

European Developments



Transmission Workgroup
1st August 2013

EU CAM Network Code and CMP Update



Transmission Workgroup
1st August 2013

Capacity Allocation Mechanism - CAM

Capacity Allocation Mechanism- Comitology Overview

- Agreed at Comitology meeting 15th April 2013
 - Undergoing internal Commission legal process
 - Publication in Official EU Journal [August 2013]
 - Applies 1st November 2015 to EU IPs

- Joint Capacity Booking Platform



Capacity Allocation Mechanism - Open Consultation Letter

- One of the key elements of the CAM Regulation is that cross-border capacity should where possible, be sold on a bundled basis and using a joint booking platform developed by the respective EU TSO's
- National Grid has been investigating options for fulfilling its capacity booking platform obligation. As a result of this work we have concluded, at this stage, that the PRISMA booking platform appears to offer the best technical solution to meet our CAM auction requirements
- We are seeking wider stakeholder opinions in order to inform our final decision.

Capacity Allocation Mechanism - Open Consultation Letter

- In order to better inform stakeholders of the services that PRISMA will offer, we have invited PRISMA to give a presentation and answer questions at the next Ofgem / DECC EU stakeholder meeting on 6th September
- Please send all comments to this open letter to europeanpolicy@nationalgrid.com by 20th September 2013
- All responses will be published on the National Grid website unless marked as confidential.

Congestion Management Procedures - CMP

Congestion Management Procedures – Modification Proposal

- Modification Proposal 0449 raised by NTS
 - ‘Introduction of Interconnection Points and new processes and transparency requirements to facilitate compliance with the EU Congestion Management Procedures’

- Modification UNC0449 completed development through the Tx Workgroup process
 - Workgroup report was agreed at the Tx Workgroup 4th July
 - Workgroup report submitted to Panel on the 18th July

 - Panel decision was to issue for consultation
 - Representations to be provided to Joint Office by 8th August.

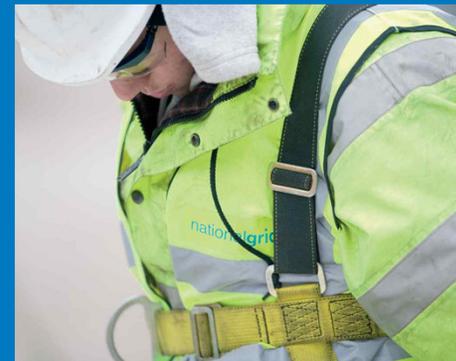
EU Gas Balancing Code



Revisions to the EU Gas Balancing Code

- Comitology meeting held on the 11th July and a number of revisions have been made to the code following the meeting
- Most changes are stylistic in nature and no further impacts to GB have been identified
- Comitology meetings planned for 1st/2nd October (no further meetings are envisaged)
- Code now expected to enter into force April 2014

EU Interoperability & Data Exchange Network Code



Update & Initial Views on Implementation

1st August 2013

EU Interoperability Code: Current Position

- ENTSOG published a revised version of the draft Code on 9th July 2013
- ENTSOG's 'Stakeholder Support Process' (SSP) was open for two weeks from 9th July to 23rd July 2013
 - SSP provided stakeholders with a final opportunity to express views on the draft Code
- ENTSOG will further refine the Code during August based on SSP feedback to facilitate submission to ACER before its 11th September deadline

Assumed Timeline to Compliance

- Sept 2013 – ENTSOG delivers Code to ACER
 - Jan 2014 – ACER review completed
 - July 2014 – Comitology completed
 - Oct 2014 – Code enters into EU law
 - Oct 2015 – GB compliance required
- ↑
15 months
↓
- INT Code is behind CAM and BAL in its development but implementation timescales are expected to converge
 - Achieving a 2015 implementation date is expected to require work on IS and contract changes to take place in parallel with UNC changes

UNC Implementation:

1) Matching Process

- Interoperability Code contemplates a TSO-TSO process for 'matching' shipper nominations either side of an IP
 - The new process suggests that the current agent role for matching at the IPs will become redundant
- Details of this process will have to be included within Interconnection Agreements (IAs)
- Some matching rules within UNC are also likely to be necessary:
 - Because shippers are not party to IAs
 - To clarify the interactions with the wider nominations process as prescribed by BAL and CAM codes

UNC Implementation:

2) Gas Allocations

- Like matching, allocation rules must feature in IAs but will also need to feature in UNC as shippers are also involved
- ‘Allocate as nominate’ with OBA is the ‘default rule’ for gas allocations at IPs
- Adjacent TSOs may agree to maintain existing allocation arrangements, subject to network user consultation
- National Grid NTS is therefore interested in early views from GB shippers about the adoption of OBAs at IPs

UNC Implementation:

2) Gas Allocations

Current GB arrangements

- 'Allocate as metered'
- Differences between nominations and physical flow managed by shippers
- Sum of allocations matches flow at the end of each gas day

OBA arrangements

- 'Allocate as nominate'
- Differences between nominations and physical flow managed by TSOs
- 'Steering errors' up to a specified tolerance are carried across gas days

UNC Implementation:

2) Gas Allocations

Potential OBA Benefits

- Provides certainty for shippers
- Resolution of discrepancies between physical flows and shipper nominations sits with the parties that can control them (i.e. TSOs rather than shippers)
- Facilitates efficient TSO asset operation

Potential OBA Impacts

- After the day trading
- Shipper balancing incentives
- Consequences when OBA tolerances are exceeded is currently unclear
- NG 'residual balancing' role / SO influence on market prices
- Cost-targeting
- Alignment of shippers' commercial balance positions with physical NTS balance
- Knock-on impacts to other processes e.g. shrinkage, balancing neutrality

UNC Implementation:

3) IA Publication / Consultation Requirements

- The Code requires TSOs to inform shippers about the following for each IA:
 - Matching rules
 - Allocation rules
 - Communications in an exceptional event
- Shippers must be consulted prior to the TSOs making changes to provisions in the IA concerning the above
- Could be implemented in UNC in a similar fashion to current provisions concerning amendments to Network Entry / Exit Provisions (TPD I2.2 and J4.3)

UNC Implementation:

4) Data Exchange

- New functionality and changes to existing systems appear likely to align to the common data exchange solution:
 - Data Format: Edig@s-XML
 - Data Protocol: AS4
 - Data Network: Internet
- This technology is expected to be required to support nominations, allocations and capacity booking processes at IPs
- Changes potentially needed to TPD section U and UK Link Manual

Non-UNC Implementation:

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1) Alignment of Interconnection Agreements

- Amendments to our IAs with interconnector operators will be required to align them with 'minimum requirements' specified in the Interoperability Code:
 - Flow control
 - Matching
 - Allocations
 - Exceptional events

2) Gas Quality

- TSO-TSO co-operation to address gas quality barriers
 - The process only now applies where NRAs trigger it
- ‘Short Term Monitoring’
 - Forecasting of variations for specific end users – we envisage GB industry engagement to assess demand and NG capability to provide such a service
 - Applicability of CV and Wobbe data publication at GB IPs will require further consideration

Summary

- Relatively few areas in the Interoperability Code are expected to drive UNC change
- Those that there are could represent substantial reform to GB arrangements and would need to be progressed in conjunction with systems and contract amendments
- We are particularly interested in GB shippers' views on the introduction of OBAs at IPs to inform our discussions with adjacent TSOs
- Contact philip.hobbins@nationalgrid.com (01926 653432)

Code Status Update

Code	Current Status	Implementation date
Congestion Management (CMP)	UNC0449 Modification raised and Legal Text submitted to Joint Office. Mod submitted for consideration at Mod Panel on 18 July. Issued for consultation 18th July. Representation required by 8 August.	1st October 2013 (Fixed)
Capacity Allocation Mechanism (CAM)	CAM approved for EU Wide Implementation at relevant EU IPs 1st November 2015.	1 November 2015 (Fixed)
Gas Balancing	ACER approved the code on 20th March 2013 and comitology started in July 2013. The next [and final] comitology meeting is planned for 1 st /2 nd October.	April 2015/April 2016 (subject to NRA approval for additional 12 months to implement) Estimated
Interoperability	ENTSOG published a revised version of the draft Code on 9th July, triggering a two week period during which stakeholders had a final opportunity to express views. ENTSOG will further refine the text based on stakeholder feedback during August prior to submission of the draft Code to ACER for which the deadline is 11th September 2013.	Q4 2015 (Estimated)
Tariffs	Final FGs extended until Q4 2013 to allow more consideration of Cost Allocation methodology. ACER consultation on Cost Allocation methodology section of FGs expected mid July to mid September with stakeholder workshop anticipated in early September [3rd, 4th or 5th].	Estimated earliest mid January 2017
Incremental Capacity	CEER-ACER joint workshop held 3 June (Brussels) to discuss their Blueprint for Incremental Capacity. NG currently working with ENTSOG on formal ENTSOG response. Incremental expected to be introduced via combination of new articles in CAM Network Code and via Tariffs Network Code.	TBC

Future EU

- Timetable aims to highlight the key items (consultations, workshops, decisions, etc.) National Grid NTS expect to cover via this agenda item in the forthcoming months

Topic	TX Workgroup
• Balancing update	October