

5 December 2018 – Brussels
15th MESC

Brexit & cross-border capacity access

Jérôme Le Page

Director for European Electricity Markets

EFET

European Federation
of Energy Traders
SO YOU CAN RELY ON THE MARKET

Why are traders concerned with Brexit?

- All market participants are concerned, including:
 - UK-based traders
 - EU traders trading with UK counterparties
 - EU traders trading via London-based brokers
- EFET has been very active helping its members prepare for Brexit. Multiple coordination meeting with UK and EU institutions.
- Brexit deal agreed between the EU Negotiator and the UK government is still pending Parliamentary approval. No reduction of political risk yet.
- Many elements remain unknown in case of hard Brexit/no deal, incl:
 - Licencing arrangements and REMIT registration
 - Cross-border access
 - Transmission tariffs

Cross-border capacity access in case of hard Brexit/no deal

- a series of questions to the TSOs

- Uncertainty around availability of EU-UK interconnectors to remain in European platforms/coupling mechanisms:
 - Participation to JAO for long-term auctions -> OK under 3rd-party agreement
 - Day-ahead coupling -> is MRC considered the SDAC? If so, coupling will not be allowed anymore. Move to explicit access? Are the current fallback rules usable or do they need to be re-drafted, consulted and approved?
 - IFA: existing fallback, any contingency plan?
 - BritNed: no fallback but developing contingency plan with explicit access
 - NEMO Link: consulting on explicit access
 - ElecLink, IFA 2...: no plan yet
 - Intraday coupling -> prospect for the UK joining XBID, if at all, not before 2020.
 - IFA: existing explicit access
 - BritNed: existing explicit access
 - NEMO Link: no explicit access foreseen

Cross-border capacity access in case of hard Brexit/no deal

- a call for action to the TSOs

- EU NRAs apparently not really “allowed” to interact with Ofgem to discuss contingency plans.
 - This does not prevent TSOs/interconnector operators from drafting their contingency plans now.
 - If the Brexit deal does not go through, there will only be 3 months to act. Timelines and action plans would reassure the market.
 - Fundamental goal: ensure that cross-border transmission capacity can be used in the most efficient way possible as of 30 March, whichever the political context.
- This is also part of the conversation on capacity availability!

Back-up

Other elements of concern – for the EC, Member States, NRAs

- Licensing (Member States):
 - UK-based entities now allowed to trade in the EU with a UK licence. Third-party country recognition not clear in certain countries. Also affects all EU entities trading with them!
 - EFET sent dedicated information requests to selection of Member States
- REMIT registration and reporting (ACER/NRAs):
 - Future validity of REMIT registration of EU entities likely alright on the UK side, not certain the reverse is true
- Transmission tariffs and inter-TSO compensation (EC/NRAs/TSOs):
 - Will transmission capacity be subject to different tariffs now?
 - What about the inter-TSO compensation mechanism?

secretariat@efet.org
www.efet.org

EFET

European Federation
of Energy Traders
SO YOU CAN RELY ON THE MARKET

