

## Stage 03: Draft Modification Report

# 0493:

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

This modification 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.



Responses invited by **06 November** 2014.



High Impact: Shippers and National Grid NTS

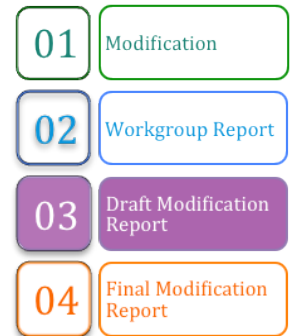


Medium Impact: -



Low Impact: -

At what stage is this document in the process?



0493

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16 October 2014

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## About this document:

This Draft Modification Report is issued for consultation responses, at the request of the Panel on 16 October 2014. All parties are invited to consider whether they wish to submit views regarding this modification.

The close-out date for responses is **06 November 2014**, which should be sent to [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk). A response template, which you may wish to use, is at [www.gasgovernance.co.uk/0493](http://www.gasgovernance.co.uk/0493).

The Panel will consider the responses and agree whether or not this modification should be made.



Any questions?

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# 1 Summary

## Is this a Self-Governance Modification?

The Modification Panel determined that this is not a self-governance modification because it is likely to have a material impact on commercial activities connected with the transportation of gas conveyed via the National Transmission System and the operation of this pipeline system<sup>1</sup>. This is due to the changes proposed to a number of timed Nomination processes between Users and National Grid NTS.

## Why Change?

This modification is one of a number that 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 European 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 (IPs). For the avoidance of doubt, no changes are proposed to the prevailing arrangements for Daily Nominations and Renominations at all other System Points.

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. Current and any future IPs would be bound by the proposed rules.

Key aspects of the proposal include

- establishment of two separate nomination types ('single sided' and 'double sided'); and
- a new process to enable the 'matching' of User nominations at each side of the IP.

## Relevant Objectives

### **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.

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

## Implementation

No implementation timescales are proposed, however implementation of the provisions of the EU Gas Balancing Code is required no later than 1<sup>st</sup> October 2015, implementation of the CAM Code is required no later than 1<sup>st</sup> November 2015 and implementation of the Interoperability Code expected to be required by April 2016.

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 1<sup>st</sup> October 2015.

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

This modification has no impact on the reform of the settlement regime and associated Project Nexus changes.

## 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 UNC 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 modification

This modification seeks to align the UNC with the relevant aspects of the following articles of the EU Codes<sup>2</sup>:

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.

<sup>2</sup> The relevant articles of the EU Codes are detailed and highlighted in the Appendices of this Proposal.

	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 Regime<sup>3</sup>

### 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

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:

<sup>3</sup> For the purposes of this Proposal, reference to a User means a Shipper User

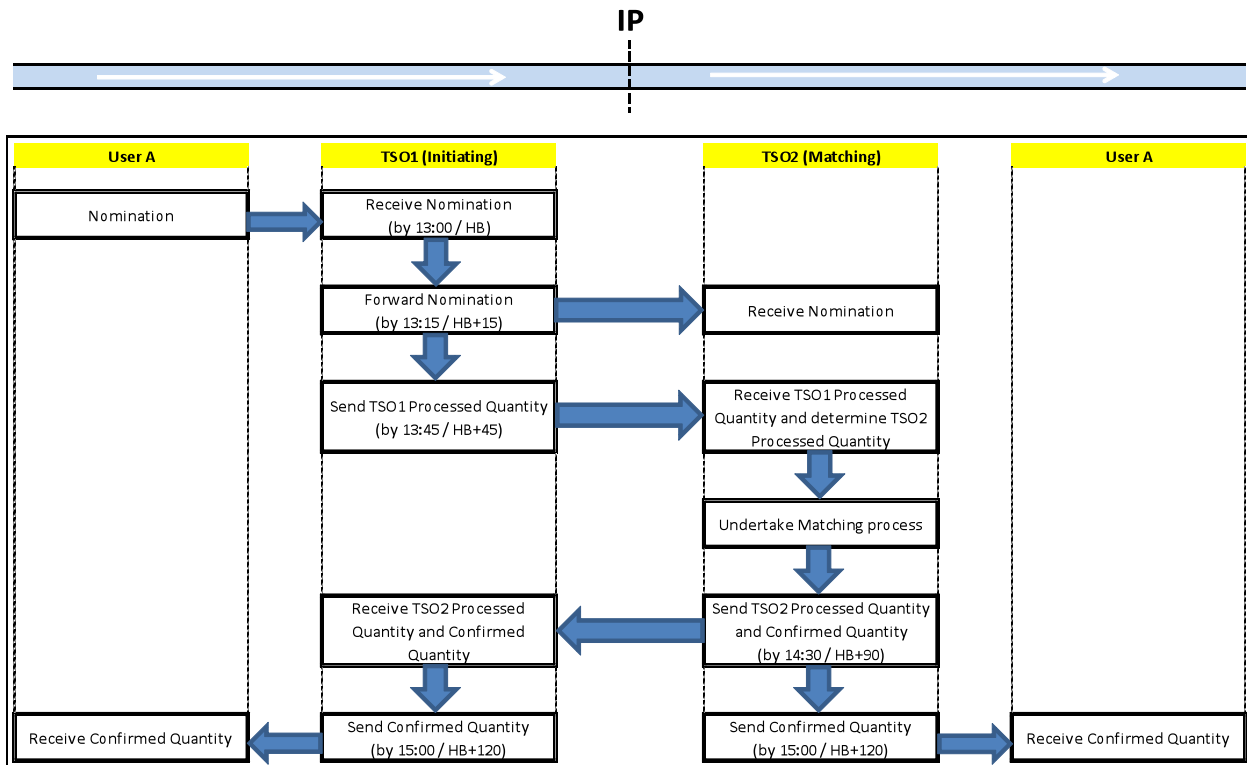
- **Nomination Quantity** – is the quantity nominated for delivery or offtake in a User’s prevailing Nomination<sup>4</sup>;
- **Renomination Quantity** – is, in respect of a Renomination, the amount by which the Nomination Quantity under an earlier Nomination was revised by such Nomination or, in the case of a New Renomination, the Nomination Quantity<sup>5</sup>;
- **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:

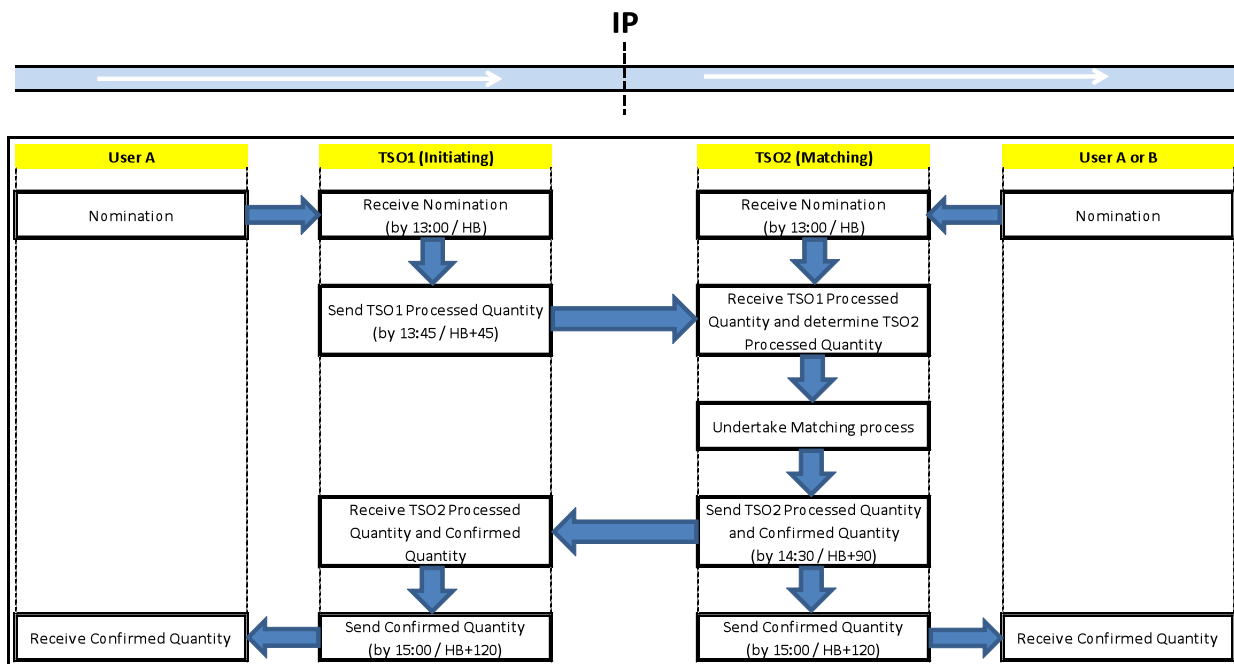
- An **Initiating** Transporter
  - Receives Single Sided and Double Sided Nominations and Renominations
  - Forwards Single Sided Nominations and Renominations to the Matching Transporter
  - Determines its Processed Quantity and forwards this to the Matching Transporter
  - Receives the Confirmed Quantity 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.

<sup>4</sup> As per existing terms of the UNC TPD C1.1.2(e)  
<sup>5</sup> As per existing terms of the UNC TPD C4.1.9(b)



**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 entitlement<sup>6</sup> (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.

## 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.

## 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.

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<sup>6</sup> 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.



Current Arrangements at Interconnection Points	Prospective Arrangements at Interconnection Points
One type of Nomination / Renomination	' <b>Single Sided</b> ' and ' <b>Double Sided</b> ' Nominations and Renominations
No details of User's counterparty at IP required	Details of <b>User's counterparty</b> at IP required
One Nomination per System Entry Point or Connected System Exit Point at the IP per User	<b>One or more</b> 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 <b>Initiating</b> and <b>Matching</b> 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 <b>three hours prior to the end of the Gas Day</b>
Typically 1 hour processing time	Processing time up to <b>2</b> hours
Communications as per UK Link Manual / Gemini	Communications as per <b>Edig@s file formats</b> 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.	<b>Additional reasons</b> for Transporter to amend or reject a nomination. Application of Overrun Charges for nominations in excess of capacity entitlement

## 3 Solution<sup>7</sup>

### 3.1 New Terms (to support understanding of the Solution)<sup>8</sup>

- **'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 **'Related 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 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.

<sup>7</sup> For the purposes of this Proposal, reference to a User means a Shipper User.

<sup>8</sup> 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 **rule** 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 (30<sup>th</sup>) 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);
  - 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 **been submitted by a party other than 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 Re-nominated 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 entitlement<sup>9</sup>; 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 or an emergency situation (equivalent to a Gas Supply Emergency) on its network

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<sup>9</sup> 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.

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.

### 3.8 Business Rules

This section details the Business Rules (dated 14<sup>th</sup> May 2014 and published on the Joint Office website at <http://www.gasgovernance.co.uk/0493/220514>) associated with this Modification Proposal.

## UNC MODIFICATION PROPOSAL 0493

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

## COMMERCIAL BUSINESS RULES

### Key to format convention

Text in red is reference to the source of the rule as follows:

[BC 12(3)] is reference to EU Network Code on Gas Balancing of Transmission Networks article (and sub paragraph number) draft dated 2 October 2013

[INT 12(3)] is reference to EU Interoperability Network Code article (and sub paragraph number) draft dated 21 November 2013

[CAM 12(3)] is reference to EU regulations on Capacity Allocation Mechanisms (version dated 15 April 2013)

[CMP 12(3)] is reference to the Congestion Management Procedures (version dated 28 August 2012)

[BRS 123] is reference to the ENTSOG Business Requirements Specification paragraph number (Draft Version 0 Revision 9 2013-06-04)

Text in black is business rule text.

## **1. Introduction**

1. These business rules take account of EU regulations on Nominations at Interconnection Points (IPs) which form part of the Network Code on Gas Balancing of Transmission Networks (the 'Balancing Code') and rules regarding data exchange detailed within the Interoperability Network Code (the 'Interoperability Code'). They also consider the nominations requirements in the EU regulations on Capacity Allocation Mechanism. In addition they also consider the prevailing commercial and regulatory regime of GB's National Transmission System and how the requirements of the former can be accommodated within the latter.
2. The purpose of these business rules is to further explain the solution contained with Modification Proposal 0493 and in particular the interaction between Users of the NTS and National Grid as the relevant Transporter for the GB Gas Transmission System in the Nomination and Re-nomination process at IPs.

### ***Nominations Summary***

3. The Balancing Code entered into force in April 2014. GB is required to implement necessary changes (to systems and domestic commercial arrangements) by 1 October 2015. Whilst National Grid is able to seek approval from Ofgem for up to an additional 12 months to implement the Balancing Code this is not currently expected to be required.
4. The Interoperability Code is expected to enter into force in the fourth quarter of 2014 (TBC). It is expected that GB will be required to implement necessary changes (to systems and domestic commercial arrangements) within 12 months of the implementation of the Interoperability Code. It is currently anticipated that the interoperability arrangements will need to be in place prior to November 2015 as this is complementary to the Network Code on Capacity Allocation Mechanism.
5. In addition, the European Network of Transmission System Operators for Gas (ENTSOG) has prepared a Business Requirements Specification (BRS) which defines the business requirements for a harmonised software implementation of the information exchanges for the transmission of information between parties participating in the Nomination and matching processes. Whilst in itself this document is not binding, the individual file contents descriptions in the BRS (the 'Edig@s xml' documents and associated data exchange protocols) will be mandated via the Interoperability Code.

The Nominations arrangements are summarised below.

6. Users will be required to nominate (and if necessary, re-nominate) expected gas flows for the Gas Day at each of the following existing NTS System Entry Points and NTS Exit Points at IPs:
  - 6.1. Moffat – GB/Ireland, GB/Northern Ireland (pending confirmation of capacity arrangements at Moffat)<sup>10</sup>;
  - 6.2. Bacton IUK – GB/Belgium; and
  - 6.3. Bacton BBL – GB/Holland<sup>2</sup>.
7. Any future IPs that connect to the GB National Transmission System will also be subject to the requirements detailed within these Business Rules.
8. These Business Rules cover the following principal areas:
  - 8.1. Nominations;
  - 8.2. Re-nominations;
  - 8.3. Rejection or Revision of Nominations and Re-nominations;
9. The rules are structured such that specific provision for the processing of Nominations and separately, Re-nominations are supplemented by general rules and rejections rules which are applicable to both. These provisions are preceded by a General Provisions (definitions and assumptions) section which apply to the rules overall.

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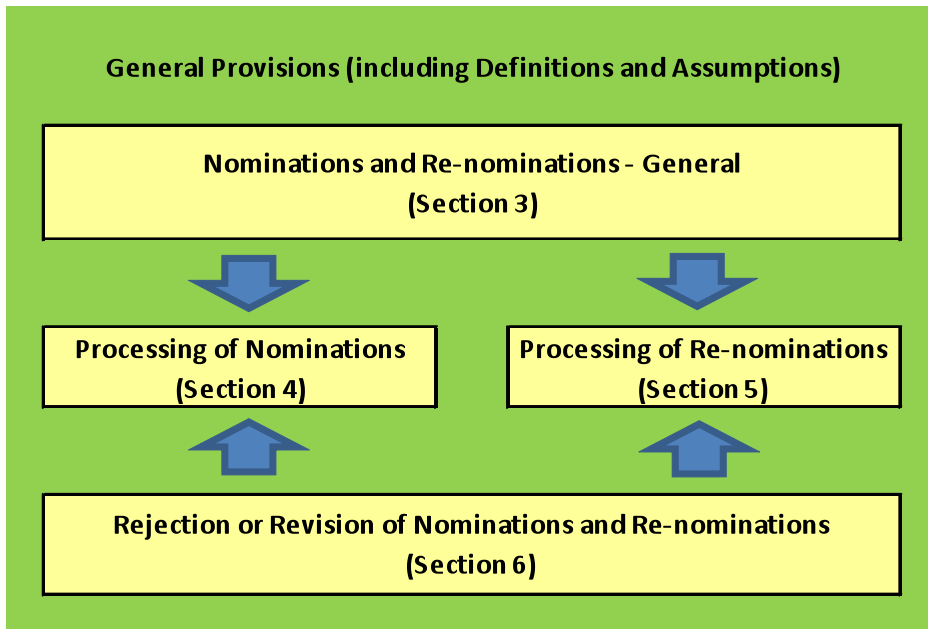
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<sup>10</sup> Physical flow is only possible in one direction however commercial nominations are possible in either direction © 2014 all rights reserved





## **2. General Provisions**

### ***Units* [BC 12(1)]**

10. All gas quantities specified in Nominations and Re-nominations must be in kWh/d.

### ***Additional requirements* [BC 12(2)]**

11. The Network Code on Gas Balancing of Transmission Networks sets a minimum information standard for Nominations and Re-nominations. The UNC may identify additional information requirements. See paragraph 56 which outlines the assumption that there are no additional information requirements.

### ***Application to Capacity Products* [BC 12(3)]**

12. The high level Nomination and Re-nomination rules which are applicable to Unbundled Capacity shall also apply in respect of Bundled Capacity though the detailed processes differ in a number of areas. Transporters are required to co-operate to implement rules for Nomination and Re-nomination of Bundled Capacity at IPs.

### ***Interaction with Capacity Allocation Mechanism / CMP* [BC 12(4)]**

13. The following aspects are relevant to the Nominations / Matching Process and the Capacity Allocation Mechanism/ CMP

- 13.1. Single Nomination concept – the capability of a single Nomination to inform both Transporters at an IP of the intended gas flow out of, and in to the respective networks (see paragraph 65.1).
- 13.2. Notification of Capacity Interruption by the Transporter – subject to separate CAM/CMP Business Rules.
- 13.3. GB rules for the management of the Nomination or Re-nomination of a quantity of gas flow in excess of the User's prevailing level of Entry Capacity Entitlement or Exit Capacity Entitlement (as applicable) and the constraint management tools available to address capacity restrictions including Capacity Buyback, Interruptible Capacity Scaleback.

- 13.4. Re-nomination restrictions (but assumed not to be applied for GB at this current time) - at an IP where this congestion-management procedure applies ("the Firm day-ahead use-it-or-lose-it mechanism") a User may be subject to a restriction in their rights to Re-nominate against their firm capacity entitlement.

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## Definitions [BC 3]

14. For the purposes of this document, National Grid means National Grid plc in its capacity as the Transmission System Operator (TSO) of the Gas National Transmission System in Great Britain.
15. The definitions in Article 2 of Regulation (EC) No 715/2009<sup>11</sup>, and Article 2 of Directive 2009/73/EC<sup>12</sup> shall apply and are shown with leading capitals.
16. In addition, the following definitions shall apply. For the purposes of clarification, the following table details the equivalent definition for terms specified within the respective Codes and clarifies which term is utilised within these Business Rules. The wording of individual definitions may have been altered cosmetically from that specified in relevant Code (as per the cross references noted) to match the context of these Business Rules.

Business Rules Term	EU Network Code (Balancing Code, Interoperability Code or Capacity Allocation Mechanism) Term	GB Network Term	Uniform Code
Available Capacity Rate		Available Capacity Rate	
Balancing Portfolio Identification	balancing portfolio		
BST			
Bundled Capacity	bundled capacity		
Confirmed Quantity	confirmed quantity		
Double Sided Nomination			
Double Sided Re-nomination			
Entry Capacity Entitlement			
Exit Capacity Entitlement			
Exceptional Event	exceptional event	Transportation Constraint	
Gas Day	gas day	Gas Day	
GMT			
Implied Nomination Flow Rate		Implied Nomination Flow Rate	
Initiating Transporter	initiating Transmission System Operator (TSO)	(Transporter)	
Interconnection Point (IP)	interconnection point (IP)		
Matching Process	matching process		
Matching Transporter	Matching Transmission System Operator	Transporter	
Nomination		Nomination	
Over-nomination	over-nomination		
Overrun Charges		Overrun Charges	
Preceding Day		Preceding Day	
Processed Quantity	processed quantity		
Related			
Re-nomination		Re-nomination	
Re-nomination Cycle	Re-nomination cycle		
Shipper Short Code			
Single Sided Nomination			
Single Sided Re-nomination			
Transporter	Transmission System Operator	Transporter	
Unbundled Capacity			

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<sup>11</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0036:01:EN:HTML>

<sup>12</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32009L0073:EN:NOT>

User	network user / shipper	User
User Agent		User Agent
User's Counterparty		
UTC	UTC	

17. **'Available Capacity Rate'** means in relation to an IP the rate (in kWh/hour) of daily Entry Capacity Entitlement determined in accordance with UNC TPD B2.4.15(a) or daily Exit Capacity Entitlement determined in accordance with UNC TPD Annex B-1 3.9(d)(ii) [UNC TPD B];
18. **'Balancing Portfolio Identification'** means a unique reference for the grouping of a User's inputs and offtakes [BC 3(13)];
19. **'BST'** means British Summer Time;
20. **'Bundled Capacity'** means a standard capacity product offered on a firm basis which consists of corresponding entry and exit capacity at both sides of every IP [CAM 3(4)];
21. **'Confirmed Quantity'** means the quantity of gas confirmed by a Transporter to a User to be scheduled or re-scheduled to flow on a gas day [BC 3(8)];
22. **'Double Sided Nomination'** and **'Double Sided Re-nomination'** are as defined in paragraph 65.2;
23. **'Entry Capacity Entitlement'** means the sum of Firm Entry Capacity and Interruptible Entry Capacity which the User has acquired at the relevant IP for a Gas Day (Prevailing entitlement can be altered by User capacity trade, TSO buyback or TSO interruptible scaleback) [UNC TPD B];
24. **'Exit Capacity Entitlement'** means the sum of any Firm Exit Capacity and Interruptible Exit Capacity which the User has acquired at the relevant IP for a Gas Day (Prevailing entitlement can be altered by User capacity trade, assignment, TSO buyback or TSO interruptible scaleback) [UNC TPD B];
25. **'Exceptional Event'** means any unplanned event that may cause, for a limited period, capacity reductions, affecting thereby the quantity or quality of gas at a given IP, with possible consequences on interactions between Transporters as well as between Transporters and Users [INT 2(1)(a)];
26. **'Gas Day'** means the period from 5:00 to 5:00 the following day [CAM 3(7)];
27. **'GMT'** means Greenwich Mean Time;
28. **'Implied Nomination Flow Rate'** means the rate (in kWh/ hour) determined in accordance with UNC TPD B1.8 [TPD C];
29. **'Initiating Transporter'** means the Transporter initiating the Matching Process by sending the necessary data to the Matching Transporter [INT 2(1)(b)];
30. **'Interconnection Point'** or **'IP'** means a physical or virtual point connecting adjacent entry-exit systems or connecting an entry-exit system with an interconnector, in so far as these points are subject to booking procedures by Users [CAM 3(10)];
31. **'Matching Process'** is the process of comparing and aligning Processed Quantities of Users at both sides of a specific Interconnection Point, which will result in confirmed quantities for the Users [INT 2(1)(d)];
32. **'Matching Transporter'** means the Transporter performing the Matching Process and sending the result to the Initiating Transporter [INT 2(1)(e)];
33. **'Nomination'** means a Single Sided Nomination or a Double Sided Nomination; 0493
34. **'Over-nomination'** means where offered, the entitlement of Users who fulfil minimum requirements for submitting Nominations to request interruptible capacity at any time within the Gas Day by submitting a Re-nomination which increases the total of their Nominations to a level higher than their prevailing Entry Capacity Entitlement or Exit Capacity Entitlement (as appropriate) [CAM 3(12)];

35. **'Overrun Charges'** means the charges payable by a User in respect of use of the system for gas quantities (in this context the allocation) in excess of the User's Entry Capacity Entitlement or Exit Capacity Entitlement (as applicable) at the IP [UNC TPD B1.3.1];
36. **'Preceding Day'** means the Gas Day prior to the relevant Gas Day [UNC GT C2.2.1(d)];
37. **'Processed Quantity'** means the quantity of gas assessed by each Transporter, which takes into account the User's Nomination (respectively Re-nomination) and contractual provisions as defined under the relevant transportation contract [INT 2(1)(h)];
38. **'Related'** means, in the context of Nominations and Re-nominations, those which seek to supercede a previously submitted Nomination or Re-nomination prior to the Nomination deadline or the commencement of the Re-nomination Cycle respectively;
39. **'Re-nomination'** means a Single Sided Re-nomination or a Double Sided Re-nomination;
40. **'Re-nomination Cycle'** means the process carried out by the Transporter in order to notify the User of the Confirmed Quantity following the receipt of a Re-nomination [BC 3(16)];
41. **'Shipper Short Code'** means the three letter code used by National Grid to uniquely identify a gas shipper<sup>13</sup> in its gas balancing and invoicing systems;
42. **'Single Sided Nomination'** and **'Single Sided Re-nomination'** are as defined in paragraph 65.1;
43. **'Transporter'** means an entity that carries out the function of gas transmission and is responsible for operating, ensuring the maintenance of, and if necessary, developing the transmission system in a given area and, where applicable its interconnections with other systems and for ensuring the long-term ability of the system to meet reasonable demands for the transport of gas [Article 2 of Directive 2009/73/EC];
44. **'Unbundled Capacity'** means a standard capacity product offered on a firm basis which consists of entry or exit capacity at one side of an IP;
45. **'User'** means a gas shipper holding a legally binding agreement with a transmission system operator defining the respective rights and obligations related to, as a minimum, balancing [Article 2 of Regulation (EC) No 715/2009];
46. **'User Agent'** means a person who has been appointed as agent of a User in accordance with the Uniform Network Code [UNC TPD V6.1.2];
47. **'User's Counterparty'** means the User who delivers gas to or receives gas from a User at an IP' [BRS 551];
48. **'UTC'** means Coordinated Universal Time a more scientifically accurate version of GMT – the difference between the respective measures cannot exceed 0.9 seconds;

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<sup>13</sup> It is assumed that Shipper Short Codes will continue but EIC codes may supplement. Further information may be forthcoming in the future.

## **Current Assumptions**

### Principles

49. The UK regime will continue to operate to a daily balancing regime using daily nominations. [BC 16(1)].
50. The EU Codes afford Transporters discretion in the application of rejection criteria however the GB regime will continue whereby Nominated gas quantities and Re-nominated gas quantities will not be validated by National Grid against any prevailing Entry Capacity Entitlement or Exit Capacity Entitlement (as appropriate) except in the case of an Exceptional Event. Any quantities of gas allocated to NTS Users in excess of Entry Capacity Entitlement or Exit Capacity Entitlement will accrue Overrun Charges and will not be classified as Over-nomination requests for within-day interruptible capacity. For the avoidance of doubt other validation (for example, minimum data requirements) will be applied as described in these Business Rules.
51. Agency services currently in place at IPs will be redundant as National Grid will perform the matching / allocation role with adjacent Transporters however this does not preclude a User from appointing a User Agent to submit Nominations or Re-nominations on its behalf.
52. Two way (and not three way) capacity bundling at Interconnection Points will apply (consistent with v0.4 CAM/CMP Business Rules assumptions).
53. The Transporters will inform all Users at the IP of the identity of the Initiating Transporter such that Users wishing to submit a Single Sided Nomination or Single Sided Re-nomination are aware of which Transporter to send such information to.
54. Nomination and Re-nomination of quantities against:
  - 54.1. Bundled Capacity products may be submitted via a Single Sided Nomination (the 'single nom concept'). [CAM 19(7)]
  - 54.2. Unbundled Capacity products should be submitted via Double Sided Nominations. [National Grid is in discussions with its Adjacent Transporters on the possible application of a Single Sided Nomination to Unbundled Capacity].
55. A User holding both Bundled Capacity and Unbundled Capacity at an IP may submit separate Single Sided Nominations and Double Sided Nominations respectively.

### Data

56. In respect of Nominations at IPs, at present National Grid has not identified any additional information requirements (over and above those specified in these Business Rules) but intends to maintain the requirement for the provision of flow notifications from operators at NTS entry and exit points (i.e DFNs and OPNs).
57. Users of the NTS will not be required to specify a Balancing Portfolio Identification in their Nominations as sufficient clarity regarding the User's Counterparty is obtained by identification of the relevant User (Shipper Short Code).
58. Whereas times within the EU Codes are specified in UTC, for the purposes of simplification references to times of the day within these business rules are to official time in the United Kingdom (GMT in the months November to March and BST in the months April to October). In the months November to March UTC and GMT are roughly equivalent and in the months April to October, BST is one hour in advance of UTC / GMT.

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59. For the purposes of communicating data between Transporters and Users, 'Edig@s xml' documents<sup>14</sup> will be utilised as follows:

Business Rules Paragraph	Transaction	From	To	Edig@s xml Document
66	Acknowledgment of receipt of a transaction	Any	Any	Acknowledgment Document (ACKNOW)*
89	Rejection of a transaction	Any	Any	Acknowledgment Document (ACKNOW)*
0	Submission of a Nomination or Re-nomination	User	Transporter	Nomination Document (NOMINT)**
77, 87	Notification of Confirmed Quantity	Transporter	User	Nomination Response Document (NOMRES)**
98	Inability to complete Nomination Matching Process	Transporter	User	Nomination Response Document (NOMRES)**

\* Edig@s Message Implementation Guidelines Section VI 'General Service Processes' (Version 5.0)

\*\* Edig@s Message Implementation Guidelines Section III 'Nomination and Matching Process' (Version 5.1)

It is recommended that the above documents are read in conjunction with the ENTSOG Business Requirements Specification

## Process

60. Whilst Article 14(4) of the Balancing Code makes provision for the Transporter to agree to offer a *Pre-nomination cycle*, National Grid will not be offering such a service as no benefits have been identified for doing so.
61. The Re-nomination deadline will be the earliest time permitted by the Balancing Code i.e. 02:00 on the Gas day being 3 hours before the end of the Gas Day. Consequently, in this case the Confirmed Quantity will be provided to the User by 04:00, one hour prior to the conclusion of the Gas Day.
62. Nominations can be submitted from D-30 as per the UNC (the EU Balancing Code is silent on this point). This is a National Grid Policy decision that is consistent with the current GB arrangements.
63. National Grid and the adjacent Transporter will agree a default nomination rule to be applied where a User does not submit a valid Nomination by the Nomination deadline [BC 14(5)]. National Grid's preference is to mirror the provisions of UNC TPD C2.2.6 and C3.2.4 whereby the User shall be deemed to have made a Nomination with a nominated gas quantity of zero at the Nomination deadline.
64. Neither the Balancing Code nor the BRS specifically provide for circumstances where inter-Transporter communications during the Matching Process are not provided within the timescales prescribed by the Balancing Code or BRS. In light of the specific Balancing Code rules regarding the timely provision of Nomination

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<sup>14</sup> The use of Edig@s xml documents and associated data exchange protocols will be mandated in the Interoperability Code.

and Re-nomination responses to Users, a policy decision to effectively declare a 'matching failure' to the User is provided for in these Business Rules as described in paragraph 98.

### **3. Nominations and Re-nominations - General**

65. A Nomination or Re-nomination is submitted by a User to the relevant Transporter to inform the Transporter/s of the quantity of gas which is requested to be delivered to or offtaken from a Transporter's network at an IP on a Gas Day or, where relevant in respect of Re-nominations, the remainder of a Gas Day.
- 65.1. A '**Single Sided Nomination**' or '**Single Sided Re-nomination**' is 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 which should relate to Bundled Capacity (i.e. *one* User holds Bundled Capacity with both adjacent Transporters and requires gas to flow out of and into the respective networks at the IP).[\[BRS 175, CAM 19\(7\)\]](#)
- 65.2. A '**Double Sided Nomination**' or '**Double Sided Re-nomination**' is 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 which should relate to Unbundled Capacity. One Nomination or Re-nomination 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. (i.e. it is possible that the User/s request to flow gas out of a network is made by a different User to that intending to flow gas into a network or they could be the same User). [\[BRS 180\]](#)
66. National Grid will acknowledge receipt of a Nomination or Re-nomination to:
- 66.1. a User submitting a Double Sided Nomination (or Re-nomination) [\[BRS 192\]](#);
- 66.2. a User submitting a Single Sided Nomination (or Re-nomination) where National Grid is the Initiating Transporter [\[BRS 192\]](#);
67. In the event that a User nominates or re-nominates a gas quantity to National Grid in excess of the User's Entry Capacity Entitlement or Exit Capacity Entitlement (as applicable) at the IP:
- 67.1. this quantity will become the Processed Quantity and following completion of the Matching Process subject to paragraph 93, the amount will become the Confirmed Quantity; and
- 67.2. the User shall be liable to pay the relevant Overrun Charges to National Grid in accordance with the UNC TPD Section B for any gas allocated to that User above its Entry Capacity Entitlement or Exit Capacity Entitlement (as applicable) at the end of the day.
68. The short term standardised products (as defined in the EU Balancing Code) are consistent with the balancing tools used in 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 at the specified entry/exit needs to be amended (via a Re-nomination) by an amount equal to the notification quantity, it should be noted that the lead time for a Re-nomination at IPs differs to GB: [\[BC 7\(4\)\]](#)
- 68.1. The UNC specifies that in relation to a Physical Market Transaction, the "Contract Re-nomination Time" is the later of 19:00 hours on the Day preceding the Market Offer Date (the Day which is to be the Gas Flow Day in respect of the Trade Nomination) and that time falling 60 minutes after notification by the Trading System Operator to National Grid of the Transaction Details, but not later than 04:00 hours on the Market Offer Date.
- 68.2. The Re-nomination Cycle in respect of Re-nominations at IPs (as described in Section 5) operates on a two hour (120 minutes) confirmation lead time.

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69. Where the quantity of gas to be delivered an/or offtaken needs to be revised due to the circumstances described in paragraph 68 Users will have up to the commencement of the following Re-nomination Cycle to submit one or more Re-nominations 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

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previously determined (and consequently the Confirmed Quantity) to reflect the trade notification quantity in accordance with the following:

- 69.1. Where the User which has more than one relevant Confirmed Quantity effective for the relevant Gas Day, National Grid shall apply the revision to the Processed Quantities (as described in paragraph 96) in proportion to the User's latest Confirmed Quantities determined prior to the revision; and
- 69.2. Where more than one relevant Confirmed Quantity has been amended by National Grid NTS in accordance paragraph 69.1, 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.

#### **4. Processing of Nominations [BC 13 and BC 14]**

70. Users at an IP are entitled to submit to National Grid a Single Sided Nomination (where National Grid is the Initiating Transporter) or Double Sided Nomination in respect of the Gas Day between D-30 and 13:00 on the Preceding Day (the Nomination deadline). [BC 14(1)]
71. National Grid will only process the latest valid Related Nomination submitted by the User prior to the Nomination Deadline. [BC 14(2)]
72. All the reasons for rejection of a Nomination are covered in section 6 including those relating to content and nominated quantities.

#### **Nomination Content**

73. A Nomination will contain as a minimum [BC 13]
  - 73.1. The identity of the IP [BC 13(1), BRS 374];
  - 73.2. The Nomination type (i.e. Single Sided Nomination or Double Sided Nomination) [BRS 376];
  - 73.3. The direction of gas flow [BC 13(2)];
  - 73.4. The identity of the User (shipper short code) [BC 13(3), BRS 378];
  - 73.5. The identity of the User's Counterparty (including Balancing Portfolio Identification if applicable) [BC 13(4), BRS 383];
  - 73.6. The start and end time of gas flow (05:00 to 05:00) [BC 13(5), BRS 388];
  - 73.7. The date of commencement of the relevant Gas Day [BC 13(6), BRS 372];
  - 73.8. The nominated gas quantity (in kWh/d) [BC 13(7), BRS 395].

#### **Nominations Validation and Matching**

74. National Grid will validate that the Nomination complies with the Nomination content requirements specified in paragraph 73. [BRS 189]
75. National Grid will further validate that the quantity of gas nominated is not a negative value. [BC 17(1)] This validation is expected to be delivered via the relevant Edig@s message as the appropriate data field does not allow specification of a negative nomination value.
76. National Grid will determine a Processed Quantity and with its adjacent Transporter will undertake a Matching Process with the Adjacent Transporter's Processed Quantity in order to determine a consistent Confirmed Quantity.

#### **Confirmation to User**

77. For all Nominations (where National Grid is the Matching or Initiating Transporter) National Grid will issue notice to the relevant User specifying the Confirmed



Quantity (which will become the prevailing Confirmed Quantity and may be different to the quantity nominated by the User) by 15:00 on the Preceding Day. [INT 8(5)(c)(iii), BC 14(3), BRS 270]

### **Contingency**

78. Where a User does not submit any valid Nominations by 13:00 on the Preceding Day the default nomination rule (as referred to in paragraph 63) shall apply. [BC 14(5)]

### **5. Processing of Re-nominations** [BC 13 and BC 15]

79. Users at an IP are entitled to submit to National Grid Single Sided Re-nominations (where National Grid is the Initiating Transporter) or Double Sided Re-nominations in respect of the Gas Day between 15:00 on the Preceding Day and 02:00 on the Gas Day. [BC 15(1)]
80. National Grid will undertake a Re-nomination Cycle at the start of each hour within the period specified in paragraph 0 for Re-nominations using the latest valid Related Re-nomination submitted by the User prior to the start of the relevant hour. Accordingly, the first such Re-nomination Cycle will commence at 16:00 on the Preceding Day. [BC 15(1) and 15(2)]
81. All the reasons for rejection of a Re-nomination are covered in section 6 including those relating to content and re-nominated quantities.

### **Re-nomination Content**

82. A Re-nomination will contain as a minimum [BC 13]
- 82.1. The identity of the IP [BC 13(1), BRS 374];
- 82.2. The Re-nomination type (i.e. Single Sided Re-nomination or Double Sided Re-nomination) [BRS 376];
- 82.3. The direction of gas flow [BC 13(2)];
- 82.4. The identity of the User (shipper short code) [BC 13(3), BRS 378];
- 82.5. The identity of the User's Counterparty (including Balancing Portfolio Identification if applicable) [BC 13(4), BRS 383];
- 82.6. The start and end time (i.e. 05:00) of gas flow [BC 13(5), BRS 388];
- 82.7. The date of the commencement of the relevant Gas Day [BC 13(6), BRS 372];
- 82.8. The Re-nominated gas quantity (in kWh/d) [BC 13(7), BRS 395].

### **Re-nominations Validation and Matching**

83. National Grid will validate that the Re-nomination complies with the Re-nomination content requirements specified in paragraph 82. [BRS 189]
84. National Grid will further validate that the quantity of gas Re-nominated is not a negative value (this validation is expected to be delivered via the relevant Edig@s message as the appropriate data field does not allow specification of a negative nomination value) and does not result in a negative implied Nomination flow rate (see paragraph 86 and 90.4). [BC 17(1)]
85. National Grid will determine a Processed Quantity and with its adjacent Transporter will undertake a Matching Process with the Adjacent Transporter's Processed Quantity in order to determine a consistent Confirmed Quantity.

### **Negative Nomination Flow Rate**

86. A negative Nomination flow rate is implied where the result of the following formula is a negative value: [\[BC 17\(1\)\(a\)\(iii\)\]](#)

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

### Confirmation to User

87. National Grid will issue notice to the User specifying the Confirmed Quantity (and the relevant commencement time) within two hours of the commencement of the relevant Re-nomination Cycle i.e. up to 04:00 on the Gas Day. [\[BC 15\(3\), INT 8\(5\)\(c\)\(iii\), BRS 270\]](#)
88. The change in flow level will be effective from two hours following the commencement of the relevant Re-nomination Cycle unless [\[BC 15\(3\)\]](#) (subject to the agreement of the adjacent Transporter) the User specifies a later commencement time (up to 03:00).

## 6. Rejection or Revision of Nominations and Re-nominations [\[BC 17\]](#)

### Rejections

89. National Grid may reject a Nomination or Re-nomination (for reasons specified in paragraph 90) but must notify the User within two hours following: [\[BC 17\(1\)\]](#)
- 89.1. In the case of Nominations, the Nomination deadline; or
- 89.2. In the case of Re-nominations, the commencement of the relevant Re-nomination Cycle.
90. The reasons for rejection are: [\[BC 17\(1\)\]](#)
- 90.1. The information described in paragraph 73 and 82, for Nominations and Re-nominations respectively, is not present and/or incorrect;
- 90.2. It has not been submitted by the User or the relevant User Agent; or
- 90.3. In an Exceptional Event where the nominated or Re-nominated quantity/ies exceeds the User's Entry Capacity Entitlement or Exit Capacity Entitlement (as applicable) at the IP (subject to paragraph 93); or
- 90.4. where a Re-nominated gas quantity is a negative value or results in a negative implied flow rate (see paragraph 86).
91. National Grid is not able to reject a Nomination or Re-nomination on the basis that the User's system inputs will not be equal to its outputs. [\[BC 17\(2\)\]](#)
92. If a Re-nomination is rejected, the previous Confirmed Quantity will be applicable. [\[BC 17\(3\)\]](#) (unless the Confirmed Quantity is revised in accordance with paragraph 93).

### Revisions

93. The application of the current constraint management processes defined in the System Management Principles Statement may necessitate amendment of a User's Nominations and Re-nominations due to the occurrence of an Exceptional Event or in an emergency situation where there is an evident danger to system security and stability. In such cases National Grid may undertake the following actions:
- 93.1. National Grid may determine the Processed Quantity as a value
- 93.1.1. equal to the User's Firm Entry Capacity Entitlement or Firm Exit Capacity Entitlement (as applicable); or

- 93.1.2. that ensures the Implied Nomination Flow Rate (kWh/h) does not exceed the Available Capacity Rate (kWh/h).
- 93.2. National Grid may utilise one of the constraint management tools available to it which revises the User's capacity entitlement. In such cases the Processed Quantity will be revised by a Transporter to a value equal to the User's revised Firm Entry Capacity Entitlement (or Firm Exit Capacity Entitlement) or to a value reflective of the residual gas quantity following the User's trade (as applicable). [BC 17(4)]
- 93.3. In an emergency situation only, National Grid may determine the Processed Quantity to a value it deems appropriate to address the emergency situation.
94. Where National Grid revises the Processed Quantity as described in paragraphs 93.2 or 93.3 National Grid will advise Ofgem subsequent to undertaking such actions [BC 17(4)].
95. Where pursuant to paragraph 93 National Grid wishes 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.
96. Where National Grid revises its Processed Quantity pursuant to paragraph 95 it will undertake a Matching Process with its Adjacent Transporter and will notify the relevant User of the revised Confirmed Quantity within two hours of the commencement of the subsequent Re-nomination Cycle as per paragraph 87.

### **Processing Errors**

97. In addition to those circumstances described in paragraph 90, additional grounds for rejection may arise due to the absence of sufficient information to enable the Matching Processes (in respect of Double Sided Nominations and Double Sided Re-nominations) to be completed [BRS 329]. In such cases:
- 97.1. Where the Initiating Transporter does not receive a Nomination or Re-nomination and hence it is not able to identify the relevant User or provide its Processed Quantity to the Matching Transporter within the prescribed timescale, the Matching Transporter will reject the Nomination or Re-nomination it has received; or
- 97.2. Where the Matching Transporter does not receive a Nomination or Re-nomination and hence it is not able to identify the relevant User or provide its Processed Quantity and the Confirmed Quantity to the Initiating Transporter within the prescribed timescale, the Initiating Transporter will reject the Nomination or Re-nomination it has received.
98. Where National Grid is not able to complete the Matching Process and subsequently provide the Confirmed Quantity to a User within the timescales prescribed for the relevant Nomination or Re-nomination (as per paragraphs 77 and 87), National Grid will notify the User of such inability by the prescribed deadline [BRS 329]. The inability of National Grid to provide a Confirmed Quantity as described within this paragraph will arise where:
- 98.1. the Initiating Transporter does not receive the Matching Transporter's Processed Quantity and the Confirmed Quantity within the prescribed timescale; or
- 98.2. the Matching Transporter does not receive the Initiating Transporter's Processed Quantity within the prescribed timescale.
99. In the circumstances described in paragraph 97 or 98, the prevailing Confirmed Quantity from the latest valid Nomination or Re-nomination will apply. Where no prior Nomination or Re-nomination has been submitted, this value will be determined in accordance with the default nomination rule as specified in paragraph 63.

**- END OF BUSINESS RULES -**

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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 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 it is recognised that the deadline for implementation of the provisions of the EU Gas Balancing Code has been set as 01 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 01 October 2015.

Within the period from the proposed implementation date of 01 September 2015 to 30 September 2015 (inclusive), User Nominations and Renominations in respect of:

- Gas Days commencing up to and including 30<sup>th</sup> September 2015 will be subject to existing UNC provisions in place prior to implementation of this modification; and
- Gas Days commencing 01 October 2015 or later will be subject to the new rules in place as a consequence of the implementation of this modification.

## 6 Legal Text

### Text

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

A document “Legal Text Explanatory Note” explains how the Solution and Business Rules have been converted into Legal Text and is published with the Text.

Also published on the Joint Office website is a document “Approach to Legal Text for European Modifications”, which sets out the treatment of Text for European

modifications. It should be read in conjunction with the skeleton version of the proposed European Interconnection Document (EID):

<http://www.gasgovernance.co.uk/EID>

For the avoidance of doubt, this modification introduces the EID into the UNC.

## 7 Recommendation

The Panel have recommended that this report is issued to consultation and all parties should consider whether they wish to submit views regarding this modification.

## 8 Appendix A: Balancing Code Extract

### 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;

- (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.
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.

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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;
  - (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;

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## 10 Appendix C: Interoperability Code Extract

### Chapter II Interconnection Agreements (Draft dated 18 December 2013)

#### 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-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

## 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.

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.