTC and the already allocated capacity to ensure clarity for all interconnectors.

5. Publication of information

ElecLink agrees with the publication requirements set out in Article 18. However, we believe that a list of critical network elements should also be published on RTE's website to alleviate uncertainties for interconnectors. Moreover, limitations of capacity (including a detailed justification) should be reported to the French NRA on a regular basis as it was required under Article 24(4) of the Channel LT CCM. Such reporting would ensure better transparency from RTE. We do not think that the publication of the justification (i.e. NTC, critical outage and CNEC) set forth in Article 4(5) is sufficient in this regard.

6. Implementation of the LT CC Interim Solution

RTE has proposed a transitory period of 12 months following the approval of the methodology. If this is approved by the French NRA, we consider that RTE shall be obliged to publish the relevant information (e.g. list of remedial actions, critical outages) before any calculation takes place for transparency purposes.

Article 20 of the LT CC Interim Solution makes clear that the LT CC Interim Solution will apply to new interconnectors by default until a coordinated long-term capacity calculation methodology is developed and implemented under the TCA. We support this in principle but system changes and/or new interfaces will be needed. In ElecLink's case, the tripartite operating protocol foresees the delivery of interfaces sometime after go-live. The wording of Article 20 suggests that the solution will apply from day 1 to new interconnectors although this may not be possible from an IT perspective. We think that a transitory period will also be needed for new interconnectors to enable the implementation of the required system changes and/or interfaces and hence, should be included in the methodology. The transitory period could include a straightforward and simple IT process which would be applicable until the system changes and/or new interfaces are developed and implemented.

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7. Hypothesis used

RTE has detailed the hypothesis that will be used in the LT CC Interim Solution in a separate document.

RTE explains that "*calculations will be made both in export and import and shall determine one value in both directions per week*". We understand that the granularity of the timestamp will be 1 week in Article 10 but it is not clear in the LT CC Interim Solution that the output will also be 1 week. If this is the case, does it mean that a 1-day outage will impact the capacity of the whole week? This does not seem in line with Article 4(3)(ii) of the LT CC Interim Solution in which "*the NTC will range between the MGV and 100% of the MPTC for the days in which RTE planned Critical outages on the grid for maintenance operations. For the other days, the NTC will be equal to the MPTC of the interconnector*". We request further clarification and believe that the output should be a value per day in order to meet the objective of optimising the calculation and allocation of long-term cross-border capacity.

In respect of the area of influence IFA2000 / ElecLink, RTE states that "*the minimum CWE import value of the year (if available) will be calculated with an export flow of 2500 MW on FR→UK*" or 0 MW depending on the axis. Could RTE please explain the underlying principle behind this approach? This is not clear to ElecLink.

8. General comments

There is no information on the situation where RTE does not perform the calculations in a timely manner in accordance with the LT CC Interim Solution. This is important for ElecLink to understand this particular situation as any delay in the calculations may impact the auction planning and the revenues of the interconnector. We would like further detail in this respect and believe that RTE should be incentivised to comply with the LT CC Interim Solution.

In the connection agreement entered into between ElecLink and RTE, it is stated that the connection study has demonstrated that the grid capacity does not allow ElecLink to use its MPTC in all circumstances. Therefore, RTE can reduce the interconnector capacity until a certain date[6] pending the completion of the grid reinforcement works (including on the axis Avelin-Mastaing)[7]. This axis is, however, included in the area of influence IFA2000 / ElecLink. ElecLink requests information on the works carried out on this axis by RTE and considers that any capacity limitation on this axis should be compensated by RTE in the event the works were not duly performed.

RTE has included in the network access agreement applicable to exempted interconnectors for the operational phase a period of 8 weeks during which RTE can reduce the capacity of the interconnector in accordance with the LT CC Interim Solution without having to compensate at all the interconnector. This period of 8 weeks does not include any outage carried out by the interconnector. We request further detail on how the 8-week period has been calculated and strongly disagree with such principle as it is completely disproportionate and inadequate compared to the mechanism in place in the connection agreement (i.e. 5 days over 3 years). It is an increase of 3360% which is wholly inappropriate. We believe that the inclusion of such a long period of potential unavailability hinders the achievement of several objectives of the TCA, namely the objective of promoting effective long-

[6] The date was the end of 2018.
[7] Chapter 3 of the specific conditions regarding the characteristics of the connection works ("Caractéristiques des ouvrages de raccordement").

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term cross-border trade with long-term cross-border hedging opportunities for market participants and the objective of optimising the calculation and allocation of long-term cross-border capacity. In addition, the revenues of the interconnector may be significantly reduced through no fault of its own. ElecLink considers that this situation is unfair and creates a significant imbalance between the rights and obligations of the parties. ElecLink should not be expected to accept being exposed to such unprecedented level of uncertainty and risk and demands an amendment in this respect.

We are happy to engage with RTE in order to clarify or elaborate on any of the points raised as may be required. If you have any queries regarding this response, please contact the ElecLink Regulation Team – regulation@eleclink.co.uk.

Yours sincerely,



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