

0519:

Harmonisation of Reference Conditions at Interconnection Points

01 Modification

02 Workgroup Report

03 Draft Modification Report

04 Final Modification Report

This modification seeks to facilitate compliance with requirements to implement harmonised reference conditions that are contained in the EU Network Code on Interoperability and Data Exchange Rules.

It proposes to adopt the use of such conditions for mandated processes at Interconnection Points (IPs) whilst allowing processes at other points to continue operating to the current GB reference conditions.



Panel consideration is due on 21 May 2015










High Impact: -



Medium Impact: Interconnection Point Users, National Grid Gas Transmission



Low Impact: -

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About this document:		 Any questions?
This Final Modification Report will be presented to the Panel on 21 May 2015. The Authority will consider the Panel’s recommendation and decide whether or not this change should be made.		Contact: Code Administrator
The Workgroup recommended the following timetable:		 enquiries@gasgovernance.co.uk
Initial consideration by Workgroup	02 December 2014	 0121 288 2107
Amended Modification considered by Workgroup	19 February 2015	Proposer: Phil Hobbins
Workgroup Report presented to Panel	19 March 2015	 Philip.Hobbins@nationalgrid.com
Draft Modification Report issued for consultation	19 March 2015	 07966 865623
Consultation Close-out for representations	24 April 2015	Transporter: National Grid Transmission
Final Modification Report published for Panel	27 April 2015	Systems Provider: Xoserve
UNC Modification Panel recommendation	21 May 2015	 commercial.enquiries@xoserve.com

1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that this modification is not suitable as a self-governance modification because it is to be considered in the context of other EU-driven changes that will 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.

Why Change?

The European Network Code on Interoperability and Data Exchange (hereafter referred to in this modification as “EU Interoperability Code”) requires the use of reference conditions of 0°C for volume and 25°C for calorific value (hereafter referred to in this modification as “0/25”) for any data exchange and data publication related to Regulation (EC) No 715/2009. The GB regime currently uses reference conditions of 15°C for volume and 15°C for calorific value (hereafter referred to in this modification as “15/15”) and the UNC therefore needs to be amended to reflect the use of different reference conditions for these new IP processes.

It is the view of the Proposer that the new capacity booking process and new nominations process that will be introduced at GB IPs will be captured by the “data exchange” provisions referred to in the EU Interoperability Code.

Solution

The solution aims to ‘ring-fence’ the application of 0/25 reference conditions to the IP processes for which they are mandated whilst keeping processes at all other GB system points, as well as operational and GB User balancing, unchanged at 15/15 conditions. Capacity will be booked and energy will be nominated and allocated on a 0/25 basis, with an IP ‘balancing allocation’, which corrects to 15/15, added to the energy allocation.

Relevant Objectives

This modification will better facilitate achievement of 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, by implementing the requirements of the EU Interoperability Code (linked to requirements in the EU CAM and Balancing Codes) to use reference temperatures of 0/25 for capacity and nominations processes at the IPs.

Implementation

No specific implementation timescales are proposed, however this modification would need to be implemented no later than 01 May 2016 to enable GB to be compliant with the relevant provisions of the EU Interoperability Code.

Does this modification affect the Nexus delivery, if so, how?

This modification is one of a suite of EU-driven UNC modifications, which form a EU delivery programme. The delivery of system changes associated with this EU programme is already being managed alongside Project Nexus-related changes.

¹ The relevant self-governance criteria as specified in SSC A11 Network Code and Uniform Network Code, Para 24(a)

2 Why Change?

Measurement of a quantity of gas is sensitive to several factors, one of which is temperature. Therefore, in order to derive consistency, measurements are 'corrected' to constant reference temperatures for volume and for calorific value in order to derive an energy measurement. At present, these reference temperatures vary across EU member states, for example the majority of Western Europe correct to 0°C for volume and 25°C for CV, whereas GB and ROI/Ni operate to 15°C for volume and 15°C for CV.

Whilst reference temperatures fundamentally relate to a physical measurement process, 'commercial' energy figures such as User capacity bookings, nominations and allocations may also be declared at particular reference conditions by virtue of the physical arrangements that prevail which UNC Section GTC 'Interpretation' recognises.

The EU Interoperability Code requires harmonisation of reference conditions at 0/25 "for any data exchange and data publication related to Regulation (EC) No 715/2009" but allows certain exemptions. The GB regime currently uses 15/15 reference conditions both for physical measurement and commercial processes in accordance with UNC, General Terms, Section C, 'Interpretation'. The UNC therefore needs to be amended to reflect the use of different reference conditions for these new IP processes.

It is the view of Workgroup participants that the new capacity booking process and new nominations process that will be introduced at GB IPs will be captured by the "data exchange" provisions referred to in the EU Interoperability Code, although National Grid NTS intends to seek an exemption to be granted by Ofgem for the application of the common reference conditions in respect of the Moffat IP pursuant to Article 13(3) of the EU Interoperability Code.

3 Solution

The solution aims to 'ring-fence' the application of 0/25 reference conditions to the IP processes for which they are mandated whilst keeping processes at all other points, as well as operational and GB User balancing unchanged at 15/15 conditions. The solution to apply to the GB IPs only² is as follows:

Capacity

- Capacity will be made available and booked by Users on PRISMA on a 0/25 basis;
- National Grid NTS will not convert either existing or future User bookings within Gemini; and
- National Grid NTS will not seek to make any change to its baseline capacity obligations at the IPs as a consequence of this Modification.

Energy

- User nominations to be submitted at 0/25 conditions;
- National Grid NTS and its adjacent TSOs will conduct the matching of User nominations at 0/25 conditions;
- Confirmed nominations (post matching) will be provided to Users on a 0/25 basis;
- User allocations (UDQIs and UDQOs) will be determined on a 0/25 basis; and
- GB User balancing will be maintained at 15/15 by adding an additional quantity of gas (an 'IP balancing allocation') to IP Users' imbalance accounts in Gemini equal to the difference between

² The Moffat IP may be excluded – see the 'Why Change' section.

the 0/25 allocation and the value of that energy at 15/15 reference conditions using a fixed conversion factor of 0.9990.

Example 1 – NTS Entry. User wanting to sell 10,000,000 kWh at the NBP, delivered into the NTS via IUK

- 1) UK quantity required (15/15) = 10,000,000 kWh
- 2) Nomination to NTS (NTS entry at IUK IP, 0/25) = 9,990,000 kWh ($10,000,000 \times 0.9990$)
- 3) Nomination to IUK (IUK exit, 0/25) = 9,990,000 kWh
- 4) Gas procurement required in Belgium (at 0/25) is 9,990,000 kWh
- 5) User UDQI = 9,990,000 kWh (assuming 'allocate as nominate' applies). The User's NTS entry commodity charges will be based on this figure.
- 6) Quantity added to User UDQI ('balancing allocation') by National Grid NTS for the purposes of calculating the User's GB imbalance = 10,000 kWh ($((1 / 0.9990) - 1) \times 9,990,000$)
- 7) Quantity available to the User to dispose of at the NBP with a zero GB imbalance (ceteris paribus) = 10,000,000 kWh (the sum of lines 5 and 6)

Example 2 – NTS Exit. User wanting to buy gas at the NBP in order sell 10,000,000 kWh at the Belgian virtual trading point, delivered to the Belgian network from the NTS via IUK

- 1) Quantity required to sell in Belgium (0/25) = 10,000,000 kWh
- 2) User nomination NTS exit at IUK IP (0/25) = 10,000,000 kWh
- 3) Nomination to IUK (IUK entry, 0/25) = 10,000,000 kWh
- 4) NBP procurement (and acquiring trade notification) quantity = 10,010,010 kWh ($10,000,000 \times (1 / 0.9990)$)
- 5) User UDQO (0/25) = 10,000,000 kWh (assuming 'allocate as nominate' applies). The User's NTS exit commodity charges will be based on this figure.
- 6) Quantity added to User UDQO ('balancing allocation') by National Grid NTS for the purposes of calculating the User's imbalance = 10,010 kWh (i.e. the difference between $(10,000,000 \times (1 / 0.9990))$ and 10,000,000)
- 7) Quantity treated as having exited the NTS by the User for the purposes of calculating that User's imbalance = 10,010,010 kWh (the sum of lines 5 and 6)
- 8) User's GB imbalance (ceteris paribus) = zero.

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

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 are being 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.

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

This modification will facilitate compliance with European legislative requirements by implementing the requirements of the EU Interoperability Code (linked to requirements in the EU CAM and Balancing Codes) to use reference temperatures of 0/25 for capacity and nominations processes at the IPs.

5 Implementation

No specific implementation timescales are proposed, however this modification would need to be implemented no later than 1st May 2016 to be compliant with the relevant provisions of the EU Interoperability Code.

6 Impacts

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

This modification is one of a suite of EU-driven UNC modifications, which form a EU delivery programme. The delivery of system changes associated with this EU programme is already being managed alongside Project Nexus-related changes.

This modification is not essential to the go-live of the UK Link Replacement programme.

7 Legal Text

Text Commentary

Text commentary has been provided by National Grid NTS for review by the Workgroup and is published alongside this report.

Text

The Text published alongside this report has been prepared by National Grid NTS at the request of the Panel and no issues were raised by the Workgroup regarding its content.

8 Consultation Responses

Of the 3 representations received, 2 supported implementation and 1 provided comments.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
British Gas Trading Limited (BGT)	Support	g) - Positive	<ul style="list-style-type: none"> Consider that this proposal is a pragmatic solution to the reference condition changes required at Interconnection Points on account of the EU Interoperability Code. Believes that implementation should be in sufficient time to comply with EU code requirements and note the proposed 01 May 2016 implementation date. Costs are expected to be low and are happy the legal text meets the requirements of the modification. In response to the Panel question relating to self-governance status, BGT states that implementation of the proposal will have commercial and operational consequences. Since the proposed solution is not a simple, direct lift from the EU Interoperability Code there will be merit in having pro-active consideration by the Authority.
GDF Suez	Comments	n/a	<ul style="list-style-type: none"> Regrets that implementation of the European Network Code will create two GB systems (old system without modifications and a new system for the IP with the alignment of the gas day and the new reference conditions), thus complicating operational management and generating high operational costs. Believes that the most suitable solution for a Shipper is the application of 0/25 reference conditions to all GB system points instead and to put in place a special process for IP with an IP 'balancing allocation' which corrects to 15/15. Believes that more information is needed about IT planning and associated costs. More explanation about the reference used for calculating overrun charges is required. Needs a minimum notice period of 3 months to implement whichever choice is made. No view offered on Self-Governance status.
National Grid NTS	Support	g) - Positive	<ul style="list-style-type: none"> Notes that 'Matching' of nominations by National Grid NTS and each of its Adjacent TSOs is scheduled to be implemented from 1st October 2015, however compliance with the Interoperability Network Code is not required until 1st May 2016. National Grid NTS is unable to deliver the IT system changes to facilitate this Modification until its 'EU Phase 3' Gemini release in Spring 2016.

			<ul style="list-style-type: none"> • IUK: IUK and National Grid NTS will commence matching nominations at 15/15 reference conditions on 1st October 2015. National Grid will advise IUK and Users of the implementation date of its EU Phase 3 Gemini release when it is available. IUK and NGG will then 'switch' to matching shipper nominations at 0/25 reference conditions from that date. • BBL: BBL are unable to accommodate matching at 15/15 on a temporary basis. Therefore, 0/25 matching will need to take place from 1st October 2015, meaning that shippers entering gas into the NTS through the BBL IP will, temporarily, be marginally 'under-allocated' compared to the 15/15 allocations that will apply at all other NTS entry and exit points. National Grid NTS intends to present analysis to quantify the impact of this as part of its shipper engagement in respect of the BBL IA consultation this Summer. • Moffat: Premier Transmission Limited, Gas Networks Ireland and National Grid NTS are currently seeking approval from Ofgem, the Northern Ireland regulator and the Republic of Ireland regulator to enact Article 13(3) of the Interoperability Code in respect of the Moffat IP. This would mean that 15/15 conditions would endure at Moffat and hence the Modification 0519 solution would not be applied at that IP. National Grid NTS will notify Users of the regulators' decision in respect of this matter. • Recognises that this modification is part of a wider suite of UNC changes that need to be implemented in order to comply with the European Network Codes. • Whilst no specific costs have been identified for the modification, National Grid NTS has been allocated some funding for EU market facilitation through the RIIO-T1 price control process and NG NTS expects to be able to use this funding to meet the costs for this modification. • Happy that the legal text delivers the intent of the modification within a new part of the UNC – the European Interconnection Document (EID). • No view offered on Self-Governance status.
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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 recommends:

- that proposed Modification 0519 [should/should not] be made.

11 Appendix A – Interoperability Code Extract

CHAPTER III

Units

Article 13

Common set of units

1. Each transmission system operator shall use the common set of units defined in this Article for any data exchange and data publication related to Regulation (EC) No 715/2009.
2. For the parameters of pressure, temperature, volume, gross calorific value, energy, and Wobbe-index the transmission system operators shall use:
 - (a) pressure: bar
 - (b) temperature: °C (degree Celsius)
 - (c) volume: m³
 - (d) gross calorific value (GCV): kWh/m³
 - (e) energy: kWh (based on GCV)
 - (f) Wobbe-index: kWh/m³ (based on GCV)

For pressure, the transmission system operators shall indicate whether it refers to absolute pressure (bar (a)) or gauge pressure (bar (g)).

The reference conditions for volume shall be 0°C and 1.01325 bar(a). For GCV, energy and Wobbe-index the default combustion reference temperature shall be 25°C.

Whenever transmission system operators communicate data on the volume, GCV, energy and Wobbe-index, they shall specify under which reference conditions these values were calculated.

3. In cases where one Member State is connected to only one other Member State, the adjacent transmission system operators and the parties they communicate with may agree to continue to use other reference conditions for data exchange in connection with Regulation (EC) No 715/2009, subject to the approval of their national regulatory authorities.

Article 14

Additional units

The transmission system operators and the parties they communicate with in connection with Regulation (EC) No 715/2009 may agree to use, in addition to the common set of units, additional units or reference conditions for data exchange or data publication. In such a situation conversion between reference conditions shall be done on the basis of the actual gas composition. If the relevant gas composition data is not available, the conversion factors used shall be consistent with the Annex based on EN ISO 13443 "Natural gas – Standard reference conditions" in the version applicable at the time.