

0493:

EU Gas Balancing Code - Daily Nominations at Interconnection Points (IP)

This Modification Proposal seeks to facilitate compliance with Commission Regulation (EU) No 312/2014 - Network Code on Gas Balancing of Transmission Networks via implementation of new rules regarding Daily Nominations at Interconnection Points.



The Proposer recommends that this modification should be assessed by a Workgroup



High Impact:
Shippers, National Grid NTS



Medium Impact:



Low Impact:

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About this document:

This modification will be presented by the proposer to the panel on 17th April 2014.
 The panel will consider the proposer's recommendation and agree whether this modification should be referred to a workgroup for assessment.


Any questions?
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1 Summary

Is this a Self-Governance Modification?

Self Governance procedures are not proposed because this Modification Proposal is likely to have a material effect on commercial activities connected with the transportation of gas conveyed via the National Transmission System and the operation of this pipeline system¹. This is due to the changes proposed to a number of timed Nomination processes between Users and National Grid NTS.

Is this a Fast Track Self-Governance Modification?

Fast Track Self-Governance procedures are not proposed because the proposer does not believe that the Modification Proposal meets the self-governance criteria for the reasons stated above.

Why Change?

This Proposal is one of a number of Proposals which seek to implement relevant provisions of a number of new EU Network Codes which have been introduced in order to enable progress towards a competitive and efficient internal market in gas.

In order to facilitate compliance with the requirements of the EU Network Code on Gas Balancing of Transmission Networks (the 'Balancing Code'), the UNC needs to provide for new arrangements regarding Daily Nomination and Renominations at Interconnection Points (IP). For the avoidance of doubt, no changes are proposed to the prevailing arrangements for Daily Nominations and Renominations at all other System Points.

Aspects of the new Nominations arrangements advocated by this proposal will also facilitate compliance with specific provisions of the EU Capacity Allocation Mechanism (CAM) Code (the 'CAM Code') and those proposed in the EU Interoperability Code (the 'Interoperability Code').

The Balancing Code was approved in October 2013 (and entered into force in April 2014) and GB is required to implement the necessary changes (to systems and domestic commercial arrangements) no later than 1 October 2015. The CAM Code was approved in April 2013 (and entered into force in October 2013) with implementation required no later than 1 November 2015. The Interoperability Code is currently in the final stages of approval² and is expected to mandate implementation by 1 October 2015.

The procedures for Daily Nominations and Renominations at IPs described in the Balancing Code and other EU Codes differ from the prevailing GB arrangements, principally as a result of the need for interaction between the relevant operators of the respective Transmission Networks at the IP to perform the Nomination matching process. This change has a consequential impact on timescales for processing User Nominations at IPs by National Grid NTS as the Transporter.

Solution

New distinct rules for the submission and processing of Daily Nominations and Renominations at IPs are proposed. Currently there are three such IPs but any future IPs would also be bound by the proposed rules.

Key aspects of the proposal include

- establishment of two separate nomination types ('single sided' and 'double sided'); and

¹ The relevant self-governance criteria as specified in SSC A11 24(a)

² The EU Interoperability Code is currently subject to 'Comitology' – the process by which EU law is ratified via committee.

- a new process to enable the 'matching' of User nominations at each side of the IP.

Relevant Objectives

Implementation of this Proposal would better facilitate achievement of the following objective of the Transportation Arrangements:

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

The new Nomination and Renomination rules and their application are prescribed within the Balancing Code, EU CAM Code and EU Interoperability Code. The consequential changes to the UNC will therefore facilitate compliance with European legislative requirements.

Implementation

No implementation timescales are proposed, however implementation of the provisions of the EU Gas Balancing Code is required no later than 1st October 2015 with implementation of the Interoperability Code expected to be required by the same date. Implementation of the CAM Code is required no later than 1st November 2015

Implementation of the reflective changes to the UNC will therefore have to occur in time to allow Users to submit nominations in compliance with the three Codes for Gas Day 1st October 2015. As it is proposed that such nominations can be submitted from 30 Days prior to the Gas Day, implementation of this Proposal is required no later than **1st September 2015**.

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2 Why Change?

Regulation (EC) No 715/2009 of the European Parliament and the Council of the European Union came into force in September 2009 and introduced a European Network of Transmission System Operators for Gas (ENTSOG). One of ENTSOG's tasks was to prepare legally binding network codes in form of European secondary legislation to the Gas Regulation (No 715/2009). The aim of the codes is to enable progress towards a competitive and efficient internal European market in gas by the creation of liquid markets, the efficient use of cross-border transmission capacity and the integration between Member States' gas markets.

The EU gas network codes to be established under the regulation include the Balancing Code, which includes rules on Nomination procedures, imbalance charges and operational balancing between Transmission System Operators (TSOs) systems.

Section C of the Transportation Principal Document includes the current arrangements for Nominations and Renominations. Principally, the UNC needs to additionally reflect those aspects of the new arrangements for Nominations and Renominations at IPs that relate to transactions between Users and National Grid NTS.

EU Code Provisions Addressed by this Proposal

This Proposal seeks to align the UNC with the relevant aspects of the following articles of the EU Codes³:

EU Code	Articles (Paragraphs)	Description
Gas Balancing	12	Applicable units for gas quantity & application of Nominations rules.
	13	Minimum data requirements for a User's Nomination.
	14	Procedure for Nominations.
	15	Procedure for Re-nominations.
	17	Rejection of Nominations and Re-nominations and amendment of requested gas quantities.
	6	Modifying the quantity of gas to be delivered and/or off-taken as a result of a Locational Trade
CAM	19(7)	Requirements for adjacent Transporters to establish a joint Nomination procedure for bundled capacity.
Interoperability (draft dated 18 Dec 2013)	8(2)	Principles for management of Nominations and Re-nominations
	8(5)	Matching process steps and timescales
	21(1)	Common data exchange solutions

Key Features of the New IP Nominations and Renominations Regime⁴

Nomination types

Consistent with existing UNC terms, Nominations and Renominations can be submitted in respect of a Gas Day (kWh/d) at each **NTS Exit Point** (specifically Connected System Exit Point) and at each **System Entry Point** comprised in an Aggregate System Entry Point at an **Interconnection Point**; and

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³ The relevant articles of the EU Codes are detailed and highlighted in the Appendices of this Proposal.

⁴ For the purposes of this Proposal, reference to a User means a Shipper User

For both Nominations and Renominations two new types are introduced: **Double Sided** and **Single Sided**. A Single Sided Nomination enables a User with Bundled Capacity to submit one Nomination to the Initiating Transporter in order to request to offtake from a Transporter's network and to deliver to an adjacent Transporter's network on a Gas Day at an IP.

A User may submit **more than one** Nomination or Renomination in respect of a Gas Day at an IP as each individual transaction must specify the User's Counterparty at the Connected System Exit Point or the System Entry Point and as mentioned above the User has the ability to submit Double Sided and/or Single Sided Nominations and Renominations:

- Users may submit **Nominations** between 05:00 on D-30 and 13:00 on D-1 (the Nomination deadline).
- Users may submit **Renominations** between 15:00 on D and three hours prior to the end of the Gas Day. The Transporter will process Renominations from the commencement of each hour, the hour bar (HB).

Transporter to User (and vice-versa) communications are required to be in the format described in Edig@s-XML or an equivalent data format developed by ENTSOG.

Nomination and Renomination process timescales

The new process requires the matching of a User's Nominated and Re-nominated quantities at each side of an IP by the respective Transporters to ensure both Transporters agree and consequently utilise the same quantity to flow the gas across the IP. Within the **matching** process, gas quantities are classified as follows:

- **Nomination Quantity** – is the quantity nominated for delivery or offtake in a User's prevailing Nomination⁵;
- **Renomination Quantity** – is, in respect of a Renomination, the amount by which the Nomination Quantity under an earlier Nomination was revised by such Nomination or, in the case of a New Renomination, the Nomination Quantity⁶;
- **Processed Quantity** – the quantity of gas deemed 'acceptable' by the relevant Transporter (i.e. each Transporter at the IP will determine a Processed Quantity)
- **Confirmed Quantity** – the quantity of gas acceptable to both Transporters at the IP following application of the matching rule i.e. this will be the same value for both Transporters at the IP

The matching process requires each Transporter at an IP to act in one of two roles:

- An **Initiating** Transporter
 - Receives Single Sided and Double Sided Nominations and Renominations
 - Forwards Single Sided Nominations and Renominations to the Matching Transporter

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⁵ As per existing terms of the UNC TPD C1.1.2(e)

⁶ As per existing terms of the UNC TPD C4.1.9(b)

- Determines its Processed Quantity and forwards this to the Matching Transporter
- Receives the Confirmed Quantity from the Matching Transporter and forwards it to its User
- A **Matching** Transporter
 - Receives forwarded Single Sided Nominations and Renominations from the Initiating Transporter
 - Receives the Initiating Transporter's Processed Quantity
 - Determines its Processed Quantity and undertakes the matching process to determine the Confirmed Quantity
 - Forwards the Confirmed Quantity to the Initiating Transporter and forwards it to its User.

The following diagrams illustrate the information flows and roles of the respective parties within the Single Sided and Double Sided Nomination and Renomination process.

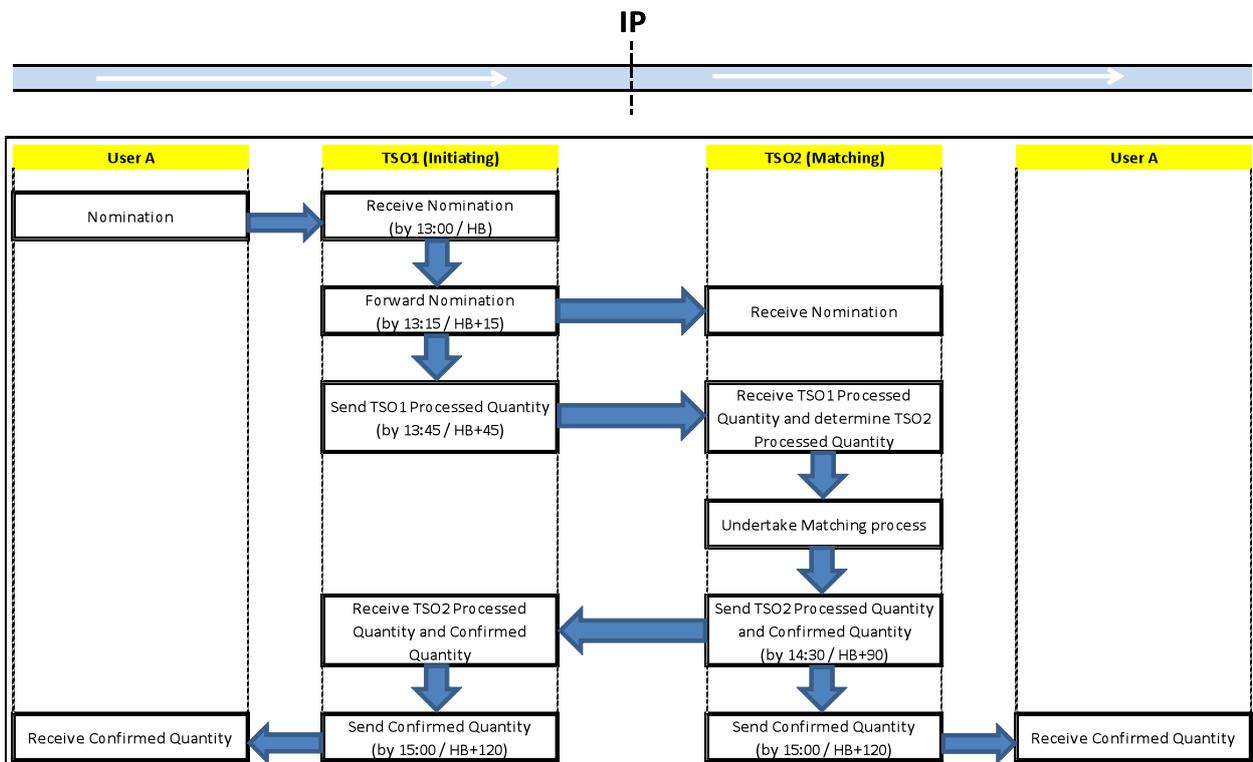


Figure 1: Single Sided Nomination and Renomination matching process timings

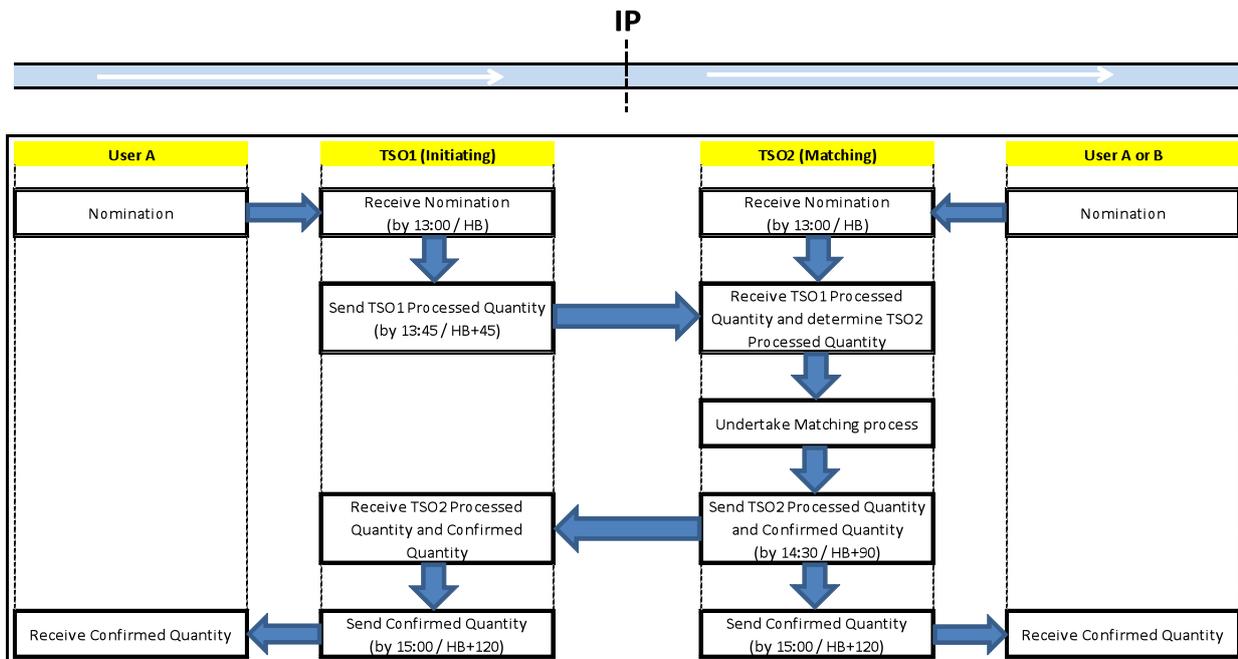


Figure 2: Double Sided Nomination and Renomination matching process timings

The following information is provided to explain the timing convention used in the diagrams above. The timescales quoted in Figures 1 and 2 apply to Nominations and Renominations as follows: “(by 13:15 / HB+15)” means –

- the specific time (13:15 in this example) refers to the deadline on the Preceding Day in respect of Nominations; and
- the term ‘HB+15’ refers to the deadline in respect of Renominations relative to the HB hence the deadline in this example is 15 minutes after the HB

Rejection and revision of Nominations and Renominations

The Balancing Code identifies a number of circumstances in which a Transporter may reject a User’s nomination in respect of an IP. Further, in limited circumstances the Balancing Code also enables the Transporter to revise nominations as a consequence of an ‘Exceptional Event’ or an emergency situation where there is an evident danger to system security and stability.

An ‘Exceptional Event’ is defined in the Interoperability Code as any unplanned event that may cause, for a limited period, capacity reductions, affecting thereby the quantity or quality of gas at a given System Entry Point or Connected System Exit Point at an IP, with possible consequences on interactions between Transporters as well as between Transporters and Users. This is equivalent to a Transportation Constraint within the GB regime.

Whilst an over-nomination (a request for within day interruptible capacity) is permitted by the CAM Code (and supported by the Balancing Code) and the Balancing Code provides the ability for the Transporter to reject a nomination above capacity entitlement⁷ (in any circumstance), National Grid NTS seeks to maintain consistency with the existing GB regime. Hence it is proposed that neither steps are introduced and that allocation of gas flows to a User in excess of capacity entitlement will continue to be subject to Overrun Charges as described in UNC TPD Section B.

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⁷ The term ‘capacity entitlement’ utilised in this Proposal refers to the User’s Fully Adjusted Available NTS Entry Capacity or Fully Adjusted Available NTS Exit Capacity.

Trades and Renominations

The short term standardised products defined in the Balancing Code are consistent with the balancing tools used in the GB regime. However where GB Physical or Locational products are traded and the quantity of gas to be delivered and/or offtaken to/from the transmission system is at an IP, the way the gas flow is amended (via a Re-nomination) will need to change.

Re-nominations at IPs differ as follows;

- the lead time for the Renomination cycle at an IP could take up to 120 minutes whereas currently they are enacted 60 minutes after notification by the Trading System Operator; and
- the User may also have more than one Nomination per System Entry Point or Connected System Exit Point at the IP, whereas currently only one Nomination is possible.

Renominations required as part of a trade are also currently progressed automatically on behalf of the User within Gemini but given the above differences and the need to conduct the Matching process with the Adjacent Transporter it is proposed that a different approach is needed for IPs.

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Comparison of Nomination rules at IPs

The following table provides an overview of the rules that would apply prior to and following implementation. This highlights both consistent elements and inconsistent elements.

Current Arrangements at Interconnection Points	Prospective Arrangements at Interconnection Points
One type of Nomination / Renomination	' Single Sided ' and ' Double Sided ' Nominations and Renominations
No details of User's counterparty at IP required	Details of User's counterparty at IP required
One Nomination per System Entry Point or Connected System Exit Point at the IP per User	One or more Nominations per System Entry Point or Connected System Exit Point at the IP, depending on the types of nomination used and the number of counterparties per User
No NG NTS interaction with Adjacent Transporters at IPs	NG NTS interaction with adjacent TSOs at IPs to undertake Nomination 'matching' process. Specification of an Initiating and Matching Transporter role.
Nomination submission period: D-30 to D-1 13:00 (DM Output) D-30 to D-1 14:30 (Input)	Nomination submission period: D-30 to D-1 13:00. Note that the adjacent Transporters may not offer the same earliest submission time.
Renomination submission period: 15:00 D-1 to 03:00 D	Renomination submission period: 15:00 D-1 to three hours prior to the end of the Gas Day
Typically 1 hour processing time	Processing time up to 2 hours
Communications as per UK Link Manual / Gemini	Communications as per Edig@s file formats or equivalent data format developed by ENTSOG
Limited ability to reject a nomination (e.g. validation failure). Application of Overrun Charges for nominations in excess of capacity entitlement.	Additional reasons for Transporter to amend or reject a nomination. Application of Overrun Charges for nominations in excess of capacity entitlement

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3 Solution⁸

3.1 New Terms⁹

- ‘**Adjacent Transporter**’ that the **Adjacent Transporter** means the operator of a Transmission System connected to the National Transmission System at an Interconnection Point;
- ‘**Confirmed Quantity**’ means the quantity of gas confirmed by a Transporter to be scheduled or re-scheduled to flow on Gas Day D following application of the matching rule i.e. the same value will be communicated to the User by the relevant Transporter at the IP;
- ‘**Double Sided**’ in the context of Nominations and Renominations means a notice issued by a User at one side of an IP to its Transporter indicating the quantity of gas it requests to offtake from or deliver to that Transporter’s network on a Gas Day at the IP. One Nomination or Renomination will request the quantity of gas to be offtaken from a Transporter’s network and the other will request the quantity of gas to be delivered to the ‘adjacent Transporter’s’ network at the IP on a Gas Day;.
- ‘**Initiating Transporter**’ means the Transporter initiating the matching process by sending the necessary data to the Matching Transporter;
- ‘**Matching Transporter**’ means the Transporter performing the matching process and sending the result to the Initiating Transporter;
- ‘**Negative Implied Flow Rate**’ means, in respect of a Renomination, where the outcome of the following calculation is a value less than zero:

$$\text{re-nomination value (kWh)} - \left(\left(\frac{\text{prevailing Confirmed Quantity (kWh)}}{24} \right) \times \frac{\text{hours elapsed in Gas Day at Re-nomination}}{\text{effective time}} \right)$$

- ‘**Processed Quantity**’ means the quantity of gas assessed by each Adjacent Transporter, which takes into account the relevant User’s Nomination (or Renomination) and contractual provisions as defined under the relevant transportation contract;
- ‘**related**’ Nominations and Renominations refer to those which seek to supersede a previously submitted Nomination or Renomination prior to the commencement of the Nomination or Renomination cycle;
- ‘**Single Sided**’ in the context of Nominations and Renominations means a notice issued by a User to an Initiating Transporter indicating the quantity of gas it requests to offtake from a Transporter’s network and deliver to an adjacent Transporter’s network on a Gas Day at an IP;

3.2 Application

The proposed Nomination and Renomination rules specified in this section 3 apply to an **NTS Exit Point (specifically Connected System Exit Point) and System Entry Point/s** comprised in an Aggregate System Entry Point at Interconnection Points (IPs) only (current and any future).

Within the ‘transitional’ period from the proposed implementation date of 1st September 2015 to 30th September 2015 (inclusive), User Nominations and Renominations in respect of:

- Gas Days commencing up to and including 30th September 2015 will be subject to existing UNC provisions in place prior to implementation of this proposal; and
- Gas Days commencing 1st October 2015 or later will be subject to the new rules in place as a consequence of the implementation of this proposal.

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⁸ For the purposes of this Proposal, reference to a User means a Shipper User.

⁹ These terms as defined may or may not form part of the legal text.

3.3 Nominations and Renominations - General

It is proposed that the UNC will be modified to reflect:

- two new distinct input and output **Nomination** and **Renomination** types relevant to the IP Nominations and Renominations process:
 - **Single sided**; and
 - **Double sided**.
- that the Transporter to User (and vice-versa) notices for Nominations and Renominations at IPs are required to be in the format described in **Edig@s-XML or an equivalent data format** developed by ENTSOG.
- that National Grid NTS will **acknowledge receipt** of a User's Nomination or Renomination;
- two additional **quantity types** relevant to the IP Nominations and Renominations process:
 - **Processed Quantity**; and
 - **Confirmed Quantity**.
- that a User may submit more than one Nomination or Renomination in respect of a Gas Day at an IP.
- that National Grid NTS will publish the **role** undertaken by National Grid NTS at each relevant System Entry Point or Connected System Exit Point at the Interconnection Point, specifically, whether National Grid NTS is the **Initiating Transporter** or the **Matching Transporter**.
- that National Grid NTS will publish the **rule** applied at each System Entry Point or Connected System Exit Point at the Interconnection Point in the event that the Processed Quantity determined by each Transporter (in respect of a Nomination or Renomination) **do not match**.

3.4 Processing of Nominations

It is proposed that the UNC will be modified to reflect:

- that a User may **submit a Nomination** between the start of the thirtieth (30th) Gas Day prior to the Gas Day and 13:00 on the Preceding Day (the Nomination Deadline). Only the Users last accepted related Nomination received prior to the Nomination Deadline will be processed by National Grid NTS;
- that where the a User does not submit any accepted Nominations by 13:00 on the Preceding Day the User shall be **deemed to have made a Nomination with a Nomination Quantity of zero** at the Nomination deadline;
- that the **information** required to be specified in a User's Nomination shall include:
 - the identity of the IP;
 - the Nomination type (i.e. Single Sided Nomination or Double Sided Nomination);

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- the direction of gas flow;
 - the identity of the User;
 - the identity of the User's Counterparty (including Balancing Portfolio Identification if applicable);
 - the start and end time of gas flow;
 - the date of commencement of the relevant Gas Day; and
 - the Nomination Quantity (in kWh/d).
- that, in respect of an accepted Nomination, National Grid NTS will **determine a Processed Quantity** which will be matched with the Adjacent Transporter and therefore the Confirmed Quantity may be different to the Nominated Quantity and National Grid NTS' Processed Quantity;
 - that in response to an accepted Nomination, National Grid NTS will **issue the Confirmed Quantity** to the User by 15:00 on the Preceding Day.

3.5 Processing of Renominations

It is proposed that the UNC will be modified to reflect:

- that a User may **submit a Renomination** between 15:00 on the day prior to the Gas Day and three hours prior to the end of the Gas Day. National Grid NTS will process a Renomination (the 'Renomination Cycle') from the commencement of the hour following receipt (the 'Hour Bar' or 'HB') and will only process the User's last accepted related Renomination (or any New Renomination) received within the hour prior to the relevant hour bar;
- that the **information** required to be specified in a User's Renomination shall include:
 - the identity of the IP;
 - the Renomination type (i.e. Single Sided Renomination or Double Sided Renomination);
 - the direction of gas flow;
 - the identity of the User;
 - the identity of the User's Counterparty (including Balancing Portfolio Identification if applicable);
 - the start and end time of gas flow;
 - the date of commencement of the relevant Gas Day; and
 - the Renomination Quantity (in kWh/d).
- that a Renomination Quantity **must not result in a Negative Implied Flow Rate**.
- that, in respect of an accepted Renomination, National Grid NTS will **determine a Processed Quantity** which will be matched with the Adjacent Transporter and therefore the Confirmed Quantity may be different to the Re-nominated Quantity and National Grid NTS' Processed Quantity;
- that in response to an accepted Renomination, National Grid NTS will **issue the Confirmed Quantity** to the User within 2 hours of the relevant hour bar;
- that the change in gas flow level (resulting from a valid Renomination) **will be effective** (the Renomination effective time) from two hours following the commencement of the relevant hour bar unless the User specifies a later

commencement time (up to the commencement of the hour prior to the end of the Gas Day).

3.6 Rejection and Revision of Nominations and Renominations

It is proposed that the UNC will be modified to reflect:

- that National Grid NTS may **reject** a User's Nomination or Renomination in the following circumstances:
 - the **absence of information** required to be specified by the User;
 - where it has **not been submitted by the User or the relevant User Agent**;
 - in a **Transportation Constraint** where the Nomination Quantity or Renomination Quantity (taking into account any other Nominations or Renominations submitted by that User for the same Day) **exceeds the User's capacity entitlement** at that Interconnection Point;
 - the Nominated Quantity or Renomination Quantity is a **negative value** or the Renominated Quantity results in a **Negative Implied Flow Rate**;
 - the **absence of sufficient information** from the Adjacent Transporter to complete the Nominations/Renominations matching process (as a consequence of no equivalent Double Sided Nomination or Double Sided Renomination being submitted); or
 - the **absence of timely information** from the Adjacent Transporter to complete the Nominations/Renominations matching process within the prescribed timescales;

- the entitlement for National Grid NTS to **revise**:
 - the **Processed Quantity** it has previously determined (and consequently the Confirmed Quantity) due to the occurrence of a Transportation Constraint or a Gas Supply Emergency. In such cases, and as a consequence of application of the constraint management processes defined in the System Management Principles Statement:
 - National Grid NTS may amend the Processed Quantity to a value
 - equal to the User's prevailing capacity entitlement¹⁰; or
 - that ensures the Implied Nomination Flow Rate (kWh/h) does not exceed the Available Capacity Rate (kWh/h).
 - In a Gas Supply Emergency only, National Grid NTS may determine the Processed Quantity to be a value it deems appropriate to address the Gas Supply Emergency.
 - Where it is necessary for National Grid NTS to revise its Processed Quantity for a User which has more than one relevant Confirmed Quantity effective for the relevant Gas Day, it shall apply the revision to the Processed Quantities in proportion to the User's latest Confirmed Quantities determined prior to the revision.
 - Where National Grid NTS has revised the Processed Quantity as a consequence of a Transportation Constraint or a Gas Supply Emergency it shall subsequently inform the Authority of such revision.
 - the **Confirmed Quantity** it has previously notified to the User where the Adjacent Transporter has revised its Processed Quantity due to the occurrence of an event equivalent to a Transportation Constraint

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¹⁰ The term 'capacity entitlement' utilised in this Proposal refers to the User's Fully Adjusted Available NTS Entry Capacity or Fully Adjusted Available NTS Exit Capacity.

or an emergency situation (equivalent to a Gas Supply Emergency) on its network

Where National Grid NTS:

- **rejects a Nomination:**
 - it will notify the User by 15:00 on the Preceding Day; and
 - the existing provisions of UNC TPD C2.2.6 and C3.2.4 (nomination is deemed to be zero) shall apply; and
- **rejects a Renomination:**
 - it will notify the User within 2 hours of the commencement of the hour following receipt (the 'hour bar'); and
 - the prevailing Confirmed Quantity for the latest accepted Related Nomination or Related Renomination will apply (unless the Confirmed Quantity was subsequently revised by National Grid NTS in which case the revised Confirmed Quantity will apply) or in the case of a New Renomination the Confirmed Quantity will be deemed to be zero.

3.7 Processing of Renominations Associated with Physical or Locational trades at IPs

It is proposed that the UNC will be modified to reflect:

- That the Re-nomination cycle in respect of Re-nominations related to Physical or Locational trades at IPs operates on a two hour (120 minutes) confirmation **lead time**
- Users will have **up to the next hour bar to submit** a Re-nomination/s to reflect the trade notification quantity included in the Physical or Locational trade submitted to National Grid NTS
- Where no such Renomination/s has been received, **National Grid NTS will amend** the Processed Quantity it has previously determined (and consequently the Confirmed Quantity) to reflect the trade notification quantity
 - Where it is necessary for National Grid NTS to revise the Processed Quantity for a User which has more than one relevant Confirmed Quantity effective for the relevant Gas Day, it shall apply the revision to the Processed Quantities **in proportion** to the User's latest Confirmed Quantities determined prior to the revision.
 - Where more than one relevant Confirmed Quantity has been amended by National Grid NTS in accordance with the above, **Users will be able** (subject to the closure time of the Re-nomination process) **to submit further Re-nominations** but the aggregate Re-nomination Quantities in the Re-nominations should be equal to the Users prevailing aggregate Confirmed Quantities.

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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

This modification seeks to amend the UNC to comply with European Network Code delivery into the GB gas regime. It is part of a wider suite of UNC changes that will be proposed to achieve compliance with the European Network Codes. National Grid NTS has been allocated some funding through the RIIO-T1 price control process for EU market facilitation. National Grid NTS expects to be able to utilise this funding to meet the costs of this EU-related change and where this proves insufficient it anticipates using the mid-point review as the mechanism to address any funding gaps. Therefore no User Pays charges will be raised in relation to this Modification Proposal.

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.	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

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.

This Modification Proposal will facilitate compliance with European legislative requirements by implementing relevant requirements to align with the new Nominations process at IPs mandated by the Balancing Code, EU CAM Code and EU Interoperability Code.

5 Implementation

No implementation timescales are proposed, however the deadline for implementation of the provisions of the EU Gas Balancing Code has been set as 1st October 2015.

Implementation of the reflective changes to the UNC will therefore have to occur in time to allow Users to submit nominations in compliance with the EU Balancing Code for Gas Day 1st October 2015. As it is proposed that such nominations can be submitted from 30 Days prior to the Gas Day, implementation of this Proposal is required no later than **1st September 2015**.

Within the 'transitional' period from the proposed implementation date of 1st September 2015 to 30th September 2015 (inclusive), User Nominations and Renominations in respect of:

- Gas Days commencing up to and including 30th September 2015 will be subject to existing UNC provisions in place prior to implementation of this proposal; and
- Gas Days commencing 1st October 2015 or later will be subject to the new rules in place as a consequence of the implementation of this proposal.

6 Legal Text

Legal text will be provided at a suitable stage during development of this Modification Proposal.

7 Recommendation

The Proposer invites the Panel to:

- Determine that this modification should not be subject to self-governance or fast track self governance;
- and
- Determine that this modification should progress to Workgroup assessment for a period of six months.

Chapter IV Nominations

Article 12 General provisions

1. The gas quantity to be specified in the nomination and re-nomination shall be expressed either in kWh/d for daily nominations and re-nominations or in kWh/h for hourly nominations and re-nominations.
2. The transmission system operator may require network users to provide further information on nominations and re-nominations in addition to the requirements set out in this Regulation, including, inter alia, an accurate, updated and sufficiently detailed forecast of the expected inputs and off-takes, this in accordance with the specific need(s) of the transmission system operator.
3. Articles 13 to 16 regarding nominations and re-nominations for unbundled capacity products shall apply mutatis mutandis to single nominations and re-nominations for bundled capacity products. Transmission system operators shall cooperate for the purpose of implementing nomination and re-nomination rules for bundled capacity products at interconnection points.
4. Article 15(3) and Article 17(1) shall be without prejudice to the rule for minimum interruption lead times referred to in Article 22 of 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) No 715/2009 (7).

Article 13

Information regarding nominations and re-nominations at interconnection points

Nominations and re-nominations provided by network users to the transmission system operators with regard to interconnection points shall contain at least the following information:

- (1) interconnection point identification;
- (2) direction of the gas flow;
- (3) network user identification or, if applicable, its balancing portfolio identification;
- (4) network user's counterparty identification or, if applicable, its balancing portfolio identification;
- (5) start and end time of the gas flow for which the nomination or re-nomination is submitted;

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(6) gas day D;

(7) the gas quantity requested to be transported.

Article 14

Nomination procedure at interconnection points

1. A network user shall be entitled to submit to the transmission system operator a nomination for gas day D no later than the nomination deadline on gas day D-1. The nomination deadline shall be 13:00 UTC (winter time) or 12:00 UTC (daylight saving) on gas day D-1.
2. The last nomination received by the transmission system operator from a network user before the nomination deadline shall be taken into account by the transmission system operator.
3. The transmission system operator shall send the message regarding the confirmed quantities to the respective network users no later than the confirmation deadline on gas day D-1. The confirmation deadline shall be 15:00 UTC (winter time) or 14:00 UTC (daylight saving) on gas day D-1.
4. The transmission system operators at either side of the interconnection point may agree to offer a pre-nomination cycle within which:
 - (a) network users are not obliged to submit nominations;
 - (b) network users may submit to transmission system operators the nominations for gas day D no later than 12:00 UTC (winter time) or 11:00 UTC (daylight saving) on gas day D-1;
 - (c) the transmission system operator shall send the message regarding the processed quantities to the respective network users no later than 12:30 UTC (winter time) or 11:30 UTC (daylight saving) on gas day D-1.
5. In the absence of a valid nomination sent by the network user before the nomination deadline, the respective transmission system operators shall apply the default nomination rule agreed between these transmission system operators. The default nomination rule in force at an interconnection point shall be made available to the network users of the transmission system operators.

Article 15

Re-nomination procedure at interconnection points

1. A network user shall be entitled to submit re-nominations within the re-nomination period which starts immediately after the confirmation deadline and ends no earlier than three hours before the end of gas day D. The transmission system operator shall start a re-nomination cycle at the start of every hour within the re-nomination period.
2. The last re-nomination received by the transmission system operator from a network user before the re-nomination cycle starts shall be taken into account by the transmission system operator in the re-nomination cycle.

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3. The transmission system operator shall send the message regarding the confirmed quantities to the respective network users within two hours from the start of each re-nomination cycle. The start time of the effective gas flow change shall be two hours from the start of the re-nomination cycle, unless:
 - (a) a later time is requested by the network user; or
 - (b) an earlier time is allowed by the transmission system operator.
4. It shall be assumed that any change to the gas flow occurs at the start of each hour.

Article 17

Rejection of nominations and re-nominations or amendment of the requested gas quantity at interconnection points

1. The transmission system operator may reject:
 - (a) a nomination or re-nomination no later than two hours after the nomination deadline or the beginning of the re-nomination cycle in the following cases:
 - (i) it does not comply with the requirements as to its content;
 - (ii) it is submitted by an entity other than a network user;
 - (iii) the acceptance of the daily nomination or re-nomination would result in a negative implied nomination flow rate;
 - (iv) it exceeds the network user's allocated capacity;
 - (b) a re-nomination no later than two hours after the beginning of the re-nomination cycle in the following additional cases:
 - (i) it exceeds the network user's allocated capacity for the remaining hours, unless this re-nomination is submitted in order to request interruptible capacity, where offered by the transmission system operator;
 - (ii) the acceptance of the hourly re-nomination would result in an expected gas flow change before the end of the re-nomination cycle.
2. The transmission system operator shall not reject a network user's nomination and re-nomination on the sole ground that this network user's intended inputs are not equal to its intended off-takes.
3. In case a re-nomination is rejected, the transmission system operator shall use the network user's last confirmed quantity, if any.
4. Without prejudice to the specific terms and conditions applicable to interruptible capacity and capacity subject to

congestion management rules, the transmission system operator may in principle only amend the gas quantity requested under a nomination and re-nomination in exceptional events, and emergency situations when there is an evident danger to system security and stability. Transmission system operators shall notify to the national regulatory authority any such action taken.

Chapter III Operational balancing

Article 7

Short term standardised products

1. The short term standardised products shall be traded for delivery on a within day or day ahead basis seven days a week in accordance with the applicable rules of the trading platform as defined between the trading platform operator and the transmission system operator.
2. The originating trading participant is the trading participant that posts a bid or an offer to trade on the trading platform and the accepting trading participant is the trading participant that accepts it.
3. Where a title product is traded, the following conditions shall be met by the trading participants:
 - (a) one trading participant makes an acquiring trade notification and the other makes a disposing trade notification;
 - (b) both trade notifications shall specify the gas quantity transferred from the trading participant who makes a disposing trade notification to the trading participant who makes an acquiring trade notification;
 - (c) where an hourly notification quantity is used, it shall be applied flat to all the remaining hours of the Gas Day from a specified start time and shall be equal to zero for all the hours before this start time.
4. Where a locational product is traded:
 - (a) the transmission system operator shall determine the relevant entry and exit points or groups thereof that can be used;
 - (b) all the conditions specified for title product in paragraph 3 shall be fulfilled;
 - (c) the originating trading participant shall modify the quantity of gas to be delivered and/or off-taken to/from the transmission network at the specified entry and/or exit point(s) by an amount equal to the notification quantity and provides evidence to the transmission system operator;
5. Where a temporal product is traded:
 - (a) the conditions specified in paragraph 3(a) and (b) shall be fulfilled;

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- (b) an hourly notification quantity shall be applied to the hours of the Gas Day from a specified start time up to a specified end time and shall be equal to zero for all the hours before the start time and zero for all the hours after the end time.
6. Where a temporal locational product is traded, the conditions specified in paragraph 4(a), (c), and (d) and paragraph 5 shall be fulfilled.
7. When establishing the short term standardised products, the transmission system operators and trading platform operators from adjacent balancing zones shall cooperate in order to determine the relevant products. Each transmission system operator shall inform the relevant trading platform operators of the result of such cooperation without undue delay.

9 Appendix B: CAM Code Extract

Chapter IV Bundling of Cross-border capacity

Article 19

Bundled Capacity products

7. adjacent transmission system operators shall **establish a joint nomination procedure** for bundled capacity, providing network users with the means to nominate the flows of their bundled capacity via a **single nomination**;

Chapter II Interconnection Agreements

Article 8 Matching process

2. Nominations/re-nominations shall be managed in respect of the following principles:
- (a) the application of a matching rule shall lead to identical confirmed quantities for each pair of network users at both sides of the interconnection point when processed quantities are not aligned;
 - (b) for interconnection agreements in place at the entry into force of this Regulation or for new interconnection agreements, the adjacent transmission system operators may agree to maintain or implement a matching rule other than the lesser rule provided that this rule is published and network users are invited to comment on the proposed matching rule within a period of time of not less than two months;
 - (c) the adjacent transmission system operators shall specify their respective roles in the matching process by indicating whether they are the initiating or the matching transmission system operator;
 - (d) the applicable time schedule for the matching process within the nomination/re-nomination cycle, given that **the whole matching process shall not take more than 2 (two) hours from the starting of the nomination/re-nomination cycle**, shall take into account the following points:
 - (i) the data that needs to be exchanged between the adjacent transmission system operators in order to enable them to inform network users of their confirmed quantities before the end of the nomination/re-nomination cycle. As a minimum the data shown in Article 8, paragraph 4 has to be exchanged;
 - (ii) the process to exchange the data defined under Article 8, paragraph 2, (e), (i) which shall enable the adjacent transmission system operators to perform all calculation and communication steps in an accurate and timely manner.
5. If the adjacent transmission system operators fail to reach an agreement on the matters to be specified, the following rules shall apply:
- (a) the lesser rule.
 - (b) the transmission system operator in control of the relevant flow control equipment shall be the matching transmission system operator.
 - (c) the matching process shall be performed in the following sequential steps:
 - (i) calculating and sending of processed quantities by initiating transmission system operators within forty-

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five minutes of the start of the nomination (respectively re-nomination) cycle;

- (ii) calculating and sending of confirmed quantities by matching transmission system operators within ninety minutes from the start of the nomination (respectively re-nomination) cycle;
- (iii) confirming to network users and scheduling the gas flow across the interconnection point by all the adjacent transmission system operators within two hours from the start of the nomination (respectively re-nomination) cycle. This paragraph shall be without prejudice to the rule for minimum interruption lead times referred to in Article 22 of 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) No 715/2009.

Article 21

Common data exchange solutions

1. Having regard to the communication practices, the following types of data exchange can be used:
 - (a) document based data exchange: such data is exchanged wrapped into a file and automatically exchanged between the respective IT systems;
 - (b) integrated data exchange: such data is exchanged between two applications directly on the respective IT systems;
 - (c) interactive data exchange: such data is exchanged interactively through a web application via a browser.

One or more of these types can be implemented depending on the relevant business needs and requirements.

Under this Regulation common data exchange solutions are foreseen for each of the abovementioned types:

For the document based data exchange, the common data exchange solution shall be:

- (a) protocol: AS4 shall be used as common data exchange protocol for document based data exchanges;
- (b) data format: Edig@s-XML, or an equivalent data format to be developed by ENTSOG.

For the integrated data exchange, the common data exchange solution shall be:

- (a) protocol: HTTP/S-SOAP shall be used as common data exchange protocol for integrated data exchanges;
- (b) data format: Edig@s-XML, or an equivalent data format to be developed by ENTSOG.

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For the interactive data exchange, the common data exchange solution shall be:

- (a) protocol: HTTP/S shall be used as common data exchange protocol for interactive data exchanges;

The most appropriate data exchange type(s) for each business process pursuant to Article 20 paragraph 2 shall be defined and published according to the rules described in Article 24 paragraph 2 of this Regulation.

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