

Energy UK response to the ‘Nemo Link’s contingency plans for Brexit’ consultation and the ‘BritNed Access Rules No Deal’ Consultation

14 December 2018

About Energy UK

Energy UK is the trade association for the GB energy industry with a membership of over 100 suppliers, generators, and stakeholders with a business interest in the production and supply of electricity and gas for domestic and business consumers. Our membership covers over 90% of both UK power generation and the energy supply market for UK homes. We represent the diverse nature of the UK’s energy industry – from established FTSE 100 companies right through to new, growing suppliers and generators, which now make up over half of our membership.

Our members turn renewable energy sources as well as nuclear, gas and coal into electricity for over 27 million homes and every business in Britain. Over 730,000 people in every corner of the country rely on the sector for their jobs, with many of our members providing long-term employment as well as quality apprenticeships and training for those starting their careers. The energy industry invests £12bn annually, delivers £88bn in economic activity through its supply chain and interaction with other sectors, and pays £6bn in tax to HM Treasury.

Executive Summary

Energy UK welcomes the proposals included in the consultations on ‘Nemo Link’s contingency plans for Brexit’ and ‘BritNed Access Rules No Deal’. With the deadline for the UK to leave the EU drawing nearer and the on-going discussions, it’s important to prepare for all possible outcomes including putting in place the contingency planning for a “no deal”.

We recognise the challenge of those consultations given the existing lack of clarity as to whether the GB will be able to remain part of the Multi-Regional Coupling and other mechanisms underpinned by the relevant EU legislation (notably the applicable FCA¹ and CACM Guidelines) post 29th March 2019. At the same time both consultations lack, in our view, a more detailed specification of the exact timelines for triggering the contingency planning, should the no deal Brexit scenario materialise. We would therefore appreciate some more clarifications on that specific point.

In addition, we would also welcome clarity at least on the following three points:

- The proposed timing for the explicit day-ahead auctions;
- The proposed rules for firmness of long-term and day-ahead capacity (incl. will the market continue to receive the day-ahead market spread in case the interconnector capacity is unavailable. How would the day-ahead market spread be calculated?); and
- What the use-it-or-sell it rule will be for non-nominated long-term capacity? Will it be paid the clearing price of the day-ahead explicit auction? .

For more detailed responses to the other questions asked, please refer to the individual responses provided by our members, many of them being active Interconnector Users of both links.

Given the importance of the issue, we would also suggest that National Grid (NG) organises a workshop, with the aim of explaining all these details across to the market participants, across the portfolio of NG interconnectors.

Should you have any questions, please don’t hesitate to get in contact.

¹ FCA (Forward Capacity Allocation) and CACM (Capacity Allocation and Congestion Management)

Kind regards,

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