

## UNC MODIFICATION PROPOSAL 0510

### Reform of Gas Allocation Regime at GB Interconnection Points

#### BUSINESS RULES

##### Key to format convention

Text in red	is reference to the source of the rule as follows:
[INT]	is reference to draft dated 18 December 2013 of Commission Regulation (EU) establishing a Network Code on Interoperability and Data Exchange Rules.
[BC]	is reference to Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks.
[CAM]	is reference to Commission Regulation (EU) No 984/2013 of 14 October 2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and supplementing Regulation (EC) 715/2009 of the European Parliament and of the Council and Annex I to Regulation (EC) No 715/2009 on conditions for access to the natural gas transmission networks.
[UNC TPD]	is reference to the network code prepared by National Grid NTS pursuant to Standard Special Condition A11(3) of its gas transporter licence, as such code may be amended, varied, supplemented, modified or replaced from time to time, and in particular the Transportation Principal Document.

Text in black is business rule text.

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## Revision History

<b>Version Number</b>	<b>Date of Issue</b>	<b>Notes</b>	<b>Author</b>
V1.0	September 2014	Creation of business rules to reflect UNC Modification Proposal 0510 version 1 (8 August 2014)	Martin Connor
<a href="#">V2.0</a>	<a href="#">November 2014</a>	<a href="#">Revised business rules to reflect UNC Modification Proposal 0510 version 2 (November 2014)</a>	<a href="#">Martin Connor</a>

## Introduction

1.1 These business rules take account of the provisions in respect of gas allocations at Interconnection Points (IPs), which ~~are expected to~~ form part of the Network Code on Interoperability and Data Exchange Rules (the 'INT Code'). They also take account of the provisions on Nominations at IPs, which form part of the Network Code on Gas Balancing of Transmission Networks (the 'Balancing Code').

1.2 The purpose of these business rules is to further explain the solution contained within Modification Proposal 0510 and the interaction between Users and National Grid NTS (as the relevant Transporter for the NTS) in the gas allocation process at IPs. The arrangements for gas allocations in respect of IPs will also need to be incorporated into the Interconnection Agreements that National Grid NTS is party to with each of its ~~a~~Adjacent TSOs.

1.3 Related to these business rules, it is anticipated that changes will need to be made in relation to UNC TPD, Section E – Daily Quantities, Imbalances and Reconciliation. As Users are not party to Interconnection Agreements, yet are impacted by these changes, it is therefore necessary to amend the UNC.

1.4 The INT Code envisages a gas allocation method at each IP based on an operational balancing account ('OBA'), meaning that under ~~normal-most~~ operating conditions User Confirmed Nomination Quantities equate to User allocation quantities. This allocation method also recognises that there may be a difference between the final aggregated Confirmed Nomination Quantities and the actual end of day Metered Quantities. This difference, being the 'Steering Difference', is accounted for within an OBA.

1.5 The purpose of an allocate as nominate with OBA arrangement is to give greater certainty to Users active at the IP that User Confirmed Nomination Quantities will equate to User allocated quantities. The Users active at the IP send their nominated (and if necessary, their re-nominated) gas quantities for the Gas Day directly to the ~~a~~Adjacent TSO(s). The ~~a~~Adjacent TSOs carry out a Matching Process and interflow gas as per these final aggregated nominated or renominated quantities [INT 6(3)]. The Steering Difference is managed between the ~~a~~Adjacent TSOs by being logged in an OBA for that particular IP. The INT Code requires that the Cumulative Steering Difference is kept as close to zero as possible [INT 9(3)(b)]. In practice, this means that the ~~a~~Adjacent TSO managing flow control equipment at the IP is obliged to steer gas flow to meet the flow requirement for that Gas Day based on User nominations and re-nominations. The OBA is intended as purely an operational arrangement between adjacent TSOs to provide greater certainty for User allocations [INT 6(2)]. Hence the Steering Difference at the end of the Gas Day is not 'cashed out' but carried across into the following Gas Day.

1.6 It is envisaged that the Interconnection Agreement (or an annex to it) will define the Steering Tolerance for the particular IP and the rules applicable should the tolerance be breached (see 5.3 below).

## Assumptions

2.1 The prevailing allocation arrangements at System Points, other than Interconnection Points, shall remain unchanged.

2.2 Where allocate as nominate with OBA arrangements are put in place at any future IPs within the National Transmission System, they will also be subject to the requirements detailed within these business rules.

### Definitions and interpretation

3.1 Words and expressions used in these business rules which are capitalised but not defined therein shall have the meanings given to them under the UNC.

3.2 For the purposes of this document, National Grid NTS means National Grid plc in its capacity as the Transmission System Operator (Transporter) of the Gas National Transmission System in Great Britain.

3.3 The following definitions shall apply:

**'Confirmed Nomination Quantity'** means the quantity of gas confirmed by an adjacent TSO following the Matching Process to be scheduled or re-scheduled to flow on Gas Day D. [BC 3(8)]

**'Cumulative Steering Difference'** means:

- a) for Gas Day 1, the Steering Difference at a particular IP for that Gas Day; and
- b) for all subsequent Gas Days, the sum of the Steering Differences at a particular IP up to and including the current Gas Day;

**'Exceptional Event'** means any unplanned event that may cause, for a limited period, capacity reductions, affecting thereby the quantity or quality of gas at a given IP, with possible consequences on interactions between adjacent TSOs as well as between adjacent TSOs and Users [INT 2(1)];

**'Gas Day'** means the period from 5:00 to 5:00 UTC the following day for winter time and from 4:00 to 4:00 UTC the following day when daylight saving is applied [CAM 3(7)];

**'Interconnection Agreement'** means an agreement entered into by adjacent TSOs, whose systems are connected at a particular IP, which specifies terms and conditions, operating procedures and provisions, in respect of delivery and/or withdrawal of gas at the IP with the purpose of facilitating efficient interoperability of the interconnected transmission networks [CAM 3(9)];

**'Matching Process'** is the process of comparing and aligning processed quantities of gas for Users at both sides of a specific interconnection point, which will result in Confirmed Quantities for the Users [INT 2(1)]

**Net Aggregate Allocated Quantities** means the sum of the Confirmed Quantities for a particular IP, taking account of reverse flow Confirmed Quantities, for a single Gas Day

**Operational Balancing Account** or **'OBA'** means an account between adjacent TSOs, to be used to manage Steering Differences at an IP in order to simplify gas accounting for Users involved at the IP. [INT 2(1)]

**'Proportional Allocation'** means the allocation of gas to Users at a particular IP such that the Net Aggregate Allocated Quantities are equal to the Entry Point Daily Quantity Delivered or, as the case may be, the CSEP Daily Quantity Offtaken as more particularly described in section 4 of these business rules

**'Steering Difference'** means the difference between the quantity of gas that the adjacent TSOs schedule to flow and the measured quantity. [INT 2(1)]

**‘Steering Tolerance’** means a tolerance on the Cumulative Steering Difference (to be agreed between the adjacent TSOs), i.e. the difference between Confirmed Quantities and actual gas flow.

**‘TSO’** means National Grid NTS, Interconnector (UK) Limited, BBL Company or BGE (UK) Limited.

**‘User’** means a Shipper User [\[BC 3\(15\)\]](#);

### Allocations business rules

4.1 In the event that the Cumulative Steering Difference at an IP has not exceeded the Steering Tolerance at that IP for the Gas Day, then the allocation for a particular User at that IP for that Gas Day will be equal to its Confirmed Quantity for that Gas Day.

4.2 In the event that the value of the Cumulative Steering Difference at an IP for a Gas Day has exceeded the Steering Tolerance at that IP, National Grid NTS and its ~~a~~Adjacent TSO ~~may still~~will take all reasonable endeavours to allocate as per 4.1 above.

4.3 ~~———— National Grid NTS may allocate Users in proportion to measured quantities if the steering tolerance in the OBA has been breached and where National Grid NTS and its Adjacent TSO agree it is necessary to do so in circumstances to be described in the relevant interconnection agreements. In the event that the value of the Cumulative Steering Difference at an IP for a Gas Day has exceeded the Steering Tolerance at an IP, and either National Grid NTS or its adjacent Transporter has declared an Exceptional Event or if National Grid NTS would otherwise need to take system management actions in accordance with its System Management Principles Statement, National Grid and its adjacent TSO may implement Proportional Allocation for that Gas Day, such that:~~

(a) In relation to Gas Days when physical gas flow across the IP is in one direction:

(i) for reverse flow (the opposite of the physical flow direction) quantities, the allocation for a particular User will be equal to the Confirmed [Nomination](#) Quantity for the Gas Day of that User; and

(ii) for forward flow (the direction of physical flow) quantities, the allocation for a particular User will be equal to ~~(the total of the quantities defined in 4.3(a)(i).above, plus the Metered Quantity for the Gas Day)~~ multiplied by ~~(the ratio of (the total of the Confirmed [Nomination](#) Quantities of that User) to (the total of the Confirmed [Nomination](#) Quantities for all Users in the forward flow direction); and~~

(b) In relation to Gas Days when physical gas flow across the IP is in both directions ~~(tbc and included in the OBA with IUK) :~~

~~(i) for forward flow quantities, the allocation for a particular User will be equal to the Metered Quantity for the Gas Day (forward flow), multiplied by the ratio of the total of the Confirmed Quantities of that User to the total of the Confirmed Quantities for all Users in the forward flow direction;~~

~~(ii) ——— for reverse flow quantities, the allocation for a particular User will be equal to the Metered Quantity for the Gas Day (reverse flow), multiplied by the ratio of the total of the Confirmed Quantities of that User to the total of the Confirmed Quantities for all Users in the reverse flow direction;~~

4.4 Should proportional allocation become applicable to the Preceding Day, then National Grid NTS will notify Users during the current Gas Day.