

Representation - Draft Modification Report 0510

Reform of Gas Allocation Regime at GB Interconnection Points

Responses invited by: 24 April 2015

Representative:	Phil Hobbins
Organisation:	National Grid NTS
Date of Representation:	24 th April 2015
Support or oppose implementation?	Support
Relevant Objective:	g) Positive

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

As Proposer, National Grid NTS fully supports the implementation of this Modification. The EU Interoperability and Data Exchange Code ('the INT Code') requires Adjacent TSOs to agree several mandatory interconnection agreement terms, one of which is 'rules for the allocation of gas quantities'. The default (obligatory) allocation rule is that allocations equal confirmed nominated quantities – 'allocate as nominate' - should the Adjacent TSOs fail to agree an allocation rule. 'Allocate as nominate' is also obligatory should this be requested by one of the TSOs at an IP. National Grid NTS has discussed the INT Code obligations with its Adjacent TSOs and each of them considers that the INT Code's default (obligatory) allocation rule is appropriate. Therefore, the UNC needs to be amended to facilitate this type of allocation regime in respect of GB Interconnection Points (IPs).

Implementation: *What lead-time do you wish to see prior to implementation and why?*

'Matching' of nominations, by National Grid and each of its Adjacent TSOs, will need to take place prior to allocations being made under 'allocate as nominate'. National Grid NTS is seeking to introduce revised nominations, renominations and matching processes under Modification 0493 in order to comply with the EU Balancing Code. Compliance with the Balancing Code is required by 1st October 2015. In view of the interdependencies with the provisions of Modification 0493, National Grid NTS considers that this Modification should be implemented no later than 1st October 2015.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

This Modification is part of a wider suite of UNC changes which need to be implemented in order to comply with the European Network Codes. No specific costs have been identified for this Modification. National Grid NTS has been allocated some funding for EU market facilitation through the RIIO-T1 price control process. National Grid NTS expects to be able to use this funding to meet the costs of this EU related change to the allocations regime at IPs. Should this funding prove insufficient then this will be addressed through the RIIO-T1 mid-point review.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

National Grid NTS is satisfied that the legal text delivers the intent of this Modification within a new part of the UNC - the European Interconnection Document (EID). The new provisions for allocations in respect of IPs will be contained within Section D of the EID, with supporting definitions contained within Section A.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

No.

Please provide below any additional analysis or information to support your representation

The application of the 'proportional allocation' principle has been a key topic of discussion in the Modification 0510 Workgroup. Respondents will note that the legal text proposes that National Grid NTS 'follows' the adjacent TSO's allocations on a 'Non-OBA Day'. The reason for this is that National Grid NTS is unable to write a single rule for proportional allocation into UNC that is able to satisfy potential requirements of its adjacent TSOs. Therefore, subject to certain conditions (defined in the legal text, including that the net sum of the adjacent TSO's allocations to its shippers is equal to the end of day physical measurement) National Grid NTS will allocate Users in accordance with the scaling applied by the adjacent TSO.

Development of this Modification with Users has, necessarily, taken place in parallel with development of the operational rules for OBAs at each IP with National Grid NTS' adjacent TSOs. National Grid NTS expects to consult with Users on the OBA rules that it proposes to apply at each IP (and indeed on all other aspects of proposed Interconnection Agreement amendments that affect Users) in June/July 2015. At this point, Users will be able to see 'the whole picture' for each IP.

During the recent development of the OBA rules in respect of the BBL IP, an issue has arisen concerning the 'Non-OBA Days' text in relation to the BBL IP. National Grid NTS is currently investigating this issue in conjunction with BBL.