

European Code Developments



Chris Shanley

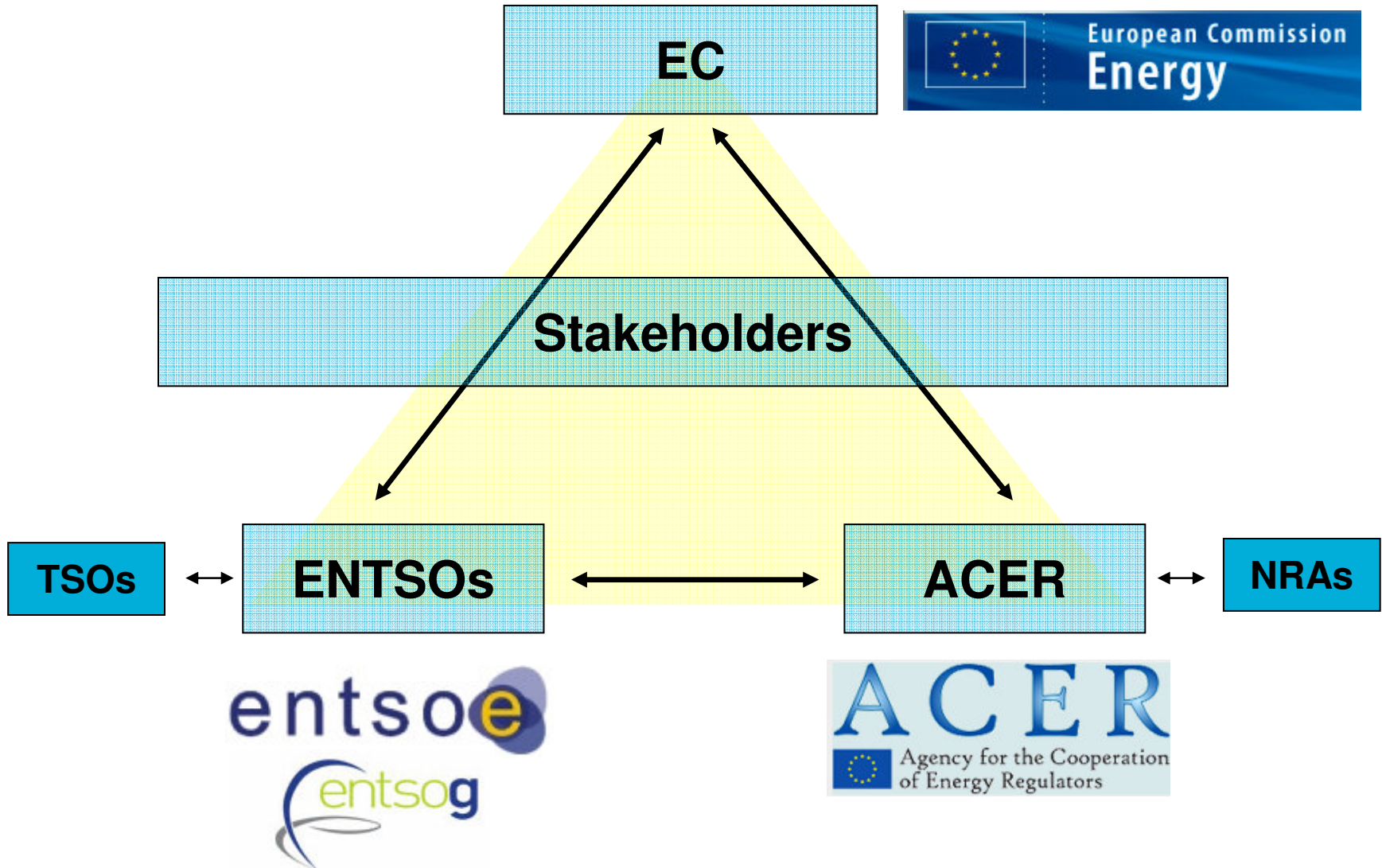
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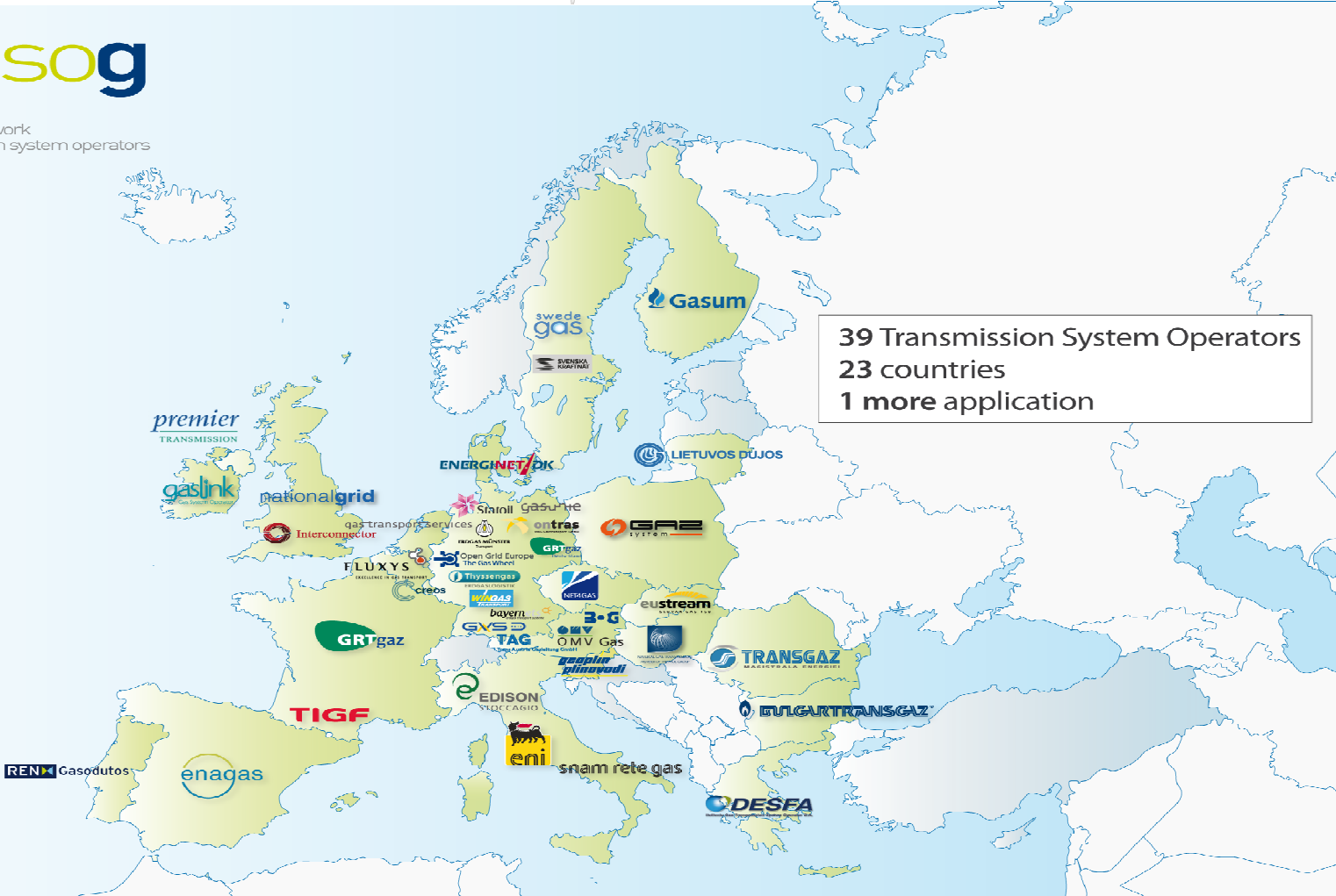
European Code Development Process



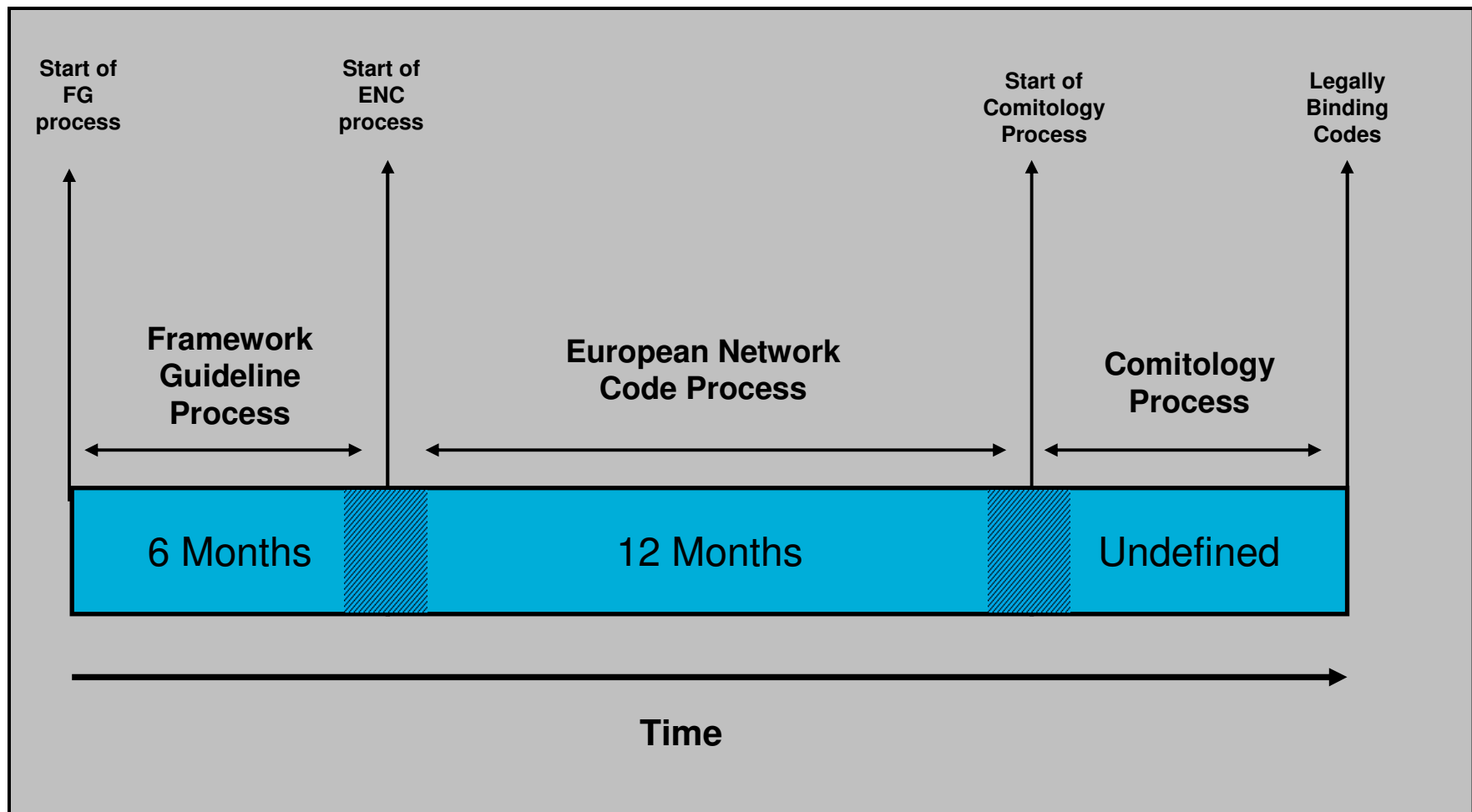
European Network Code: Key Organisations



ENTSOG



European Network Codes: Timeline



Priority Network Codes/NG leads

- Capacity Allocation Management – Matthew Hatch
- Balancing – Chris Shanley
- Tariffs – Debra Hawkin
- Interoperability – Phil Hobbins

Information sharing on European issues

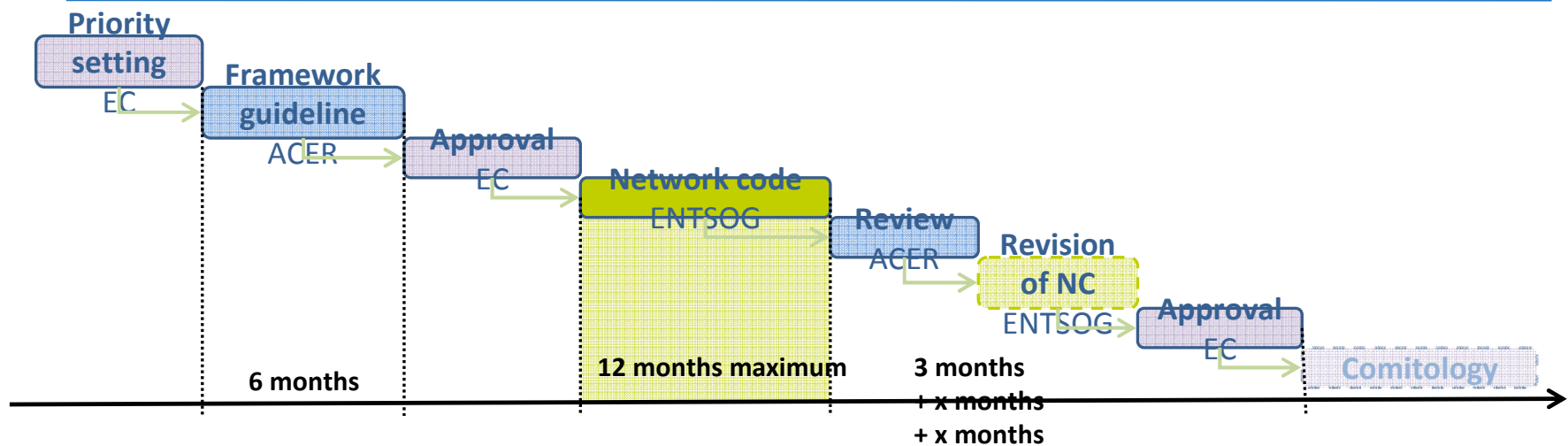
- Agreed with the UNC Panel members
 - Utilising existing Gas Transmission Workgroup monthly meetings
 - European update has been a standing agenda item since July 2011



European Gas Balancing Code



Timetable



Activity	Date
<p>EU gas balancing Network Code developed</p> <ul style="list-style-type: none"> ▪Project Plan – 26 Oct to 14 Dec ▪Develop code proposal including stakeholder workgroups – 17 Nov to 12 June ▪Consultation on draft code – 13 April to 12 June ▪Refine and approve code – 12 June to 30 Oct ▪Submit code to ACER – 5 Nov 	Oct 11 to Oct 12
<p>Comitology process (estimated at 6 to 12 months) and implementation of adopted code into the UNC (a period of 12-24 months will be allowed)</p>	Nov 12 to Nov 14~ 10

Gas Balancing Framework Guidelines

■ Key principles:

- Market participants take primary responsibility for matching their inputs into the system against their off-takes
- The TSO's role is limited to residual balancing activities
- TSOs will provide network users with the necessary information within the balancing period, to allow them to balance their portfolio
- Balancing period will be daily with end of day cash out
- Imbalance charges will be cost reflective and participants that contribute to the system imbalance should pay for the balancing actions taken by TSO
- Cross-border cooperation should be developed as a step towards the merging of balancing zones

■ Initial impact assessment: 95% fit with GB regime

Key Issues - so far

■ Gas Day

- The EU Network code will provide that the balancing period be daily (24 hours) but it also proposed that a single standardised gas day be introduced throughout the EU of 05:00 to 05:00 UTC

■ TSO information provision obligations

- It is unclear from the draft framework guidelines what additional information needs to be provided
- The key debate within ENTSOG is around the provision of shipper specific within day flow information

Key Issues (continued)

■ **Nomination and renomination procedures**

- Nomination and renomination procedures are to be harmonised at both sides of the border at **interconnections points** and consistently across Europe.
- Limited information is provided in the framework guidelines on this topic and the rules vary across Europe
- Significant interaction with other codes – CAM, CMP and interoperability

■ **Cross border cooperation**

- TSOs will be required to cooperate in order to integrate European gas markets
- Any proposals are dependent on whether it is technically feasible and economically reasonable.

EU Developments – Operational Updates



Moffat Physical Reverse Flow



Physical Reverse Flow: Background

- As per the Security of Supply Regulation 994/2010
 - Article 6(5): “By 3rd December 2013, the TSOs shall adapt the transmission systems... so as to enable physical gas flows in both directions on cross border interconnections.”
- TSOs must either enable physical reverse flow (PRF) or gain an exemption
- The first stage of this process was to test the market, to see if there was any market demand for PFR, this consultation included an assessment of demand, supply, cost & feasibility.

Physical Reverse Flow: Moffat Market Consultation

- The Market Consultation ended on 30th September 2011. National Grid and Gaslink received 3 official responses.
- Two of the responses were from Shippers, whilst the other one was from a project developer
- All responses broadly echoed the findings within the consultation, that there isn't a requirement for physical reverse flow from Ireland in the time frame proposed in the consultation.
- We would like to reiterate that the existing process for signalling new NTS Entry capacity is via the long term QSEC auction.

Physical Reverse Flow: Next Steps

- All responses to the consultation have been submitted to the regulators.
- As there was no market demand for physical reverse flow at Moffat, National Grid and Gaslink will now complete the next stage of the process.
 - Assessment of the costs and the potential benefits from a Security of Supply perspective
- The regulators have requested the review and a draft request for PRF/an exemption is submitted by 31st December 2011

European Transparency Update



Harmonization of Maintenance Publication

- ENTSOG initiative for common approach by all TSOs to maintenance publication at interconnection points (IPs) (in line with Reg EC 715/2009)
- Will include (IPs affected, impact on capacity, nature of maintenance, duration)
- TSOs to publish by 15th November each year
- National Grid will publish using common format this November
 - N.B. Form of common template still subject to further consultation
- May be included in European interoperability network code
- <http://tinyurl.com/5uqprl9>

Transparency Compliance Monitoring

■ Background

- Regulators of the Gas Regional Initiative North West (GRI NW) agreed to examine compliance of TSOs against the new gas transparency requirements
- TSOs within the GRI NW region were asked to complete:
 - a questionnaire to explain whether or not they publish the required information required
 - include links to the relevant information
- All TSOs have responded

Transparency Compliance Monitoring

- Consultation on Compliance Monitoring of TSOs against the Third Package Gas Transparency Requirements
 - <http://www.acer.europa.eu>
 - Issued 18/11/11
 - In order to provide an assessment of TSOs' compliance, the regulators are now seeking stakeholder views on the content of the TSOs' responses
 - ACER would welcome your views by email to TransparencyNW@Acer.europa.eu by 20 January 2012.