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Dear Sirs

**Response to the ERGEG Public Consultation on the Electricity Regional Initiatives
Convergence and Coherence Report.**

We are pleased to provide our response to the above public consultation.

National Grid has actively participated, alongside other ETSO members, in the process of compiling comments and amendments to the proposed text of the report. We can confirm that we support and concur with the amendments proposed by ETSO in their submission to ERGEG.

The purpose of this individual response is to raise issues and comments of a more specific nature concerning Section 4.3 of the Annex which refers specifically to the France-UK-Ireland Regional Electricity Market and contains details regarding the current and proposed arrangements for the Interconnexion France-Angleterre (IFA). For the avoidance of doubt, the position set out in this letter is intended to complement the ETSO response to the extent that the latter applies to the entirety of the report and to the questions raised therein by ERGEG, and the specific points below are made in order to correct factual inaccuracies contained within the consultation document.

Para. 54: The words "France is also a member" have been erroneously repeated in the second bullet-point.

Para. 56: Should be replaced with: "The Interconnector Operators (ICOs) may curtail usage for technical reasons associated with IFA. Users only pay for the capacity which is made available."

Para. 57: Should be replaced with: "ICOs are replacing the existing allocation software and developing proposals for explicit auctions (market-based allocation) in all timescales (long-term, D-1 and intra-day). The solution adopted will need to continue to be compatible with the gate closure patterns for the GB and French markets.

Para. 58: Should be replaced with: "Reserve prices are not charged for use of IFA."

Para. 59: Should be replaced with: "The current capacity allocation software allocates capacity in increments of 1MW/day and requires a minimum initial bid (set at €0.01) to enable it to operate and track capacity entitlement. Users bid a price-volume pair (e.g. €0.01 - 100MW) hence in a D-1 auction could secure, for example, 100MW for a whole day and be invoiced €0.01 for this capacity entitlement."

Para. 60: Should be deleted.

Para. 62: The words "and UIOLI for daily and intra day" should be deleted.

Para. 63: Should be replaced with: "Although UIOLI in principle currently exists at D-1 stage, ICOs are developing a more formal method to ensure compliance with the Congestion Management guideline as part of the Electricity Regional Initiative work."

Para. 64: The words "if a market-based intraday allocation mechanism is implemented" should be deleted.

Para. 65: Should be replaced with: "ICOs are developing more formal UIOLI arrangements (compliant with the Congestion Management guideline) for D-1 and intra-day capacity for use after D-1 auctions and nominations have taken place."

Para. 66: The sentence "This is under development." should be added at the end.

Para. 67: Should be replaced with: "Although UIOLI in principle currently exists at D-1 stage, ICOs are developing a more formal method to ensure compliance with the Congestion Management guideline as part of the Electricity Regional Initiative work."

Para. 68: Should be deleted.

Para. 69: Should be replaced with: "ICOs are developing more formal UIOLI arrangements (compliant with the Congestion Management guideline) for D-1 and intra-day capacity for use after D-1 auctions and nominations have taken place."

Para. 70: Should be replaced with: "IFA capacity holders currently are able to re-declare flows within day at any of the 6 intra day gate closures to align with current practices and gate closures in the GB and French markets. The number of re-nomination gates is under review."

Para. 71: Should be deleted.

Para. 72: Should be deleted.

Yours faithfully



Graeme Steele
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