

# National Grid NTS - EU Change Programme Congestion Management Principles



# Congestion Management Principles

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- The Third Energy Package aims to further enhance the open, integrated and competitive Energy market in the EU.
- The package puts various obligations on industry participants, as well as establishing the need to develop 12 European Network codes.
- Congestion Management Principles (CMP) is the first to go live and introduces new processes for GB Interconnection points
- To enable compliance with the CMP network code, UNC modification 449 was raised and approved by Ofgem

# CMP process summary

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- **What new processes are being introduced?**

- Oversubscription

- new process for AMSEC auction, existing processes used for other auctions/applications

- Surrender

- new faxed based process for AMSEC, QSEC, AFLEC. For EAFLEC the reduction process will be used

- Transparency

- new reporting requirements with data being published on MIPI.

- Long Term UIOLI

- reporting only from 1<sup>st</sup> October 2013. Other elements of LT UIOLI will be subject to a separate UNC modification.

- Firm Day Ahead UIOLI

- does not apply until July 2016 at the earliest and will be subject to a separate UNC modification

- **Where are the processes applicable?**

- Entry – Bacton ASEP

- Exit – IUK, BBL, Moffat interconnection points

- **When:**

- 1<sup>st</sup> Oct 2013 go-live date

- Consistent with code mod 449

## Oversubscription and Buyback

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- National Grid are already largely compliant with the requirements of the Oversubscription and Buyback element of CMP through the release (at National Grid's discretion) of non-obligated capacity
  - Existing process used for QSEC and AFLEC auctions/applications
  - EAFLEC will utilise the existing 'increase' process
  - Additional DRSEC process required to allocate 'over-demand' from AMSEC tranche 4
- Buybacks will be managed using the existing process when applicable

## Surrender Process

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- Relevant to QSEC, MSEC, AFLEC (EAFLEC will utilise existing reduction process)
- Fax based process for surrender offers ahead of the auction/application.
- Auction/Application invitation letter will notify Users of the additional capacity made available through Surrender offers.
- Only if the location sells out of existing obligated capacity then extra demand can be satisfied from Surrender offers.
- Capacity rights are transferred from one User to another. The capacity rights held by Users in aggregate does not increase as a result of this process.
- NG will be financially neutral through capacity incentive/neutrality

# High Level Surrender Process

Step 1	NG issue surrender invitation / not less than 15 business days prior to Invitation
Step 2	Surrender Window Opens / not less than 5 business days after step 1
Step 3	Surrender Window closes / open for 5 consecutive business days
Step 4	Auction Invitation Issued / not less than 28 days prior to the first day of the Auction
Step 5	Auction opens
Step 6	Auction Closes
Step 7	NG enacts surrenders via Forward Agreements / within 5 business days of auction closure or existing reduction process

# AMSEC Timeline Options

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Step	Description	Option 1	Option 2	Option 3	Option 4
1	Surrender Invitation	09/12/13	18/12/13	18/12/13	18/12/13
2	Surrender Window Open	16/12/13	30/12/13	03/01/14	06/01/14
3	Surrender Window Close	20/12/13	06/01/14	09/01/14	10/01/14
4	AMSEC Auction Invitation issued	13/01/14	13/01/14	13/01/14	13/01/14
5	AMSEC Auction Open	10/02/14	10/02/14	10/02/14	10/02/14
6	AMSEC Auction Close	21/02/14	21/02/14	21/02/14	21/02/14
7	Oversubscription & Surrender Auction	25/02/14	25/02/14	25/02/14	25/02/14
8	NG enact Forward Agreements	04/03/14	04/03/14	04/03/14	04/03/14

# Surrender Fax Example

## Surrender of Entry Capacity under Congestion Management Procedures

<b>Capacity Team, Warwick</b>	<b>Tel: 01926 65 4057</b>	<b>Fax: 01926 65 4059</b>
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<b>Auction:</b>	MSEC	<b>Auction Transaction Period</b>	01 Apr 2013 to 30 Sep 2014
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**BA Code:** (i.e. Gemini 3 letter code) \_\_\_\_\_ **Shipper Name** \_\_\_\_\_

confirm that the following firm entitlements are being offered for surrender at Bacton ASEP IP in accordance with UNC Transportation Principle Document Section B Annex B3.  
 To withdraw or amend existing Surrender offers for a particular sub-transaction period then please send a new form with the new quantities for each relevant sub-transaction period. (Quantity of 0 for withdrawal).

Interconnection Point (IP) ASEP ID	Sub-transaction period start date	Sub-transaction period end date	Surrender Offer Quantity (kWh/d)	Minimum Surrender Amount (kWh/d)
<b>BA</b>	01-Apr-13	30-Apr-13	1,500,000	100,000- <i>(example row)</i>

Fax Originated By		Fax Received By	
Company		On Behalf Of	National Grid
Signature		Signature	
Position		Position	
Date		Date	
Tel No		Tel No	
Fax No		Fax No	01926 65 4059

**Please note: Illegibility and/or failure to complete the proforma correctly will result in NON input of data and the return of the form to the originator**

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# CMP Transparency Reporting

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- CMP requires National Grid to publish 4 new reports from 1<sup>st</sup> October 2013:
  - **(h)** – occurrence of unsuccessful, legally valid requests for firm capacity products with a duration of one month or longer including the number and volume of unsuccessful requests
  - **(i)** – in the case of auctions, where and when firm capacity products with a duration of one month or longer have cleared at prices higher than the reserve price
  - **(j)** – where and when no firm capacity product with a duration of one month or longer has been offered in the regular allocation process.
  - **(k)** – total capacity made available through the application of the CMP procedures per applied congestion management procedure

## Contacts

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- For any questions on the implementation of CMP please contact [.box.capacityauctions@nationalgrid.com](mailto:.box.capacityauctions@nationalgrid.com) in the first instance.