

TAR NC Update

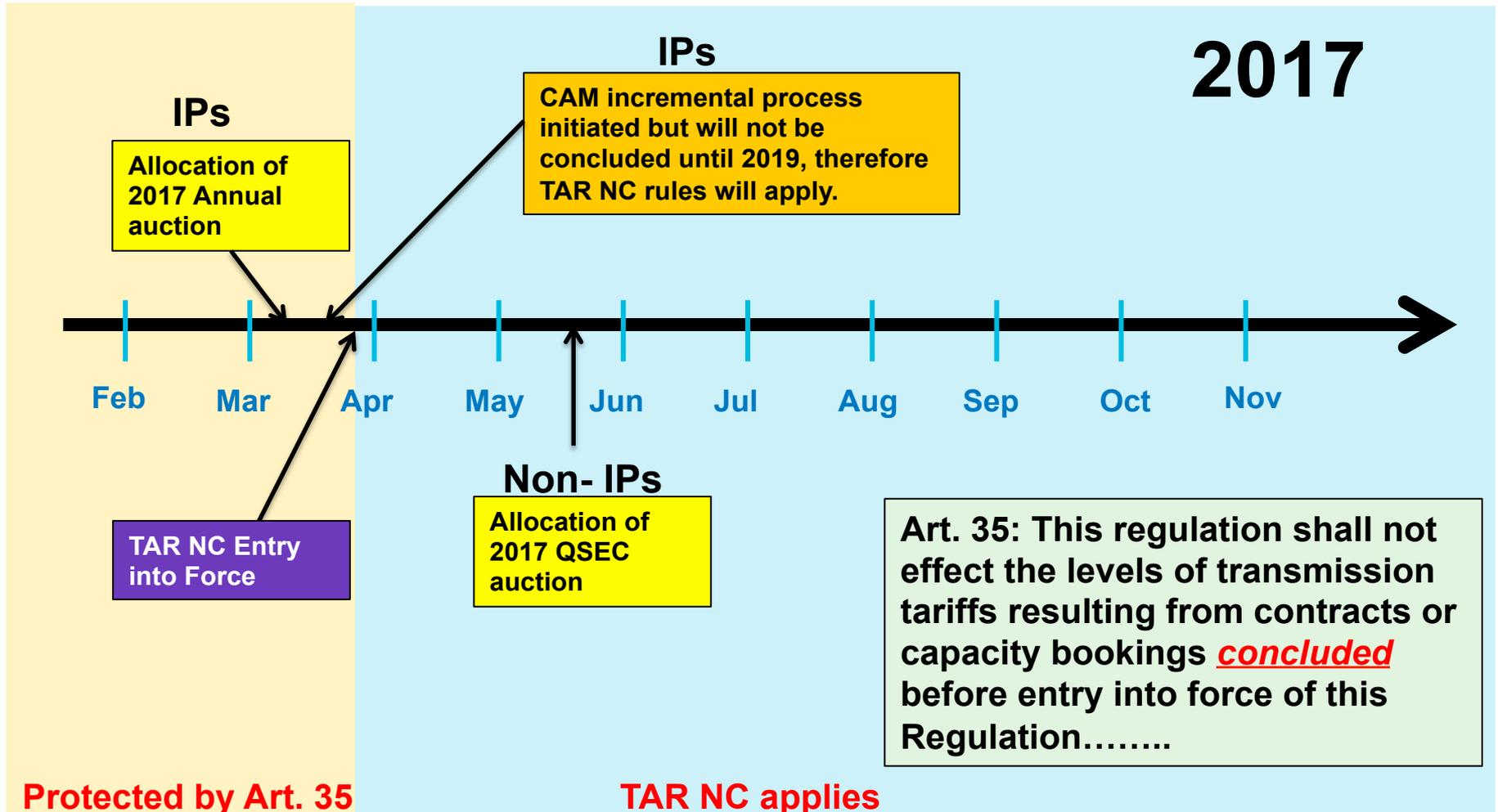


2 December 2016

EU Tariff Code: Process Steps

- **Mid-Nov 2016 – mid-Feb 2017:** Council and EU parliamentary scrutiny
- **Early March 2017:** EC - formal adoption and publication of TAR NC (~ 3 week process)
- **Late March 2017:** Entry into Force 20 days after publication
 - This should be after annual auction on 6 March
 - It shall be before allocation of QSEC auction

Auction timeline vs when TAR NC applicable



TAR NC: Article 35: Existing contracts

- NG sought legal advice re meaning of final version of Article 35. In summary they stated:
 - It places a clear cut-off date for any existing contracts to which TAR would not apply.
 - It applies to all contracts concluded prior to the entry into force of TAR; and
 - If the contract does not foresee any change in the levels of capacity or energy tariffs other than for indexation then TAR NC would not apply to those contracts.
 - For GB, the UNC would be the relevant contract

TAR NC: Article 35: Existing contracts

- NG still awaiting response from Legal on additional questions re Art.35
 - *Question is whether the “contract” refers to capacity only or to all charges under the UNC*
 - *Interactions with reconciliation? - When it comes to the year of use for the capacity, can there be an additive element that Users may be subject to (as part of the other articles – 4, 6, 23, 24) that would mean capacity Users will need to pay more than the “protected” price?*
 - *Can we assume that for the IP annual auction the capacity sold is “protected” under Art .35 and for the QSEC run in the same month any capacity sold will not be subject to the protection?*