

Modification		At what stage is this document in the process?
<h1>0599:</h1> <h2>Amendments to Capacity Allocations Mechanisms (Interruptible) to comply with EU Capacity Regulations</h2>		<div style="display: flex; flex-direction: column; align-items: flex-end;"> <div style="border: 1px solid green; background-color: #00a651; color: white; padding: 5px; margin-bottom: 5px;">01 Modification</div> <div style="border: 1px solid blue; background-color: #e6f2ff; padding: 5px; margin-bottom: 5px;">02 Workgroup Report</div> <div style="border: 1px solid purple; background-color: #f1e6ff; padding: 5px; margin-bottom: 5px;">03 Draft Modification Report</div> <div style="border: 1px solid orange; background-color: #fff9e6; padding: 5px;">04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>This modification seeks to facilitate compliance with the amended CAM Code by changing the rules for releasing interruptible capacity at Interconnection Points (IPs).</p>		
	<p>The Proposer recommends that this modification should be assessed by a Workgroup</p> <p>This modification will be presented by the Proposer to the Panel on 20 October 2016. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>	
	<p>High Impact:</p> <p>Shippers and National Grid NTS</p>	
	<p>Medium Impact:</p> <p>N/A</p>	
	<p>Low Impact:</p> <p>NA</p>	

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Timetable		
The Proposer recommends the following timetable:		
Initial consideration by Workgroup	14 November 2016	
Workgroup Report presented to Panel	19 January 2017 (short notice)	
Draft Modification Report issued for consultation	19 January 2017	
Consultation Close-out for representations	9 February 2017	
Final Modification Report available for Panel	10 February 2017	
Modification Panel decision	16 February 2017	

1 Summary

What

The EU Capacity Allocation Mechanism (CAM) code was introduced into the UNC via Modification 0500. Since then a number of amendments have been made to the EU CAM code and this modification seeks to introduce changes to interruptible capacity.

This Modification is based on 15th September 2016 version of CAM and has not yet been approved via comitology. Due to the short timeline available prior to implementation in April 2017, it is necessary to proceed on the basis of the current legal text of CAM and amend following completion of comitology.

Why

The EU CAM code is currently being amended, this Modification seeks to implement this amendment into the UNC to ensure compliance with these EU rules.

How

The following amendment to CAM code will be added to the UNC.

- a) Interruptible capacity changes
 - Other than for Virtual reverse flow, interruptible capacity at IP(s) shall only be offered where daily firm capacity was sold out day ahead or not offered.

2 Governance

Justification for Authority Decision

This modification is recommended to be sent to the Authority for direction because it it may have a material impact on Users in respect of the purchase of interruptible capacity at IPs. This introduces a difference within the rules between parties operating at IPs and parties operating at non-IPs, and it may be appropriate for these differences to be considered by Ofgem.

Requested Next Steps

This Modification requires further industry discussion to assess the impacts of the CAM code amendments.

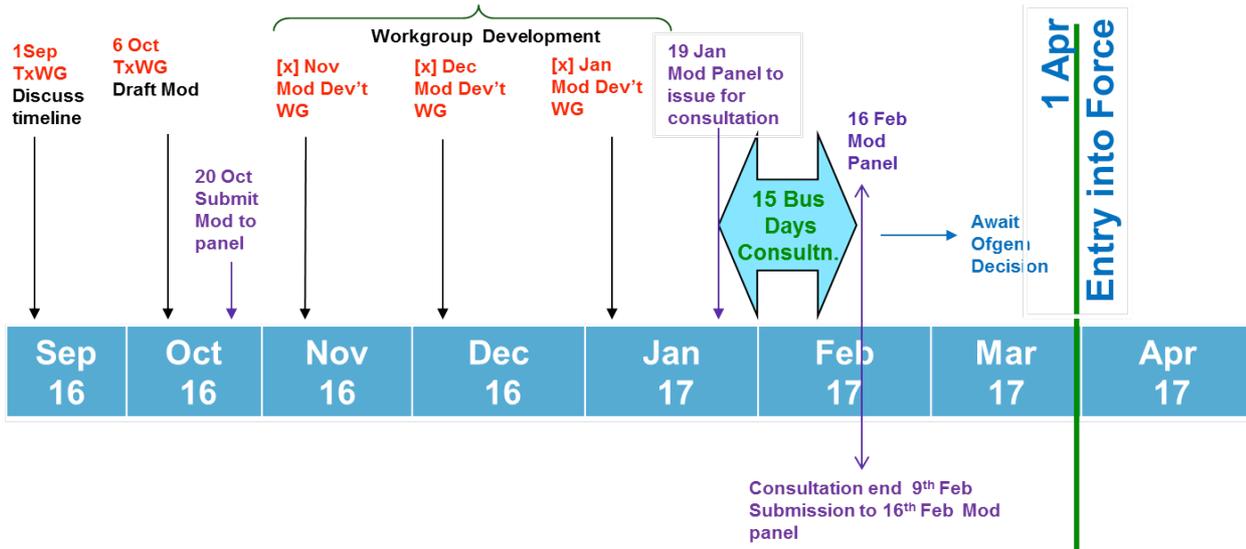
This Modification should:

- be subject to Authority Direction
- be assessed by a Workgroup

3 Why Change?

The EU CAM code is currently being amended. Changes to the UNC are required to ensure compliance with these amended rules and the regulation. This change will principally affect NG NTS Shippers. If this Modification is not implemented GB may not be compliant with EU Regulations.

The expected timeline is:



4 Code Specific Matters

Reference Documents

The amended CAM code can be found here:

[insert CAM code document link once available]

The original CAM Code can be found here:

<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32013R0984>,

The draft Tariff Code can be found at the following location:

<http://www.gasgovernance.co.uk/sites/default/files/EU%20Tariff%20Code%20-%20final%20clean.pdf>

Knowledge/Skills

An understanding of the original CAM code and the European Interconnection Document within the UNC would be beneficial.

5 Solution

Interruptible Capacity

1. NGG currently offers interruptible capacity on a day ahead basis, based on the UNC UIOLI calculation. This Modification changes this so that for IPs only UIOLI interruptible capacity will only be made available where firm capacity is sold out day-ahead or not offered.
2. NGG also may offer discretionary interruptible capacity on a day-ahead basis, this will only be made available where firm capacity is sold out day ahead or not offered.
3. At unidirectional interconnection points where firm capacity is offered only in one direction NGG will offer a day ahead Interruptible capacity in the other direction.

6 Impacts & Other Considerations

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

No impact identified

Consumer Impacts

There are no anticipated consumer impacts because the changes affect only some commercial arrangements for Shippers and Storage Users that do not have a direct link to consumer costs.

Cross Code Impacts

None identified

EU Code Impacts

This UNC Modification demonstrates how GB will comply with the non-incremental amendment to the EU CAM code concerning changes to interruptible capacity. There are also some links into the Tariffs code. The relevant sections are Chapter 6 (Clearing Price and Payable Price), Article 24 (Calculation of Payable Price at Interconnection Points).

Central Systems Impacts

There may be an impact upon Gemini and MIPI. There may be an impact on PRISMA where IP auctions are run. These will be investigated as part of the Workgroup assessment.

Any system changes identified through this modification are anticipated to be dealt with, and funded, through National Grid's EU Phase 4 project.

User Pays

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.	N/A
Proposed charge(s) for application of User Pays charges to Shippers.	N/A
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	N/A

7 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.	None
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 furthers relevant objective g) *Compliance with the Regulation*...because it introduces appropriate changes into the UNC to reflect EU Regulation 984/2013 (as amended).

8 Implementation

No implementation timescales are proposed. The European Commission has specified that this Regulation should come into effect on 1st April 2017.

It should be noted that an Authority decision on implementation is required no later than [30 March 2017] to ensure that the changes can be introduced into the UNC ahead of the effective date of the Regulation.

9 Legal Text

Text Commentary

To be provided during the workgroup process.

Text

To be provided during the workgroup process.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Refer this proposal to a Workgroup for assessment.