

30 October 2020

North Sea Link (NSL) Access Rules and Charging Methodology Consultation

Dear Market Participants

North Sea Link (NSL) is a 1,400 MW HVDC interconnector that will directly connect the electricity systems of the UK and Norway for the first time when it goes live in Q4 2021. NSL is a joint venture between National Grid North Sea Link (NGNSL) and Statnett SF.

NGNSL is hereby opening a consultation on its Access Rules and Charging Methodology as required by Standard Conditions 10 and 11A of the Interconnector Licence, which if approved will be used from the start of its commercial operation. The Access Rules and Charging Methodology are combined in one document as per Conditions 10 and 11A, subject to this being acceptable to the Authority.

Following the UK's vote to leave the European Union, NSL has explored alternate trading arrangements that would operate outside of the Internal Energy Market (IEM), and in particular separate from participation in Single Day Ahead Coupling (SDAC). The approach we have opted for is a stand-alone implicit Day Ahead auction coupling the GB and Norwegian electricity markets via NSL capacity.

From a market participant perspective, and following a competitive procurement process, all aspects of this process will be operated and managed by our selected Power Exchange, Nord Pool EMCO. This will require market participants wishing to trade on NSL to register as a member of Nord Pool EMCO and sign up to such of Nord Pool EMCO's contractual terms, conditions and obligations as are required to trade on NSL. These Access Rules and Charging Methodology describe this Day Ahead capacity allocation process.

Initially, NGNSL is planning to sell all of its capacity via this day ahead process. NGNSL (in conjunction with Statnett, as applicable) may subsequently propose additional access rules to introduce capacity sales relevant to other timescales, such as for Long Term or Intraday.

We are aware of ongoing discussions between UK and the EU regarding the Free Trade Agreement. Should these discussions result in an agreement to develop revised cross-border electricity trading arrangements to apply to UK borders then NGNSL would consider whether it would be appropriate to transition to these arrangements.

Consultation Documents:

The consultation documents will consist of the Access Rules and Charging Methodology in a single document in two parts – this is set out in table below and for the purposes of this consultation are published on the National Grid website - <https://www.nationalgrid.com/our-businesses/national-grid-ventures/interconnectors-connecting-cleaner-future/interconnector-customer-portal>.

Table 1 | Access Rules Documents for Consultation.

DOCUMENT	Description
NSL Access Rules and Charging Methodology	This document contains NGNSL's Access Rules for Day Ahead NSL capacity allocation (Part 1) and Charging Methodology (Part 2), both of which are required under NGNSL's Interconnector Licence.

NGNSL would like to invite feedback from Market Parties on the above consultation document by responding on the “Contact Us” link within the aforementioned website. The latest date for responses to this consultation will be **Tuesday 1 December 2020**. All responses should be titled “**Response to NSL Access Rules consultation, November 2020.**” When responding please state your contact details and whether you are responding as an individual company or representing the views of an association.

Yours faithfully

John Greasley
Regulation and Stakeholder Manager