

















Modification	At what stage is this document in the process?
<p>0XXX: <i>(Code Administrator to issue reference)</i></p> <p>Amendments to Capacity Allocations Mechanisms to comply with EU Capacity Regulations</p>	<div style="display: flex; flex-direction: column; align-items: flex-end;"> <div style="border: 1px solid green; background-color: #00a651; color: white; padding: 5px; margin-bottom: 5px;">01 Modification</div> <div style="border: 1px solid blue; padding: 5px; margin-bottom: 5px;">02 Workgroup Report</div> <div style="border: 1px solid purple; padding: 5px; margin-bottom: 5px;">03 Draft Modification Report</div> <div style="border: 1px solid orange; padding: 5px;">04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>This modification seeks to facilitate compliance with the amended Commission Regulation (EU) No 984/2013 (Capacity Allocation Mechanisms)</p>	
	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> assessed by a Workgroup <p>This modification will be presented by the Proposer to the Panel on 20 October 2016. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>
	<p>High Impact:</p> <p>Shippers and National Grid NTS</p>
	<p>Medium Impact:</p> <p>N/A</p>
	<p>Low Impact:</p> <p>NA</p>

Contents		 Any questions?
1 Summary	3	Contact: Code Administrator
2 Governance	34	 email address
3 Why Change?	4	 telephone
4 Code Specific Matters	4	Proposer: Matthew Hatch
5 Solution	4	 email address matthew.hatch@nationalgrid.com
6 Impacts & Other Considerations	4	 telephone 01926 655893
7 Relevant Objectives	67	Other: Insert name
8 Implementation	89	 email address.
9 Legal Text	89	 telephone
10 Recommendations	89	Other: Insert name
Timetable		 email address.
The Proposer recommends the following timetable:		 telephone
Initial consideration by Workgroup	14 November 2016	Other: Insert name
Amended Modification considered by Workgroup		 email address.
Workgroup Report presented to Panel	19 January 2017	 telephone
Draft Modification Report issued for consultation	19 January 2017	Other: Insert name
Consultation Close-out for representations	10 February 2017	 email address.
Variation Request presented to Panel		 telephone
Final Modification Report available for Panel	16 February 2017	
Modification Panel decision	16 February 2017	

1 Summary

What

The EU CAM code was introduced into the UNC via Modification 0500. Since the implementation of Modification 0500 a number of amendments have been made to the EU CAM code. This Modification is to update the UNC with the following CAM code amendments.

- a) Auction calendar changes
- b) Changes to offering capacity at storage exit points when in an emergency situation.
- c) Clarification Points

[The Modification is based on the 15th September 2016 version of CAM and has not yet been approved via comitology. The Modification therefore may need to be amended during the Modification development process.]

Why

The EU CAM code is currently being amended, this Modification seeks to implement these amendments into the UNC to ensure compliance with these EU rules.

How

The following amendments to CAM code will be added to the UNC.

- a) Auction calendar changes
 - The Annual yearly capacity auction to start on the first Monday of July.
 - Four Annual Quarterly Capacity Auctions are to be held during each Gas Year.
- b) Changes offering capacity at Storage Exit Points
 - Where an emergency situation or where an exceptional event occurs in the Member State or an adjacent Member State firm capacity at IP(s) will have priority over firm capacity at storage.
- c) Clarifications
 - A number of clarifications have been made which do not result in UNC change but have been included within this Modification for information.

2 Governance

This modification is recommended to be sent to the Authority for direction. This modification may have a material impact on Storage Users in defined circumstances. This modification also introduces difference within the rules between parties operating at IPs and parties operating at non-IPs.

Requested Next Steps

This modification requires further industry discussion to develop sufficiently to meet the CAM code amendments.

This modification should:

- be assessed by a Workgroup

3 Why Change?

The EU CAM code is currently being amended. Changes to the UNC are required to ensure compliance with these amended rules and the regulation. These changes will principally affect NG NTS Shippers. If this modification is not implemented GB may not be compliant with EU Regulations.

4 Code Specific Matters

Reference Documents

The original CAM Code can be found at the following location:

<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32013R0984>

UNC 0500, UNC TPD EID

Knowledge/Skills

An understanding of the CAM code and/or UNC would be beneficial.

5 Solution

Annual Yearly Capacity Auctions

1. The Annual Yearly Capacity Auction shall be moved from March to July each year unless otherwise specified in the auction calendar.

Annual Quarterly Capacity Auctions

2. Four annual quarterly capacity auctions shall be held during each gas year.
3. Capacity for quarters of the upcoming gas year shall be auctioned via concurrent auctions for each quarter and in relation to each interconnection point as follows:
 - a. in the first annual quarterly capacity auction; for quarters October-December, January-March, April-June, July-September
 - b. in the second annual quarterly capacity auction; for quarters January-March, April-June, July-September
 - c. in the third annual quarterly capacity auction; for quarters April-June, July-September
 - d. in the fourth annual quarterly capacity auction; for quarter July-September

For each annual quarterly auction network users shall be able to participate in all of the concurrent auctions.

4. The bid window for the Annual Quarterly IP Capacity Auction shall commence on the following days, or as otherwise varied in the annually published ENTSOG Auction Calendar:

- a. the first annual quarterly capacity auction shall start on the first Monday of August
- b. the second annual quarterly capacity auctions shall start on the first Monday of November;
- c. the third annual quarterly capacity auctions shall start on the first Monday of February;
- d. the fourth annual quarterly capacity auction shall start on the first Monday of May

Changes to offering capacity at Storage Exit points

5. The calculation methodology and the rules of making available the capacity, adopted by the transmission system operators, shall guarantee that when an emergency situation or when an exceptional event as defined in Article 2(a) of Commission Regulation (EU) No 2015/7036 occurs in the Member State or an adjacent Member State firm capacity at interconnection points has priority over firm capacity at exit points into storage facilities. In these defined circumstances NGG will not make firm capacity available at exit points into storage facilities.

Clarifications

6. The CAM amendment has provided the following clarifications which NGG has provided for information.
 - a) Ascending Clock Auction
 - a. The volume bid per network user for a specific small price step shall be equal to or smaller than the volume bid placed by this network user in the previous bidding round of small price steps.
 - b) Uniform Price Auction Algorithm
 - a. An unsuccessful bid will not be included within the demand for the purpose of calculating the clearing price.
 - b. The amount of capacity for the respective standard capacity product applied for shall be equal to or smaller than the capacity offered in a specific auction

6 Impacts & Other Considerations

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

No impact identified

Consumer Impacts

Proposers must provide their view of the impacts on all consumer groups that may be affected; this will be supported by further input from Workgroup participants later in the process. If 'none', please also explain.

None identified

Cross Code Impacts

Please identify any other impacted energy code – a full list is available in the CACoP ([Ofgem](#)) - and the extent of those impacts e.g. a similar modification has been raised in another Code.

None identified

EU Code Impacts

Please identify any impacted EU energy code

This UNC modification proposal demonstrates how GB will comply with the non-incremental amendments to the CAM code. There are also some links into the Tariffs code.

Central Systems Impacts

Proposers must provide their view of the impacts on central systems (inc. Gemini and UK Link) that may be affected; this will be supported by further input from the Central Data Services Provider (Xoserve) later in the process. If 'none', please also explain.

There may be an impact upon Gemini and MIPI. There may be an impact on PRISMA where the auctions are run.

User Pays (Proposer to complete this table)

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

7 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	None

(i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	
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

OR, for Section Y (Charging Methodology) Modifications

Impact of the modification on the Relevant Charging Methodology Objectives:	
Relevant Objective	Identified impact
a) Save in so far as paragraphs (aa) or (d) apply, that compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business;	None
aa) That, in so far as prices in respect of transportation arrangements are established by auction, either: (i) no reserve price is applied, or (ii) that reserve price is set at a level - (I) best calculated to promote efficiency and avoid undue preference in the supply of transportation services; and (II) best calculated to promote competition between gas suppliers and between gas shippers;	None
b) That, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business;	None
c) That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers; and	None
d) That the charging methodology reflects any alternative arrangements put in place in accordance with a determination made by the Secretary of State under paragraph 2A(a) of Standard Special Condition A27 (Disposal of Assets).	None
e) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of	Positive

In the case of a modification to a NTS Charging Methodology, please state why the modification does not conflict with:

- (i) paragraphs 8, 9, 10 and 11 of Standard Condition 4B of the Transporter's Licence; or*
- (ii) paragraphs 2, 2A and 3 of Standard Special Condition A4 of the Transporter's Licence;*

In the case of a modification to the NTS Connection Charging Methodology, please contact the Joint Office for the appropriate relevant objectives.

This modification should facilitate compliance with European legislative requirements contained with EU Regulation 984/2013.(As amended)

8 Implementation

No implementation timescales are proposed. The European Commission has specified that this regulation should come into effect on 1st April 2017.

9 Legal Text

Proposers are welcome to provide Suggested Legal Text alongside their modification, but are under no obligation to do so unless Fast Track procedures are requested (see above).

Legal text will be drawn up by the relevant Transporter at a time when the modification is sufficiently developed in line with the [Legal Text Guidance Document](#).

Text Commentary

To be provided during development

Text

To be provided during development

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to: *[Delete as appropriate]*

- Refer this proposal to a Workgroup for assessment.