

**BritNed border specific annex
to the Allocation Rules
GB – NL border**

CHAPTER 1

General Provisions

Section 1

Subject-matter and scope

1. In accordance with Article 4 (*Regional specificities*) of the Allocation Rules, regional or border specificities may be introduced for one or more Bidding Zone borders. Rules described in this Annex apply to the Netherlands-Great Britain border comprising the Interconnector operated by BritNed (the “**Border**”).
2. The capitalised terms used in this Annex are defined or referred to in the Allocation Rules or in the BritNed Access Rules unless otherwise specified below:

Allocation Rules means the harmonised allocation rules for long term transmission rights approved in accordance with Article 51 of Commission Regulation (EU) 2016/1719 establishing a guideline on Forward Capacity Allocation;

Annex means this annex to the Allocation Rules relating to the Border;

Balancing and Settlement Code means the code of that name established under the licence granted by the UK Secretary of State to National Grid Electricity Transmission Plc under Section 6(1)(b) of the Electricity Act 1989 (as amended);

BritNed means BritNed Development Limited;

BritNed Access Rules shall mean the Access Rules relating to the Interconnector published by BritNed but, for the avoidance of doubt, not including the Allocation Rules;

Interconnector means the interconnector linking the transmission systems in Great Britain and the Netherlands operated by BritNed;

Interconnector Capability has the meaning given to that term in the BritNed Access Rules;**Long Term Auction** means an auction held for the purposes of Forward Capacity Allocation;

Mid North Sea Day Ahead Market Spread means the difference in the power exchange prices on the British and Dutch day ahead markets (such power exchanges to be chosen by BritNed in its absolute discretion from time to time) for the relevant hour(s) as adjusted to reflect DC losses on the Interconnector;

Mid North Sea Day Ahead Market Spread Cap means the cap calculated in accordance with Section 16(4) of this Annex;

Mid North Sea Nomination or MNN has the meaning given to that term in the BritNed Access Rules;

Mid North Sea Netted Nomination or MNNN has the meaning given to that term in the BritNed Access Rules;

NGET Transmission System means the system of electric lines owned or operated by National Grid Electricity Transmission Plc for the transmission of electricity, as further defined in the licence granted to it by the Secretary of State under section 6(1)(b) of the Electricity Act 1989;

Reserve Price means the minimum price in a Long Term Auction for which Long Term Transmission Rights are offered, as approved by the relevant National Regulatory Authorities. This minimum price will be set by reference to costs and not by reference to predictions of market revenues. Several steps of minimum prices may be identified within an Auction, ranging from the marginal cost to the full cost (including an allowance for capital expenditure) of operating the Interconnector;

TenneT Transmission System means the system of electric lines operated by TenneT TSO for the transmission of electricity as further defined in the codes governing the transportation and use of electricity in the Netherlands;

Weighted Average Marginal Price means, in relation to a Registered Participant, the weighted average Marginal Price of the Long Term Transmission Rights of that Registered Participant, the aggregate of which forms its entitlement set out in the applicable Rights Document.

3. By way of amendment of Article 2 (*Definitions and interpretation*) of the Allocation Rules, the definition of “Information System Rules” shall mean the terms and conditions for access to and use of the Auction Tool by Registered Participants as set out in Rule A9 (*Information System Rules*) of the BritNed Access Rules.

Section 2

Effective date and application

1. This Annex shall be effective from the date on which the Allocation Rules enter into force, subject to approval from the relevant National Regulatory Authorities. This Annex shall be reviewed annually by BritNed and the National Regulatory Authorities may also request a review. In the event that this Annex requires amendment, Article 68 (*Duration and amendment of Allocation Rules*) of the Allocation Rules shall apply.
2. The Allocation Rules and this Annex shall apply to Long Term Transmission Rights and all other rights and obligations in relation to the Border including those acquired before but with all or part of the delivery period occurring after the date on which the Allocation Rules and this Annex take effect in accordance with paragraph 1 above.
3. The provisions of Sections 1(3) (*Subject-matter and scope*), 3 (*Collaterals*), 8 (*Returns*), 9 (*Transfers*), 10(1)(b) (*Remuneration of Long Term Transmission Rights holders for non-nominated Physical Transmission Rights and Financial Transmission Rights*), 15(1)(b) (*Compensation for curtailments*), 17 (*Invoicing and payment conditions*) and 18 (*Invoicing*) of this Annex shall cease to apply with effect from the date on which the first provisional auction specification for Long Term Transmission Rights for the Border is published by the Single Allocation Platform.

CHAPTER 3

Collaterals

Section 3

Collaterals

1. By way of amendment to Article 20(e) (*Form of cash deposit*) of the Allocation Rules, the dedicated Business Account will not be used by the Allocation Platform for the purposes of settlement and must in all cases be opened in the name of the Allocation Platform at a financial institution selected by the Allocation Platform.
2. By way of amendment to Article 21 (*Form of Bank Guarantee*) of the Allocation Rules, the requirement to provide a Bank Guarantee may be satisfied by delivery of an equivalent instrument (“Alternative Guarantee”) in terms acceptable to the Allocation Platform, issued by a financial institution other than a bank with a long term credit rating meeting the requirements of Article 21(1)(h).

Section 4

Credit Limit

1. For the purposes of calculating the Credit Limit under Article 23 (*Credit Limit*) of the Allocation Rules and Rule B7 (*Payment Security*) of the BritNed Access Rules, any outstanding payment obligations of the Registered Participant under the BritNed Access Rules shall additionally be taken into account.
2. In the case of Long Term Auctions with a Product Period greater than one (1) month, one (1) month of potential maximum commitment associated with the Bid will be considered for the purposes of assessing the Credit Limit. (For example, in an Auction with a Product Period of a year where the Credit Limit is one hundred Euros (€100), Bids will be permitted up to a level that creates a total Product Period commitment of one thousand two hundred Euros (€1,200)).

Section 5

Calls on collaterals

The right of the Allocation Platform to call upon the collateral of a Registered Participant in respect of the Border under Article 26 (*Calls on collaterals*) of the Allocation Rules and Rule B7 (*Payment Security*) of the BritNed Access Rules shall additionally apply in relation to any sum invoiced under the BritNed Access Rules that a Registered Participant has failed to pay by the due date for payment.

CHAPTER 4

Auctions

Section 6

Reduction Periods of Offered Capacity

1. For the purposes of Article 30 (*Reduction Periods of Offered Capacity*) of the Allocation Rules, Reduction Periods may be included by the Allocation Platform in the Auction Specification for Products with a Product Period of twelve months on the basis of indicative start and finish times for reductions in Cross Zonal Capacity that will subsequently be confirmed by the Allocation Platform with as much advance notice as reasonably practicable, provided that the aggregate period of reduction shall not exceed that specified in the Auction Specification.

Section 7

Reserve Price

1. In Article 35(4) (*Auction Results Determination*) of the Allocation Rules and for the purposes of determining the Auction results, paragraph (a) shall be deleted and the following shall be inserted as new paragraphs (a) and (b) (and the existing paragraph (b) shall become (c)):
 - a. Bids with prices lower than the Reserve Price will be excluded for the purposes of determining the Auction results and, as a consequence, the Marginal Price will always be equal to or higher than the Reserve Price; and
 - b. If the total quantity of Cross Zonal Capacity for which valid Bids have been submitted is equal to or lower than the Offered Capacity for the relevant Auction then the Bids will be accepted and the Marginal Price will be the Reserve Price.
2. The Reserve Price for a particular Auction will be made available to Registered Participants as soon as practicable after the Auction has finished. Confirmation of the Reserve Price shall be submitted to both The Gas and Electricity Markets Authority and the Netherlands Authority for Consumers and Markets immediately before any Auction is conducted.

CHAPTER 5

Return of Long Term Transmission Rights

Section 8

Returns

1. By way of amendment to Article 39(1) (Process of the return) of the Allocation Rules, Long Term Transmission Rights may only be returned directly by the Long Term Transmission Right Holder(s). For the avoidance of doubt, a notification sent indirectly through a third party will not be accepted by the Allocation Platform.
2. By way of amendment to Article 39(7) (Process of the return) of the Allocation Rules, the inability of the Allocation Platform to register a return shall include circumstances in which the Allocation Platform is not able to accept a return for legal or regulatory reasons.

Section 9

Transfers

By way of amendment to Article 42 (*Process of the transfer*) of the Allocation Rules, the notifications of transfers of Long Term Transmission Rights can only be achieved directly by the Long Term Transmission Right Holder(s). For the avoidance of doubt, a notification sent indirectly through a third party will not be accepted.

CHAPTER 7

Use and remuneration of Long Term Transmission Rights

Section 10

Remuneration of Long Term Transmission Rights holders for non-nominated

Physical Transmission Rights and Financial Transmission Rights

1. For the purposes of calculating the remuneration payable to a Registered Participant under Article 48(1)(*Remuneration of Long Term Transmission Rights holders for non-nominated Physical Transmission Rights and Financial Transmission Rights*) of the Allocation Rules:
 - a. the “Market Spread” to be calculated under Article 48(1)(a) shall be calculated as the Mid North Sea Day Ahead Market Spread ; and
 - b. the Marginal Price of the initial Auction to be calculated under Article 48(1)(c) shall be calculated as the Weighted Average Marginal Price.

Section 11

Cancellation of a Long Term Nomination Gate

Where Long Term Physical Transmission Rights have been issued and technical difficulties with the Auction Tool occur, the Allocation Platform may be forced to cancel a Long Term Nomination Gate. In that case, the Allocation Platform shall inform the Registered Participants as soon as practicable of such cancellation. Should BritNed cancel a Long Term Nomination Gate, the Registered Participant’s corresponding Long Term Physical Transmission Rights set out in the Rights Document shall be compensated in accordance with Article 48(1) of the Allocation Rules and Section 10 of this Annex.

Section 12

Deemed Metered Volumes

1. When a Registered Participant issues a Mid North Sea Nomination of Physical Transmission Rights, then the Allocation Platform will, subject to paragraph 2 below, ensure that a corresponding Deemed Metered Volume, as adjusted to reflect DC losses on the Interconnector and for any reductions in Mid North Sea Nominations as a result of curtailment, is allocated to the relevant Registered Participant for the purposes of the Balancing and Settlement Code using the Deemed Metered Volume allocation rules set out in Schedule 5: “Deemed Metered Volume Allocation” of the BritNed Access Rules.
2. If the coordinated capacity calculation methodology for the Channel Capacity Calculation Region approved in accordance with Article 20 of Regulation (EU) 2015/1222 takes into account DC losses on the Interconnector, the calculation of Deemed Metered Volumes allocated in accordance with paragraph 1 above shall be amended to reflect that methodology.

CHAPTER 9

Curtailement

Section 13

Curtailement general provisions

1. This chapter should be read in conjunction with Rules D8 (*Curtailement*) and D9 (*Curtailement Reconciliation*) of the BritNed Access Rules published on the website of the Allocation Platform which covers the curtailement of Day Ahead and Intraday Transmission Rights and Day Ahead and Intraday MNNs.
2. For the purposes of Article 56 (*Triggering events and consequences of curtailement on Long Term Transmission Rights*) of the Allocation Rules, a Capacity Shortage, as defined in paragraph 3 of this Section 13, occurring:
 - a. before the Day Ahead Firmness Deadline, may be considered by the Allocation Platform to have been triggered by a breach of the Operational Security Limits or an event of Force Majeure; or
 - b. on or after the Day Ahead Firmness Deadline, may be considered by the Allocation Platform to have been triggered by an emergency situation or an event of Force Majeure,

and, in either case, for the purposes of Article 57 (*Process and notification of curtailement*) of the Allocation Rules, the aggregate quantity of Transmission Rights to be curtailed on a pro rata basis with any Day Ahead or Intraday Transmission Rights to be curtailed in accordance with the BritNed Access Rules shall be equal to the Curtailement Quantity calculated in accordance with paragraph 3 of this Section 13.

3. A Capacity Shortage occurs in any minute in a direction if:

$$NTC_{dir} < \sum Capa_{dir}^{GNC} + \sum MNN_{dir}^{GC} - \sum MNN_{opp}^{GC}$$

Where:

NTC_{dir}

is the value of the Interconnector Capability at that time in that direction; and

$\sum Capa_{dir}^{GNC}$

is the sum of the Transmission Rights, across all Registered Participants in that direction and for all timescales, including any Day Ahead and Intraday Transmission Rights allocated under the BritNed Access Rules, for which Nomination Gate Closure has not yet occurred, (before curtailement of those rights); and

$\sum MNN_{dir}^{GC}$

is the sum of the MNN values, across all

$\sum \text{MNN}^{GC}_{opp}$

Registered Participants in that direction for all timescales, in respect of Units for which Nomination Gate Closure has occurred, (before curtailment of that MNN in respect of the relevant Capacity Shortage in accordance with this Annex or the BritNed Access Rules); and

is the sum of the MNN values, across all Registered Participants in the opposite direction for all timescales, in respect of Units for which Nomination Gate Closure has occurred, (before curtailment of that MNN in respect of the relevant capacity Shortage in accordance with this Annex or the BritNed Access Rules),

and the “Curtailment Quantity” is the positive number equal to the difference between the Net Transfer Capacity in such direction and ($\sum \text{CapaGNCdir} + \sum \text{MNNGCdir} - \sum \text{MNNGCopp}$).

Section 14

Curtailment of Long Term Transmission Rights and Long Term MNNs

1. If a Registered Participant’s Long Term Transmission Rights or Long Term MNNs have been curtailed as a result of a triggering event described in Article 56 of the Allocation Rules (*Triggering events and consequences of curtailment on Long Term Transmission Rights*) as amended by paragraph 2 of Section 13 of this Annex then any such Long Term Transmission Rights and Long Term MNNs will not be reinstated if the Allocation Platform, acting reasonably, decides to increase the Interconnector Capability in any Settlement Period (either GB or NL) in any flow direction. Any such increase of Interconnector Capability will be added to the Offered Capacity in the next available Auction.

Section 15

Compensation for curtailments general provisions

1. For the purposes of Chapter 9 (*Curtailment*) of the Allocation Rules:
 - a. any calculation of the “Market Spread” shall be calculated as the Mid North Sea Day Ahead Market Spread; and
 - b. any calculation of the “Marginal Price of the initial Auction” shall be calculated as the Weighted Average Marginal Price.

Section 16

Compensation for curtailments of Long Term Transmission Rights

1. For the purposes of Article 59 of the Allocation Rules, the compensation payable in respect of Long Term Transmission Rights shall be subject to the caps set out in paragraph 3 of that Article.
2. For the purposes of Article 59(3) of the Allocation Rules, there shall be deducted from the total amount of Congestion Income for the relevant month, in addition to the remuneration paid under Articles 40 and 48 and the compensation paid under Articles 60 and 61 for that month, any amount paid by way of compensation under Section 11 of this Annex (*Cancellation of a Long Term Nomination Gate*).

CHAPTER 10

Invoicing and Payment

Section 17

Invoicing and payment conditions

1. Article 65(10) (*Invoicing and payment conditions*) of the Allocation Rules shall not apply in respect of the Border and the following shall apply in its place:

“Payments by the Registered Participant under paragraph 7 of this Article shall be made as follows:

- a. the Registered Participant shall ensure payment through a non-automated transaction to the account of the Allocation Platform specified on the invoice by indicating the invoice reference; or
 - b. alternatively, the Allocation Platform shall, subject to prior agreement with the Registered Participant, collect the payment automatically from any bank account other than the dedicated Business Account (which, for the avoidance of doubt, may only be used for the purposes of holding collateral) of the Registered Participant on the due date of the invoice.
2. The alternative procedure set out in sub-paragraph b may only be used upon request of the Registered Participant and with the consent of the Allocation Platform. The Registered Participant may request the Allocation Platform to use the alternative procedure by email at least two (2) Working Days before the date of issuing of the next invoice under paragraph 2 of this Article (as amended by the Annex). Once the alternative procedure is agreed, it shall be deemed to be valid until otherwise agreed between the Registered Participant and the Allocation Platform.”

Section 18

Invoicing

1. By way of amendment of Article 65(2) to (8) (inclusive) (*Invoicing and Payment Conditions*) of the Allocation Rules, unless notified otherwise, no later than the 10th Working Day of each month, the Allocation Platform will send by email as a PDF attachment (or by any other means as indicated from time to time by the Allocation Platform) to the Registered Participant an invoice or credit note stating:
 - i. the monthly instalments payable by the Registered Participant in respect of the portion related to month M+1 of Long Term Transmission Rights, the Product Period of which is equal to or greater than one month, and the allocation of which will have taken place before the 3rd Working Day of month M;
 - ii. the monthly instalments payable by the Registered Participant in respect of the portion related to month M of Long Term Transmission Rights, the Product Period of which is equal to or greater than one month, and the allocation of which will have taken place after or on the 3rd Working Day of month M-1;

- iii. the amount payable by the Registered Participant in respect of Long Term Transmission Rights, the Product Period of which is less than one (1) month and starts in month M-1;
 - iv. the monthly instalments payable by the Allocation Platform to the Registered Participant in respect of the portion related to month M+1 of Long Term Transmission Rights reallocated in Auctions, the Product Period of which is equal to or greater than one month, and the allocation of which will have taken place before the 3rd Working Day of month M;
 - v. the monthly instalments payable by the Allocation Platform to the Registered Participant in respect of the portion related to month M of Long Term Transmission Rights reallocated in Auctions, the Product Period of which is equal to or greater than one month, and the reallocation of which will have taken place after or on the 3rd Working Day of month M-1;
 - vi. the amount payable by the Allocation Platform in respect of the Long Term Transmission Rights returned for reallocation in Auctions in accordance with Chapter 5 (*Return of Long Term Transmission Rights*) in Auctions, the Product Period of which is less than one (1) month and starts M-1;
 - vii. any amount payable by the Allocation Platform in respect of non-nominated Long Term Physical Transmission Rights or any amount payable by the Allocation Platform in respect of Long Term Financial Transmission Right Options;
 - viii. where practicable, the notification of the portion related to month M-1 of the Long Term Transmission Rights subject to transfer in accordance with Chapter 6 (*Transfer of Long Term Transmission Rights*) by or to the Registered Participant;
 - ix. any amounts payable or credits due to the Registered Participant by the Allocation Platform under Chapter 9 (*Curtailment*) as amended by this Annex;
 - x. any amount payable by the Registered Participant to the Allocation Platform for any training requested by the Registered Participant, in addition to the Standard Training provided for the use of the Allocation Platform;
 - xi. any taxes payable by the Registered Participant or the Allocation Platform in respect of amounts in the invoice;
 - xii. the total amounts payable by the Registered Participant to the Allocation Platform under that invoice (or receivable by the Registered Participant from the Allocation Platform under that credit note); and
 - xiii. any other information required to be included in the invoice under English or Dutch law.
3. Where an invoice issued by the Allocation Platform does not contain full background data for the derivation of invoice summary amounts, then the Registered Participant may consult the Auction Tool to obtain such background data.
 4. Any invoice issued under Article 65 (*Invoicing and payment conditions*) of the Allocation Rules may include other items including those to be invoiced under the BritNed Access Rules.

CHAPTER 11

Miscellaneous

Section 19

Duration and amendment of Allocation Rules

By way of clarification to Article 68(6) (*Duration and amendment of Allocation Rules*) of the Allocation Rules, the biennial review required of the Allocation Rules and the border and /or regional specific annexes included with the Allocation Rules by the relevant TSOs shall be treated as satisfied to the extent that any such review is undertaken in accordance with the requirements of competent National Regulatory Authorities.

Section 20

Liability

By way of clarification of Article 69(2) (*Liability*) of the Allocation Rules, the Allocation Platform shall not be liable for damages caused by any act or omission that does not amount to fraud, gross negligence or wilful misconduct or that does not cause death or personal injury of any person.