

All interested parties,  
Stakeholders in Ireland and beyond,  
And other regulatory bodies

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Date: 20 April 2020

To whom it may concern

## **Approval of the Ireland-UK TSOs' proposal for a Common Long-Term Capacity Calculation Methodology**

On 5 February 2020, the Commission for Regulation of Utilities (CRU) received the Ireland–United Kingdom (IU) TSOs' amended proposal for a Common Long-Term Capacity Calculation Methodology (the "IU CC Methodology") in accordance with Article 10 of Commission Regulation (EU) 2016/1719 of 26 September 2016, establishing a guideline on Forward Capacity Allocation (the "FCA Regulation").

This letter sets out the CRU's decision to approve this proposal pursuant to Article 4(11) of the FCA Regulation.

### **Background**

The IU CC Methodology proposes a common and coordinated approach within the IU Capacity Calculation Region to promote the effective and optimal calculation of long-term cross-zonal capacity. As per the IU Day-Ahead and Intraday Capacity Calculation Methodology which was approved on the 23 July 2018 pursuant to Commission Regulation (EU) 2015/1222, the IU CC Methodology uses the coordinated net transmission capacity approach to calculate cross-zonal capacity. A key aim of the methodology is to promote the effective and optimal calculation of long-term cross-zonal capacity on interconnectors. The IU CC Methodology applies solely to the long-term cross-zonal capacity calculation within the IU Region.

On the 23 January 2019, the CRU first received the IU TSOs' proposal for the "IU CC Methodology", in accordance with Article 10 of Commission Regulation (EU) 2016/1719 of 26 September 2016, establishing a guideline on Forward Capacity Allocation (the "FCA Regulation").

Article 4(9) of Regulation 2016/1719 requires the competent regulatory authorities to consult and closely cooperate and coordinate with each other in order to reach an agreement and subsequently take national decisions within six months following receipt of the proposal by the last concerned regulatory authority.

The original proposal was subsequently reviewed by the IU Regulatory Authorities with agreement being reached on 19 July 2019. This agreement requested amendment of the proposal and resubmission within two months of the decision. The amended proposal was



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submitted to the CRU for approval on 5 February 2020 with the CRU noting the delay in submission.

## Decision

The CRU has reviewed the proposal in line with the requirements of the FCA Regulation, the wider objectives of Regulation (EC) 714/2009 and CRU's statutory duties and obligations. Through close cooperation and coordination with the other IU Regulatory Authorities, an agreement was reached on 8 April 2020. The IU Regulatory Authorities' agreement, accompanying this letter and published on the CRU website, constitutes the reason for this decision.

In line with the Regulatory Authorities' agreement, the CRU hereby approves the amended Long-Term Capacity Calculation Methodology. The CRU understands that this Methodology will continue to apply following the transition period provided for under the Withdrawal Agreement concluded between the EU and United Kingdom, as part of the process for the UK to leave the EU. Some changes to the approval process for IU regional methodologies for Network and Market Codes may apply in future.

## Next Steps

In accordance with Article 4(11) of Regulation 2016/1719, this letter approves the amended IU TSOs' proposal for a Common Capacity Calculation Methodology.

If you have any queries regarding the information contained within this letter please contact [Bhussey@cru.ie](mailto:Bhussey@cru.ie).

Yours sincerely

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