

## Representation

### Draft Modification Report

#### 0494 - Imbalance Charge amendments required to align the UNC with the Network Code on Gas Balancing of Transmission Networks

**Consultation close out date:** 18 July 2014  
**Respond to:** enquiries@gasgovernance.co.uk  
**Organisation:** National Grid NTS  
**Representative:** Debbie Brace  
**Date of Representation:** 16 July 2014

#### Do you support or oppose implementation?

Support

#### Please summarise (in one paragraph) the key reason(s) for your support/opposition.

As the proposer of this Modification, National Grid NTS fully supports implementation.

Commission Regulation (EU) No 312/2014 - Network Code on Gas Balancing of Transmission Networks specifies a standardised calculation of System Marginal Buy Price (SMBP) and System Marginal Sell Price (SMSP) across the EU. The SMBP and SMSP are currently set using any Market Balancing Action in the course of a given day. The Modification proposes to change this approach by only allowing sell trade prices to set the SMSP and buy trade prices to set the SMBP.

The rules contained within the Regulation supersede any prevailing GB legislation, and require National Grid NTS as the Transmission System Operator (TSO) in GB to implement these rules by 1<sup>st</sup> October 2015. We believe implementation of Modification Proposal 0494 would achieve legal compliance with the EU Regulation.

Minimal change is required to implement this Proposal and negligible impact is foreseeable to the charges currently applied in the GB regime. On average there were 6-occasions per year when a SMBP would be utilised to set a SMSP or vice versa, with a minimal impact on the prices levied of between 1-2% (based on data from 2010 to 2013). Therefore we believe the incentive on Shipper Users to balance will be maintained.

#### Are there any new or additional issues that you believe should be recorded in the Modification Report?

No

### Relevant Objectives:

*How would implementation of this modification impact the relevant objectives?*

We consider that implementation of this Proposal would better facilitate Relevant Objective (g) for compliance with the European Commission Regulation; Network Code on Gas Balancing of Transmission Networks. The Regulation contains a calculation to standardise the setting of SMBP and SMSP across Europe and this Modification introduces it into the GB regime.

### Impacts and Costs:

*What analysis, development and ongoing costs would you face if this modification were implemented?*

This Proposal is part of a wider suite of UNC changes proposed to achieve compliance with the European Network Code that needs to be implemented by 1<sup>st</sup> October 2015. No specific costs have been identified for this Proposal although we believe them to be minimal.

### Implementation:

*What lead-time would you wish to see prior to this modification being implemented, and why?*

The Proposal advocates an implementation date of 1<sup>st</sup> October 2015 which corresponds with compliance date for the Network Code on Gas Balancing of Transmission Networks.

### Legal Text:

*Are you satisfied that the legal text will deliver the intent of the modification?*

National Grid NTS is satisfied that the legal text delivers the intent of the Modification Proposal.

### Is there anything further you wish to be taken into account?

*Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.*

No