
















| 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 (Interruptible) to comply with EU Capacity Regulations</p> | | <p>01 Modification</p> <p>02 Workgroup Report</p> <p>03 Draft Modification Report</p> <p>04 Final Modification Report</p> |
| <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> | |

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| 2 Governance | 3 |  email address |
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| 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 | 56 | Other: Insert name |
| 8 Implementation | 78 |  email address. |
| 9 Legal Text | 78 |  telephone |
| 10 Recommendations | 78 | Other: Insert name |
| Timetable | |  email address. |
| <i>Please provide proposer contacts and an indicative timeline. The Code Administrator will update the contents and provide any additional Specific Code Contacts.</i> | |  telephone |
| The Proposer recommends the following timetable: <i>(amend as appropriate)</i> | | Other: Insert name |
| Initial consideration by Workgroup | 14 November 2016 |  email address. |
| Amended Modification considered by Workgroup | |  telephone |
| Workgroup Report presented to Panel | 19 January 2017 | Other: Insert name |
| Draft Modification Report issued for consultation | 19 January 2017 |  email address. |
| Consultation Close-out for representations | 10 February 2017 |  telephone |
| Variation Request presented to Panel | | Other: Insert name |
| Final Modification Report available for Panel | 16 February 2017 |  email address. |
| Modification Panel decision | 16 February 2017 |  telephone |

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 amendment.

- a) Interruptible Capacity changes

[This Modification is based on 15th September 2016 version of CAM and has not yet been approved via comitology. This 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 this amendment into the UNC to ensure compliance with these EU rules.

How

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

- a) Interruptible capacity changes
 - Other than for Virtual reverse flow, Interruptible capacity at IP(s) shall only be offered where daily firm capacity was sold out day ahead or not offered.

2 Governance

This modification is recommended to be sent to the Authority for direction. Changes to the release of daily interruptible capacity may result in a material impact on Users in respect of the purchase of capacity at IPs. This modification also introduces differences within the rules between parties operating at IPs and parties operating at non-IPs, and so it may be appropriate for these differences to be considered by Ofgem.

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. This change 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

Interruptible Capacity

1. NGG currently offers Interruptible Capacity on a day ahead basis, based on the UNC UIOLI calculation. This modification changes this so that for IPs only UIOLI interruptible capacity will only be made available where firm capacity is sold out day-ahead or not offered.
2. NGG also may offer discretionary Interruptible Capacity on a day-ahead basis, this will only be made available where firm capacity is sold out day ahead or not offered.
3. At unidirectional interconnection points where firm capacity is offered only in one direction NGG will offer a Day Ahead Interruptible capacity in the other direction.

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.

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 amendment to the CAM code concerning changes to Interruptible Capacity. There are also some links into the Tariffs code.

Central Systems Impacts

There may be an impact upon Gemini and MIPI. There may be an impact on PRISMA where IP 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 (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; | None |

| | |
|--|----------|
| (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers. | |
| 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 Energy Regulators. | 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

As far as they are known, the anticipated implementation costs for all industry parties (e.g. Transporters, Shippers, adjacent TSOs, Storage/Terminal Operators, central systems, customers) should be provided.

Provide any views you have on implementation timescales, including the costs and benefits of a range of implementation options where appropriate.

If a suggested implementation date is not provided and the decision is to accept the modification, then the Transporters will set the implementation date.

*If a timescale for implementation is suggested, the format explained below **must** be used, and brief reasons provided for each suggested date.*

- At least two fixed implementation dates must be specified, and for each of these the latest date by which an implementation decision is required if the date is to apply: e.g. 01 June 2014 if a decision to implement is issued by 15 May 2014; 01 September 2014 if a decision to implement is received by 06 August 2014.*
- In addition, a backstop lead time must be specified to allow for any later decision date: e.g. if a decision to implement is received after 06 August 2014, implementation 21 business days following the decision to implement.*

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

Insert text here

Text

Insert text here

10 Recommendations

Proposer's Recommendation to Panel

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

- Refer this proposal to a Workgroup for assessment.