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ELIA System Operator NV/SA
Boulevard de l'Empereur 20, 1000 Brussels, Belgium

Monday, 24 February 2020

Dear Sir/Madam,

Nemo Link Limited (NLL) welcomes the opportunity to respond to Elia's consultation on the MVAR service T&Cs.

We agree with Elia that the MVAR service is a critical service to maintain stable and efficient operation of the Belgian electricity grid.

NLL has reviewed the T&Cs and it is capable of providing the service and is committed to cooperating with Elia throughout its procurement of the MVAR service.

NLL already provides a reactive power service in Great Britain and receives a regulated tariff for this under NGESO's Obligatory Reactive Power Service (ORPS).¹

NLL has currently the means to offer up to 344Mvar of reactive power in both injection and compensation modes. NLL's capability to deliver this service is a result of significant investments during construction in order to comply with its GB grid code requirements. Delivering the MVAR service itself however results in converter station losses, resulting in increased auxiliary power demand and wear and tear on cooling systems.

Under the new MVAR service, we understand that NLL will be categorised as an 'existing HVCD interconnector' and therefore will be subject to voluntary provision of the MVAR service. We understand that this means that NLL has the option but not the obligation to submit an offer to Elia to provide the MVAR service. We also understand that any tariff for MVAR service requires approval by federal regulator CREG. .

It is important to note that NLL is subject to the 'Cap and Floor' regulatory regime, under which revenues above the 'cap' level flow back to GB/BE consumers and where NLL could receive floor support when revenues are below the 'floor' level. We consider it in this context key that NLL could also get remunerated at Belgium side for the provision of reactive power (in line with the ORPS service in GB) to allow for a fair and equitable treatment of both Belgian and GB consumers.

Yours faithfully,

Bart Goethals
Chief Commercial Officer
For and on behalf of Nemo Link Limited

¹ More details on the implementation and remuneration for the ORPS can be found here: <https://www.nationalgrideso.com/balancing-services/reactive-power-services/obligatory-reactive-power-service-orps?getting-paid>
