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## **Amendment to Modification to P361**

31 January 2018

Dear Lawrence,

Further to Nord Pool's request to remove the Net Main Costs under modification P361, Nord Pool is now seeking to amend the status of its initial request to urgent on the basis that the most recent charges are having a material impact on Nord Pool's ability to meet its ongoing obligation as a NEMO, under the CACM guidelines.

As market participants are increasingly allowing their explicit capacity purchased on Interconnectors to roll into the implicit market under the Use it Or Lose it arrangements, the NEMOs are now exposed to the full capacity of an Interconnector and the associated charges under the BSC. This change in activity by market participants is giving rise to charges and future liabilities for which NEMOs are unable to control or recover from the market. To put this in to context, in December 2017 and January 2018, the total charges for Nord Pool's Net Main Costs, were just under £150,000 compared to the total charges received in 2014, the year market coupling was introduced, of £16,292.63.

With respect to Nord Pool's request to have retrospection applied to this modification, Nord Pool understands Ofgem's concerns around a retrospective modification potentially undermining market confidence. However, Nord Pool would like to highlight that we are proposing to have retrospection applied only from the point of submission of the Modification, rather than from when market coupling commenced in 2014. This is to limit the impact towards the market participants and undermine market confidence.

The change of status to urgent is also compounded by the development of two new interconnectors, which are destined to go live in 2019. Both of which are seeking to appoint a shipper to manage the cross-border flows between GB and mainland Europe. The current treatment of implicit flows under the BSC, would act as a barrier for any NEMO to provide these services without seeking assurances on cost recovery.

Yours sincerely,



Richard Sarti  
Director, UK and Ireland