

EU-UK Trade and Cooperation Agreement:
New Day Ahead Trading Arrangements

EU-UK Trade and Cooperation Agreement - Energy

Trade and Cooperation Agreement

Energy

Other Areas

Electricity Trading over Interconnectors

Regulation Fundamentals

- No Discrimination
- No Transmission Charges

New Trade Arrangements

- TSOs to develop
- Day Ahead to apply from Apr 2022

TSO and Regulatory Cooperation

TSOs

- Replace ENTSO's
- Security of Supply

Regulators

- Replace ACER
- Market Transparency (REMIT)

North Sea Grid Cooperation

- Restore North Sea Energy Cooperation Group
- Multipurpose projects
- Maritime planning
- Support framework and finance

- Tariff & Quota Free Trade in Goods
- Transport
- Fisheries
- Union Programmes
- Social Security
- Law enforcement & Judicial cooperation
- Movement of People

New EU-UK Governance

- Partnership Council (Ministerial Level)
- Specialised Committee for Energy (TBC)
- Replacements for ACER and ENTSOe/g

New Cross-Border Trading Arrangements

Electricity Trading over Interconnectors

New Trade Arrangements

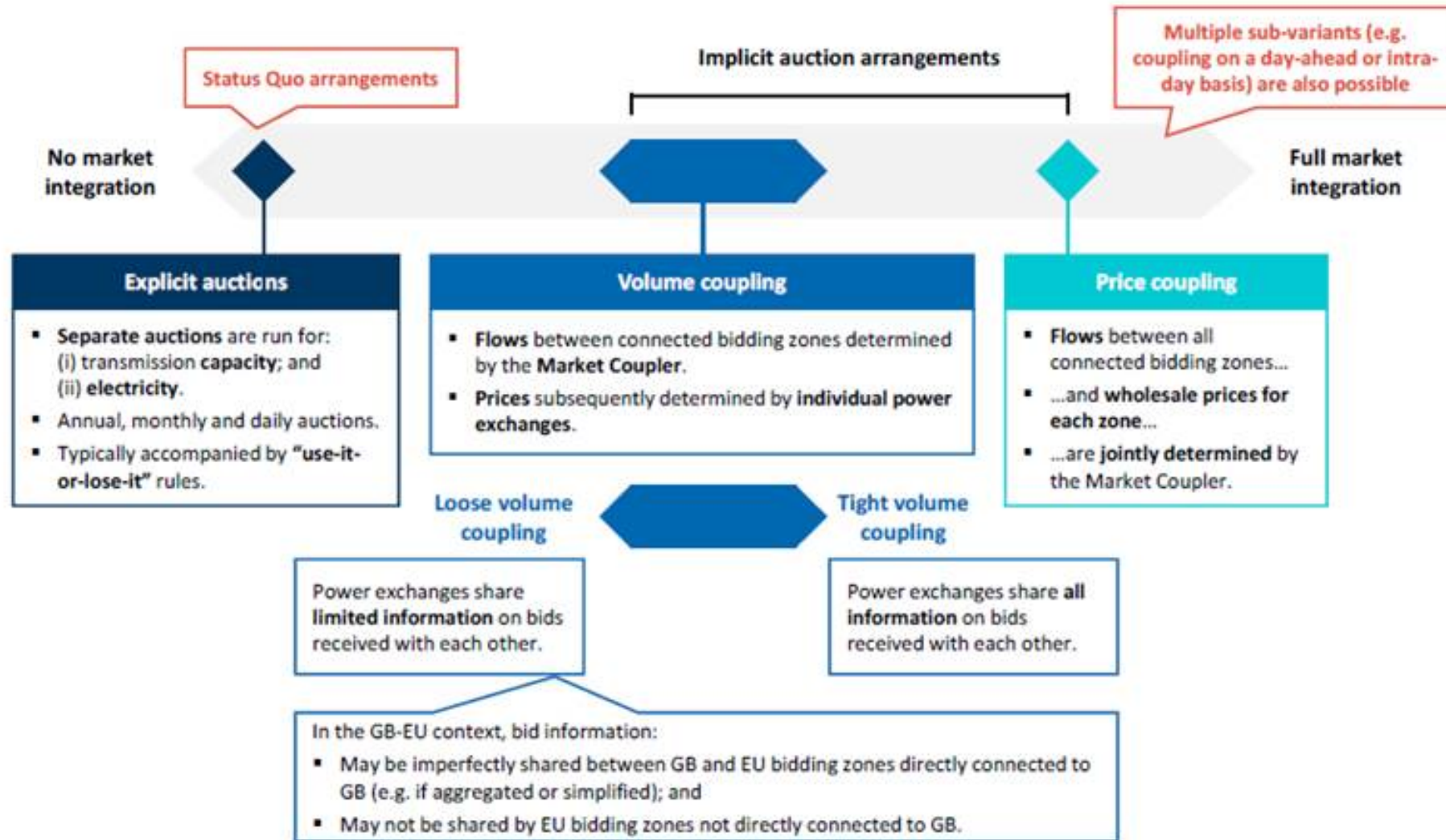
- TSOs to develop
- Day Ahead to apply from Apr 2022

- On the first of these three the EU and UK have agreed that the new set of arrangements must be more efficient, but not the same as the EU's Single Day Ahead Coupling (SDAC) process



- Annex ENER-4 requires
 - The new day-ahead procedure shall be based on the concept of “Multi-region loose volume coupling”.
 - The overall objective of the new procedure shall be to maximise the benefits of trade.
- It states that “The net energy positions over electricity interconnectors shall be calculated via an implicit allocation process by applying a specific algorithm to:”
 - commercial bids and offers for the day-ahead market timeframe from EU Bidding Zones directly connected to GB and from relevant day-ahead markets in the United Kingdom
 - network capacity data and system capabilities via procedures agreed between TSOs
 - data on expected commercial flows of electricity interconnections between bidding zones connected to the United Kingdom and other bidding zones in the Union, as determined by Union transmission system operators using robust methodologies

What is Loose Volume Coupling?



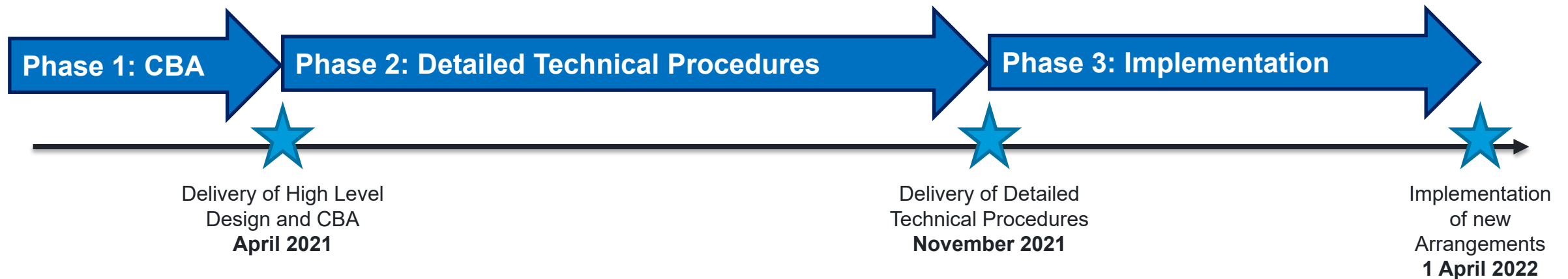
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- UK and EU TSOs have been given the responsibility to develop these arrangements:
- Three parts to the work:
 1. Develop a High Level Design (from the Annex ENER-4 outline) and Cost Benefit Analysis of the High Level Design
 2. Develop Detailed Technical Procedures to implement the High Level Design and seek regulatory opinions
 3. Following approval from the Specialised Technical Committee for Energy, to implement the approved mechanism



Cost Benefit Assessment (CBA) - Latest

- TSOs asked by BEIS and European Commission to complete the CBA:
 - EU: EirGrid, Elia, Energinet, RTE, Statnett, TenneT
 - UK: BritNed, EirGrid Interconnector DAC, Mutual Energy; National Grid Interconnectors, NemoLink
- Consultant has been appointed to help deliver a High Level Design and a Cost-Benefit Analysis
 - This will be published in April 2021
- Thereafter TSOs plan to stakeholders on the CBA and the development of Detailed Technical Procedures