Interconnector Frameworks

Consultation to gather industry feedback on proposed plans for NESO Interconnector Framework.

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# Introduction

The purpose of this consultation is to seek feedback from industry on our proposed plans relating to the Interconnector Framework.

As a result of previous engagement with industry and internal teams, NESO have now created a plan to implement a framework to encourage consistency for interconnectors operating in GB markets and aid transparency of the ways in which the interconnectors operate and work with the ESO.

We welcome feedback from all interested industry participants on the proposed phased approach we have outlined in this consultation.

# Context

NESO has the following BP2 deliverable:

*“Will develop EU driven short-term market framework changes for interconnectors while long term initiatives are implemented. We will review the arrangements for interconnectors connected to Great Britain’s system and assess these against all retained UK law post EU Exit. We will develop a set of operation and commercial arrangements that will ensure legal compliance and safe system management, whilst also ensuring competition and value for money for consumers.”*

The NESO has a Business Plan 2 Commitment to consult with industry on this process and create an Interconnector Framework, with an implementation plan agreed by Q4 2024/25. The aim of this objective would be to create a framework for the operational and commercial elements enabling consistent and efficient arrangements to help with the management of interconnectors (both current and future), whilst also increasing market transparency.

As part of this work, European Frameworks has carried out a series of engagements including an RFI (request for information) to industry that ran for 6 weeks, an industry webinar and internal workshops to gather feedback on operational and commercial issues that interconnectors suffer and identify whether an interconnector framework could potentially resolve these issues.

# Summary of Industry Engagement:

The feedback received during these sessions was mixed regarding the purpose and viability of an Interconnector Framework. Some respondents were of the opinion that the current arrangements created a framework of themselves, all interconnectors were subject to similar arrangements with individual clauses relating specifically to technical and regional differences. Other respondents feedback reflected a need for a more directed harmonisation but also raised issues that considerations need to be given to external interconnected TSO’s that may have differing processes and market arrangements to those in GB. The majority of the respondents highlighted issues with the level of transparency from NESO in regard to interconnector operations and obligations.

# Proposals

As a result of this work, we have reached a conclusion on what we believe to be a beneficial plan for implementing an interconnector framework. This plan is based on the following assumptions gathered from internal and external feedback.

Assumption One: A regulatory framework should not be imposed on industry at this time– there is sufficient existing framework in the codes and contracts. Instead, this should be harmonised as far as possible with respect to differing technical specifications and regulatory regimes different interconnectors are subject to, we feel this is especially important set against existing Energy Code reform which aim to streamline existing code – the creation of a standalone interconnector code contradicts this work and would be considered outside of the remit of the Interconnector Framework in its current iteration.

Assumption Two: A framework should be focused on improving transparency with regards to how NESO interacts with interconnectors. We consider transparency to means a process that is clear, easily understood and open to scrutiny.

Based on these underlying assumptions we believe there is significant scope to create a framework promoting the alignment of interconnector policy and operations ensuring we are able to cohesively collaborate across NESO and wider industry to promote transparency.

We intend to deliver this framework as a phased implementation:

**Phase One:** This consists of an external forum and website to increase transparency of NESO operations of interconnectors. This phase is the focus of the current consultation and is outlined in further detail below.

**Phase Two:** This will involve alignment and harmonisation of interconnector handling internally to NESO. The aim of this phase is to ensure all interconnector workstreams are considered holistically to deliver a more streamlined approach to interconnector operation. The intention of this phase is not to replace existing contracts or codes but to encourage further collaboration on policy positions and future workstreams to ensure outcomes are reached collaboratively and with consideration to impacts on wider workstreams.

# External Forum:

As a result of the feedback, we have received we believe there is significant benefit in providing a forum to ensure industry is informed of all cross border workstreams and encouraging a space for collaboration between industry and NESO for this work. This forum would aim to provide an additional route to allowing industry to communicate with NESO, with the aim of increasing alignment on issues related to interconnectors and cross border activities.

NESO currently holds the Joint European Stakeholder Group which delivers updates on TCA Activity and retained aspects of European Network Codes. We believe that there is significant benefit to utilising JESG to provide the external forum as part of the Interconnector Framework, we propose expanding the inclusion of discussions around cross border activities, as well as NESO providing updates on TCA Activity and retained aspects of European Network Codes.

The scope of the forum would be:

* Retained aspects of European Network Codes (via the statutory instruments)
* Trade and Co-operation Agreement (TCA) Activity
* Cross Border Activity
* Other areas of relevant GB and EU Policy.

The forum would endeavour to provide opportunity for NESO to collaborate with industry to gain insight on creating several outputs such as position papers, cross border policy and act as a horizon scanning opportunity to identify upcoming risks and opportunities for NESO and industry,

NESO are currently consulting on the Terms of Reference for JESG, details of the terms of reference and how to respond can be found at this link: [Joint European Stakeholder Group (JESG) - 10.12.2024 Meeting Notes](https://www.neso.energy/calendar/joint-european-stakeholder-group-jesg-10122024) we welcome all feedback on plans for the forum.

# Questions for Industry: Interconnector Forum

1. Do you agree there is benefit in an external forum discussing NESO cross border activities?
2. Do you agree with utilising the existing forum of JESG as the external forum for NESO cross border activities?
3. Do you have any suggestions for topics you would want included as part of the regular agenda for a cross border forum?
4. Do you have any suggestions for one-of topics you would like to see NESO discuss during a cross border forum (i.e., specific workstreams you are interested in)
5. Do you have any further comments you would like to make in regard to establishing a cross border forum as part of the interconnector framework?

# Interconnector Website

A dedicated interconnector webpage will serve as a centralized hub for all relevant information, making it easier for stakeholders to access and stay informed about interconnector-related activities and updates.

This webpage will enhance transparency regarding interconnector operations and obligations. It will streamline the process of finding and utilizing information, reducing the time and effort required for stakeholders to gather necessary data. Additionally, it will facilitate better communication and collaboration between NESO and industry stakeholders by providing a platform for sharing updates, feedback, and best practices.

Recognizing that stakeholders have diverse interests and varying levels of expertise, the webpage is designed to appeal to both new and experienced stakeholders, ensuring that everyone is brought along on the journey.

To ensure the interconnector webpage meets the needs of its users, we propose including the following features:

**Main Section:** This section serves as the primary hub for all information related to interconnectors. This section will be frequently updated to ensure that stakeholders have access to the most current data and developments.

**Publication and Resources:** This section provides access to various documents and resources that can enhance user engagement and provide valuable insights. It will also contact downloadable resources and information.

**FAQs:** A dedicated section for answers to the most frequently asked questions about interconnectors, their operations, and related processes.

**Events:** A section for interconnector industry news and relevant updates.

**Contact and Feedback:** This section provides users with the means to contact NESO and offer their feedback:

# Questions for Industry: Interconnector Website

1. Do you agree that providing a singular source of information on the NESO website specifically related to interconnectors would help achieve our transparency requirements?
2. Do you have any suggestions for information relating to interconnectors that you would like to see included on the NESO interconnector page?
3. Are there any specific regulatory or compliance documents you would like to have easy access to on the interconnector webpage?
4. For an events section focused on interconnector industry updates what kind of information or updates would you find useful?
5. What additional features or tools would you find beneficial on the NESO interconnector page?

**How to respond**

Industry parties are invited to respond to this consultation to express their views and rationale for those views, particularly in respect of any specific questions detailed above.

Please send your responses to box.EFT@uk.nationalenergyso.com by **5pm on the 21st of February 2025**

The response proforma can be downloaded [**HERE**](https://nationalgridplc.sharepoint.com/sites/GRP-INT-UK-EU-Codes-CCD-Markets-EU-Codes-Team/Shared%20Documents/General/IC%20Framework/Consultation%20Material/2024%20Consultation/Interconnector%20Framework%20Consultation%20Proforma%20January%202025.docx?web=1)