

0567:

Amendment to reference temperature conditions within the National Grid NTS – IUK Interconnection Agreement

This enabling Modification is to facilitate a change to the contractual reference temperatures that are to be used by IUK for measurement as recorded within the NGG – IUK Interconnection Agreement.



The Proposer recommends that this modification should be:

- assessed by a Workgroup



High Impact: -



Medium Impact: -



Low Impact: National Grid NTS, Interconnector UK (IUK), Shippers

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About this document:		 01926 655551 Mob:07825 592516
This Modification will be presented to the Panel on 19 November 2015.		Transporter: National Grid Transmission
The Panel will consider the Modification and agree whether it should be:		 mark.j.lyndon@nationalgrid.com
<ul style="list-style-type: none"> referred to a Workgroup for assessment. 		 01926 655551
The Proposer recommends the following timetable:		Systems Provider: Xoserve
Initial consideration by Workgroup	03 December 2015	 commercial.enquiries@xoserve.com
Workgroup Report presented to Panel	21 January 2016	Additional contacts: Philip Hobbins
Draft Modification Report issued for consultation	21 January 2016	 philip.hobbins@nationalgrid.com
Consultation Close-out for representations	11 February 2016	
Final Modification Report presented to Panel	17 March 2016	 07966 865623
UNC Modification Panel decision	17 March 2016	

1 Summary

Is this a Self-Governance Modification?

The Proposer believes that Self Governance procedures should apply because the change proposed is unlikely to have a material effect on competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes. This is because the change is limited to aligning the measurement provisions within the National Grid NTS - IUK Interconnection Agreements with the provisions already established by Modification 0519.

Is this a Fast Track Self-Governance Modification?

The Proposer believes this Modification should not be treated as a Fast Track Self-Governance Modification because it is not a UNC housekeeping modification.

Why Change?

The EU Interoperability Code requires harmonisation of units and in particular the reference conditions for volume to be 0°C and the combustion temperature for gross calorific value to be 25°C ("0/25") for any data exchange and data publication related to Regulation (EC) No 715/2009. This means that from 1st May 2016, IUK and National Grid NTS will offer capacity and match nominations at the IUK Interconnection Point at these reference conditions. For consistency and in order to comply with the provisions of Modification 0519, National Grid NTS and IUK have also agreed to amend the reference conditions for physical measurement at this Interconnection Point to 0/25, which requires changes to the Interconnection Agreement in respect of the IUK Interconnection Point at Bacton.

National Grid NTS believes that this Modification should be considered as 'enabling', since the change would be captured within the Interconnection Agreement between National Grid NTS and IUK. UNC EID Section A.4.1.3 permits changes to such agreements via the use of an enabling Modification.

Solution

This enabling Modification is proposing to facilitate changes contained in the National Grid NTS - IUK Interconnection Agreement relating to measurement being based on reference temperatures of 0°C for volume and 25°C for gross calorific value.

Relevant Objectives

This Modification will further Relevant Objective f) Promotion of efficiency in the implementation of the Code because it will enable National Grid NTS to comply with the implementation of Modification 0519.

This Modification will further Relevant Objective g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators because it will align physical measurement arrangements with the reference conditions required for the booking of capacity and submission of nominations.

Implementation

No specific implementation date is proposed, however, as self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

The Proposer does not consider that this Modification will have any impacts on other industry change.

2 Why Change?

The EU Interoperability Code requires harmonisation of reference conditions for temperature at 0°C for volume and 25°C for calorific value for any data exchange and data publication related to Regulation (EC) No 715/2009. This means that from 1st May 2016, IUK and National Grid NTS will offer capacity and match nominations at the IUK Interconnection Point at these reference conditions. For consistency National Grid NTS and IUK have also agreed to amend the reference conditions for physical measurement at this Interconnection Point to 0/25, which requires changes to the Interconnection Agreement in respect of the IUK Interconnection Point at Bacton.

Modification 0519 (as amended by Modification 0562FT) requires measurements at 0/25 reference conditions at Interconnection Points as set out in EID section A 1.5.2 (c) from 1st May 2016.

This Modification is therefore required in relation to the IUK Interconnection Point to enable National Grid NTS to comply with this provision.

National Grid NTS believes that this Modification should be considered as 'enabling' since the change will impact upon Relevant Interconnection Provisions within the Interconnection Agreement between National Grid NTS and IUK. UNC EID Section A 4.1.3 permits changes to such agreements either:

- (a) with the approval of each User which for the time being holds Available Interconnection Point Capacity at the Interconnection Point, or
- (b) pursuant to a Code Modification which authorises such agreement.

As has been typical of similar situations in the past, option (b) is proposed due to the practical difficulties of obtaining multiple consents from Users and to ensure an open and transparent change process.

3 Solution

This enabling Modification is proposing to facilitate a change to the reference temperatures contained in the National Grid NTS - IUK Interconnection Agreement relating to measurement from 0°C for volume / 15°C gross calorific value to 0°C (volume) / 25°C for gross calorific value.

User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	No User Pays service would be created or amended by implementation of this modification and it is not, therefore, classified as a User Pays Modification.
Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.	Not Applicable

Proposed charge(s) for application of User Pays charges to Shippers.	Not Applicable
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	Not Applicable

4 Relevant Objectives

Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	Positive
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	Positive

This Modification will further Relevant Objective f) Promotion of efficiency in the implementation of the Code, because it will enable National Grid NTS compliance with the implementation of Modification 0519, which requires the booking of capacity, submission of nominations and Measured Quantities to be determined at 0/25 reference conditions in respect of Interconnection Points. The Proposer therefore believes that this enabling Modification will facilitate arrangements with IUK to ensure the IUK Interconnection Agreement is aligned with its obligations under the European Interconnection Document.

This Modification will further Relevant Objective g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators, because it will align physical measurement arrangements with the reference conditions required for the booking of capacity and submission of nominations.

5 Implementation

No specific implementation date is proposed, however, as self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

Following implementation, IUK would then seek approval to amend the Interconnection Agreement under Standard Licence Condition 3 (l) of the interconnector licence from Ofgem.

6 Impacts

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

There are no impacts on other industry change projects.

7 Legal Text

There are no changes required to the UNC as part of this enabling Modification because the amendment will be contained within the IUK – National Grid NTS Interconnection Agreement. The relevant changes proposed within the Interconnection Agreement will be provided in time for the first Workgroup meeting on 3rd December 2015.

8 Recommendation

The Proposer invites the Panel to:

- Determine that this Modification should be subject to self-governance; and
- Progress to Workgroup assessment