

# Reform of gas allocations regime at Interconnection Points UNC Modification 0510



Workgroup meeting  
November 2014

# Background

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The Modification Solution covers 3 areas:

- Allocation of gas by NG NTS to IP Users equal to their Confirmed Quantities
- NG NTS and the adjacent Transporter to allocate the difference between metered quantities and net aggregate confirmed nominations to an Operational Balancing Account (OBA)
- Provision for NG NTS to allocate Users in proportion to measured quantities in some circumstances

**The Workgroup's only concerns were regarding proportional allocation**

# National Grid has reviewed Workgroup concerns about proportional allocation

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The following slides cover:

- How NG will work with its Adjacent TSOs to deliver allocate as nominate
- How the INT Code obliges accurate steering of gas flows to support allocate as nominate
- EU provisions under Mod 0493
- NG' s revised proposal for possible reversion to proportional allocation in only very limited circumstances

## NG and its adjacent TSOs will work together to preserve allocate as nominate

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- Collaboration – the Adjacent TSOs agree to steer gas flow commensurate with Confirmed Quantities derived from the Matching Process
- User focused - Allocate as nominate applies in almost every operational scenario
- Allocating Users in proportion to measured quantities is regarded as a last resort in continental Europe and to be avoided if possible

# Any need for proportional allocation is likely to be rare

**Steering Tolerance breaches will be infrequent and INT Code provisions are strong:**

## *Article 6 Rules for flow control*

- ‘Adjacent TSOs shall ensure that rules are established for minimising the deviations from the flow pursuant to the matching process’
- The TSO in charge of flow control shall steer ‘at a level of accuracy sufficient to minimise the steering difference’

## *Article 9 Rules for the allocation of gas quantities*

- the adjacent TSOs ‘shall maintain an operational balancing account balance that is as close to zero as possible’

**National Grid’s Adjacent TSOs will be bound by these rules and be obliged to steer gas flow commensurate with Confirmed Quantities**

# There is provision for addressing nationalgrid within Day physical problems at IPs

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- Under the INT Code the Adjacent TSOs are empowered to extend the Steering Tolerance temporarily in the event of a Tolerance breach
- EU Mod 0493 remedies
  - NG/the Adjacent TSO would declare a constraint/' Exceptional Event'
  - Capacity buy backs
  - NG power to reduce noms
  - A new and lower aggregated EOD Confirmed Quantity = lower OBA balance/Steering Difference

**Taking all this into account, NG NTS has evaluated Workgroup comments and proposes the following approach....**

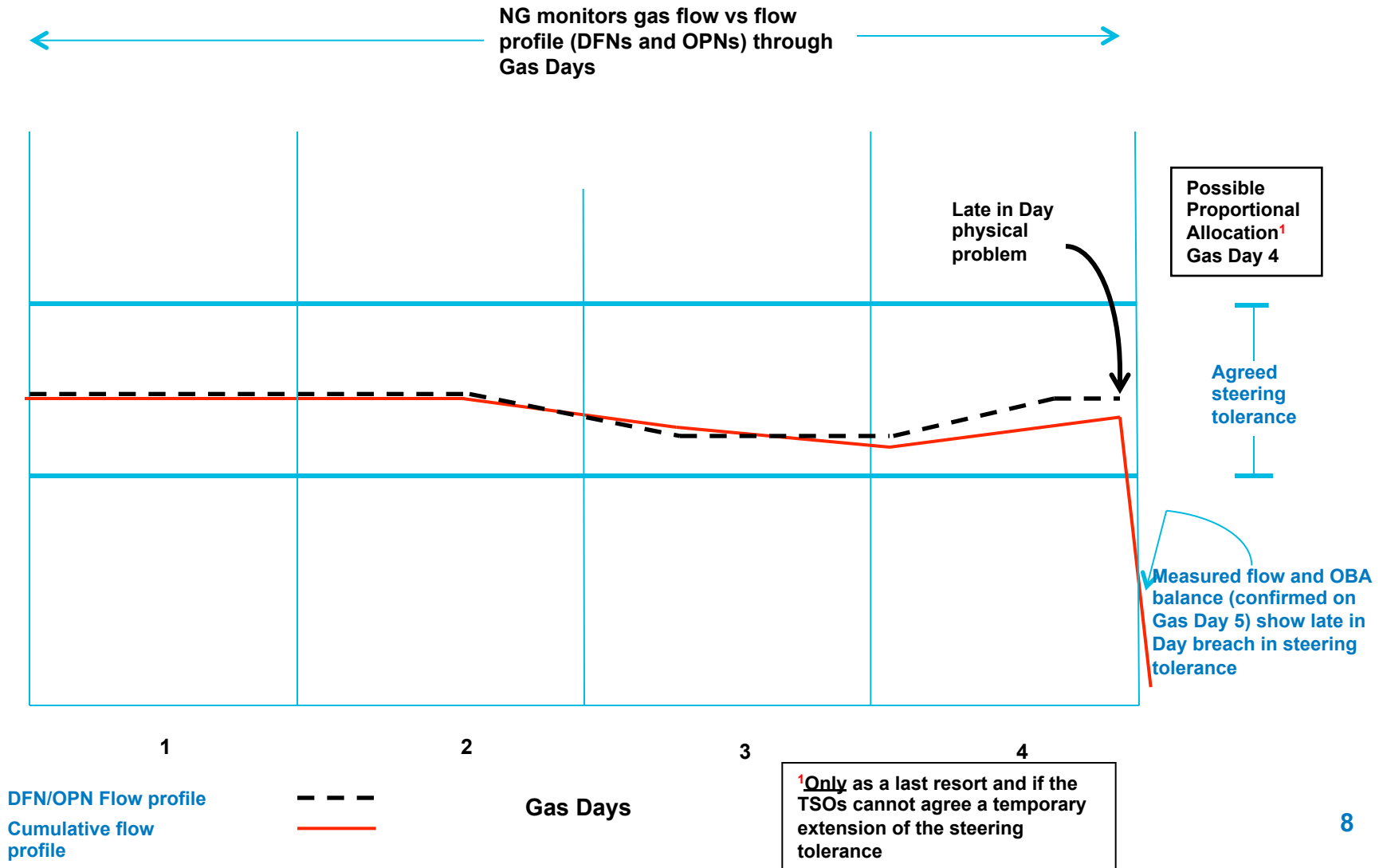
# National Grid's revised proposal

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Subject to agreement with Adjacent TSOs:

- Confine possible provision to high flow days when a physical problem arises near EOD causing a substantial Steering Tolerance breach
- That is, when it is too late in the day's renomination cycle for reduced nominations / Confirmed Quantities
- The 'first resort' will be extending the Steering Tolerance temporarily
- Revise the legal text of Modification 0510 to strengthen National Grid's obligation to seek to retain allocate as nominate following a Steering Tolerance breach (e.g. use of all reasonable endeavours)
- Reflect all this in the NG NTS System Management Principles Statement (SMPS)
- Any such change to the SMPS is subject to separate shipper consultation under NG NTS's licence obligations

# Illustration of proposed arrangements





## Proposed next steps

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Subject to Workgroup comments:

- NG NTS revises the Modification content and business rules
- Workgroup review at December meeting
- Subject to the above, Workgroup Report completed at December Workgroup meeting
- Report submitted to Panel for its December meeting
- Consultation