

127 Baggot Street Lwr.
Dublin, D02 F634

Date: 14th of May 2021

By email to: Marta.Mendoza-Villamayor@ext.entsoe.eu

RE: EAI response to ENTSO-E Cost Benefit Assessment of MRLVC

Dear Marta,

On behalf of participants in the Single Electricity Market (SEM), the Electricity Association of Ireland (EAI) welcomes the opportunity to respond to ENTSO-E's assessment of implementing enduring electricity trading arrangements between GB and its bordering bidding zones (BBZs), or Multi-Region Loose Volume Coupling (MRLVC) as envisaged in the TCA between the EU and UK.

Whilst this opportunity is welcomed, it is also belated as the first real opportunity for participants to input to the LVC concept as it pertains to trading between GB and the EU. It goes without saying that the preference for SEM participants is a swift return to the implicit day ahead market coupling arrangements that preceded BREXIT. Enduring arrangements should seek to regain the efficiencies that have been lost and should also be future-proofed for the anticipated evolution of the European electricity grid, including increased transmission infrastructure involving Member States, Third Countries and offshore renewable electricity infrastructure.

Of all the options that are politically acceptable to both sides, a loose volume coupling arrangement between the UK and BBZ's, implicit in the DAM, via the Common Order Book (COB) approach, should be considered further as the best and most progressed opportunity of realising lost efficiencies in the limited time now remaining (by April 2022).

The ENTSO-E CBA has highlighted issues for the COB approach in terms of welfare, flows and impact on the Single Day Ahead Coupling arrangements (SDAC), which will need to be addressed if the COB approach is to progress any further. ENTSO-E recommend that LVC's prospects could be improved by providing additional time for SDAC to solve, either by moving to an earlier gate closure (30mins max) or via later publication of results (max 30 mins). However, these changes would require amendment of supporting legislation, CACM, which will not be possible until 2023 at the latest, and many not be acceptable to EU Member States. ENTSO-E are also not clear as to how these changes would impact underlying markets

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and are keen to receive the views of Market Participants and Nominated European Market Operators (NEMOs).

EAI recommends that LVC needs further detailed consideration before the Specialised Energy Committee (SEC) makes a final determination on go/no-go in November 2022. Any other alternatives are not sufficiently expanded and developed to allow for this solution (MRLVC) to be rejected at this stage, especially given delivery timelines.

The relevant Power Exchanges (PEXs), Nordpool, APEX, etc. should be mobilized as soon as possible to explore options for implementing improved arrangements by April 2022 within the existing political constraints. This process could include running LVC arrangements in parallel with the existing trading arrangements, in order to establish real world impact on prices, revenue, flows and SDAC, and using these results to supplement this CBA.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Steph Douglas', is written over a thin horizontal line. The signature is cursive and somewhat stylized.

Stephen Douglas

Senior Policy Advisor

Electricity Association of Ireland (EAI)