

0567S:

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

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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.



Panel consideration is due on 21 January 2016 *(at short notice by prior agreement)*



High Impact:
None



Medium Impact:
None



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

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About this document:		 01926 655551
This Final Modification Report will be presented to the Panel on 21 January 2016. The Panel will consider the views presented and decide whether or not this self-governance change should be made.		Systems Provider: Xoserve
The Proposer recommends the following timetable:		 commercial.enquiries@xoserve.com
Initial consideration by Workgroup	03 December 2015	Additional contacts: Philip Hobbins
Workgroup Report presented to Panel	17 December 2015	 philip.hobbins@nationalgrid.com
Draft Modification Report issued for consultation	17 December 2015	 07966 865623
Consultation Close-out for representations	15 January 2016	
Final Modification Report available for Panel	18 January 2016	
UNC Modification Panel decision	21 January 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 or the Switching SCR.

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 are shown in a summary table and the proposed Agreement published alongside this report.

8 Consultation Responses

Of the 3 representations received implementation was unanimously supported

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
British Gas Trading Limited	Support	f) - positive g) - positive	<ul style="list-style-type: none"> • Agrees the proposal is consistent with current arrangements under the UNC and will ensure that the National Grid NTS - IUK Interconnection Agreement is correctly aligned. • Agrees this modification should be implemented as soon as practicable. • Agrees with Self Governance status.

Interconnector (UK) Limited (IUK)	Support	f) - positive g) - positive	<ul style="list-style-type: none"> • Recognises the EU Interoperability network code requires that the reference temperature conditions for volume and calorific value measurement are 0/25°C. • IUK has agreed with National Grid NTS to alter the equipment on the Interconnector Bacton Terminal to work on this basis from 01 May 2016 to comply with the EU code requirement. Both have agreed the proposed text of the Interconnection Agreement amendment that is the subject of this consultation. • Feels sufficient time should be allowed for the Interconnection Agreement drafting to be finalised and submitted to Ofgem for approval as required by IUK's licence. • Implementation of the revised reference conditions must be from 01 May 2016. • Agrees within the Legal Text, the changes to the Interconnection Agreement as proposed, adequately reflect the change of reference conditions. • Agrees with Self Governance status.
National Grid NTS	Support	f) – positive g) - positive	<ul style="list-style-type: none"> • The EU interoperability Code requires harmonisation 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 from the 01 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 wish to amend the reference conditions for physical measurement at the IUK Interconnection Point to 0°C for volume and 25°C for calorific value as this will align the physical measurement arrangements with the reference conditions required for the booking of capacity and submission of nominations. • 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. • Believes that this modification, if implemented, will better facilitate compliance with relevant objective (f) by utilising an efficient UNC process that enables industry consultation on the change to the Interconnection Agreement that the TSOs wish to make. • Believes that this modification would better facilitate relevant objective (g) because it will align the reference

			<p>conditions for physical measurement arrangements at the IUK Interconnection Point with those required for commercial processes by the EU Interoperability Code, as Implemented by Modification 0519.</p> <ul style="list-style-type: none"> • Agrees this modification should be a Self- Governance Modification and subject to Self-Governance procedures. • Following implementation, National Grid NTS expects that IUK would then seek approval to amend the Interconnection Agreement under Standard Licence Condition 3 (I) of the Interconnector licence from Ofgem • Agrees that the Legal Text proposed changes to the Interconnection Agreement will reflect the change of reference conditions.
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Representations are published alongside the Final Modification Report.

9 Panel Discussions

10 Recommendation

Panel Recommendation

Having considered the Modification Report, the Panel determined:

- that proposed self-governance Modification 0567S should/should not be made.