

Communication note**06 November 2020: Single Day-Ahead Coupling (SDAC) and the GB parties are preparing for the anticipated impacts of Brexit on implicit day-ahead market coupling**

On 9th June 2020, the European Commission published a communication¹ concerning the readiness at the end of the transition period between the EU and the UK following Brexit.

On the topic of „Energy“ the following is noted:

“During the transition period, the United Kingdom takes part in the integrated Union energy market. Therefore, EU-UK trading of energy products via electricity and gas interconnectors is currently managed through dedicated Union platforms.

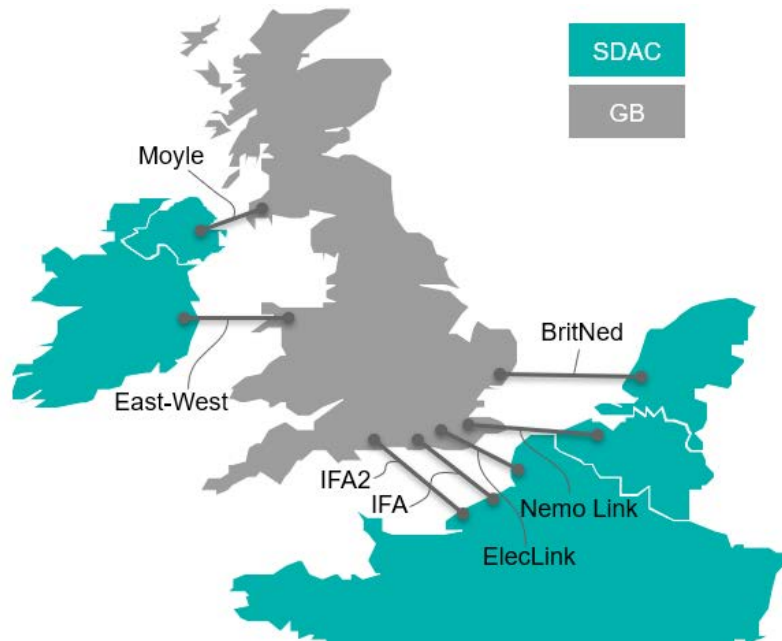
***As of 1 January 2021**, although electricity and gas interconnectors can of course still be used, the United Kingdom will no longer participate in the Union’s dedicated platforms. Alternative fall-back solutions will be used instead to trade electricity on interconnectors with Great Britain²⁴. These should allow electricity trade to continue, although not with the same level of efficiency as within the Single Market today.*

Advice to businesses and Member State administrations

Businesses and Member State administrations should take into account that, from January 2021, trades over electricity interconnectors with Great Britain will not be managed through Union platforms and will become third country energy flows. Stakeholders concerned should consider necessary measures to adapt to the new regulatory environment.

²⁴ *This does not apply to the electricity interconnectors between Northern Ireland and Ireland, given that under Article 9 of the Withdrawal Agreement, Northern Ireland will continue to participate in the Integrated Single Electricity Market across the island of Ireland.”*

Our current planning assumption is that at the end of the Brexit Transition Period GB parties will exit the European Union’s dedicated platforms for trading electricity.



Picture: EU-GB interconnectors affected by Brexit

In practice this means the removal of the GB bidding zones and the interconnectors connected to it from SDAC (which includes BritNed, EastWest, IFA, IFA2, Moyle and Nemo Link – see picture above²). The final day ahead implicit auctions for all EU-GB interconnector capacity via

¹ See [here](#) for EC communication

² IFA2 will enter commissioning in November, of which the interconnector will commercially go-live afterwards within the SDAC MRC. ElecLink will not commercially go-live in 2020. The cable is listed in the picture for completeness as ElecLink is a party to the SDAC.

market coupling arrangements will take place on 30th December 2020 for the delivery day 31st December 2020. Day-ahead EU-GB interconnector capacity will not be available within the day-ahead, implicit mechanism from 31st December 2020 and instead will be sold via alternative trading arrangements.

As a result, the GB day-ahead order books will no longer be coupled with Europe, nor within the GB. There will no longer be an intra-GB coupling between GB1 and GB2.

The Single Electricity Market (SEM), which encompasses the island of Ireland, will remain within the implicit day-ahead market coupling with the SEM bidding zone operated in an isolated mode.

In the event of any last-minute developments from the ongoing negotiations between the UK and EC, the SDAC parties will review their impact on the exit plans and will inform market parties without undue delay where any changes to the aforementioned arrangements are required.

The alternative arrangements for day-ahead capacity allocation for the GB-EU cables following their exit from SDAC are briefly described below. For further details visit the interconnector's individual webpages.

Alternative trading arrangements for EU-GB cables

BritNed

BritNed will be offering capacity via explicit Day Ahead capacity auctions from Thursday 31st December 2020, via the Joint Allocation Office. The rules (including timings, etc.) under which this capacity will be offered is contained within BritNed's 'Non-IEM' Access Rules. BritNed will give formal notice to Market Participants of these coming into effect, from 31st December 2020, via the BritNed [website](#).

EastWest, Moyle

The Single Electricity Market (SEM) in Ireland and Northern Ireland will continue to operate³ as an isolated, all-island market within the SDAC, with no capacity allocated day-ahead between the SEM, (GB) and the wider EU market from 1st January 2021. Intraday capacity on East West and Moyle between SEM and GB will be offered via the separate [Interim Intraday Markets](#), which will continue unaffected.

ElecLink

ElecLink will not be going live for the start of 2021 but have alternate access rules in place in the event that GB is no longer part of SDAC. More information is/will be available on the ElecLink website and can be found [here](#).

IFA, IFA 2

Capacity on the IFA and IFA2 interconnectors will be offered via explicit Day Ahead capacity auctions from Thursday 31st December 2020, via the Joint Allocation Office. The rules (including timings, etc.) for Day-Ahead capacity allocation and nomination are described in IFA and IFA2's approved 'Non-IEM' Access Rules. Formal notice to Market Participants of these coming into effect, from 31st December 2020, will be given via the IFA/IFA2 Interconnector website no later than 28 days prior to them coming into force as required under the terms of the IFA and IFA2 licences. The 'No Deal Access Rules' can be found [here](#).

Nemo Link

Nemo Link will be offering capacity at the Day-ahead stage via explicit capacity auctions, hosted by the Joint Allocation Office, from Thursday 31st December 2020. The rules (including timings, etc.) for Day-Ahead capacity allocation and nomination are described in Nemo Link's approved '[Non-IEM' Access Rules](#)'. A dedicated Brexit page with all practical information is available on Nemo Link's [website](#).

³ See [here](#) for further information