

# European Update



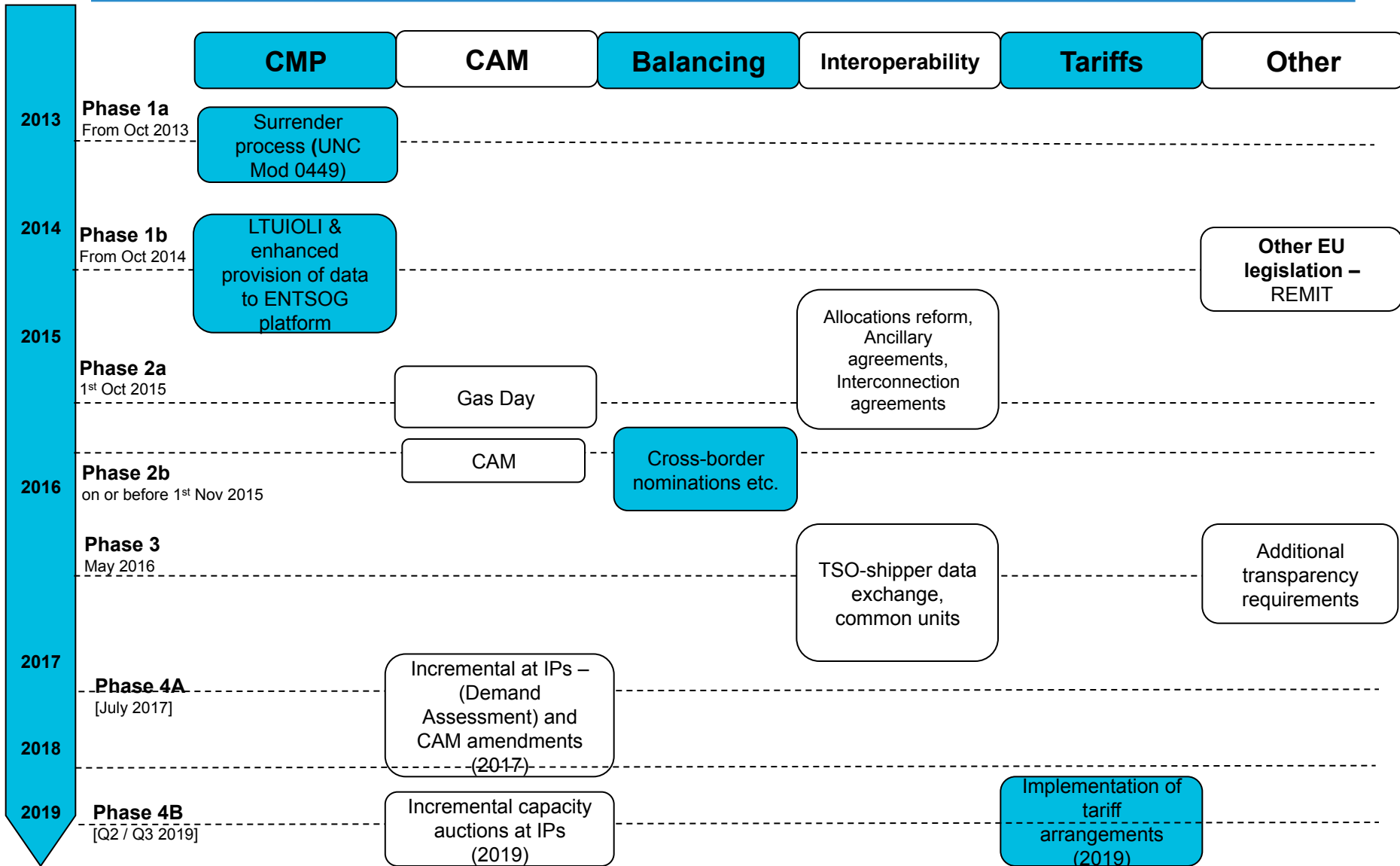
2<sup>nd</sup> June 2016

# 1. General Update

## Code Status Update

Code	Current Status	Implementation date
Congestion Management (CMP)	Implemented	1 <sup>st</sup> October 2013
Capacity Allocation Mechanism (CAM)	Implemented	1 <sup>st</sup> November 2015
Gas Balancing (BAL)	Implemented	1 <sup>st</sup> October 2015
Interoperability & Data Exchange (INT)	Code entered EU Law on 30 <sup>th</sup> April now Commission Regulation (EU) N0 703/2015	Some deliverable planned for 1 <sup>st</sup> October 2015, others by 1 <sup>st</sup> May 2016
Tariffs (TAR)	Under development	Applicable from [April 2018]
Incremental Capacity (& CAM amendments)	Under development	Applicable from [April 2017] Auctions applicable from [2019]

# Road Map





## 2. EU Code Updates

# EU Tariffs Code Update

May 2016

## EU Tariff Code Update

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- **28-29 April:** Informal Member State meeting
- Topics of interest to Member States
  - ACER review of charging methodology (most discussed topic); ACER guidance on regulatory accounting principles; Asset cost split; Storage discounts; pricing of backhaul; secondary adjustments, language of periodic consultation, existing contracts, implementation, article for interconnectors, and entry into force



## EU Tariff Code Update

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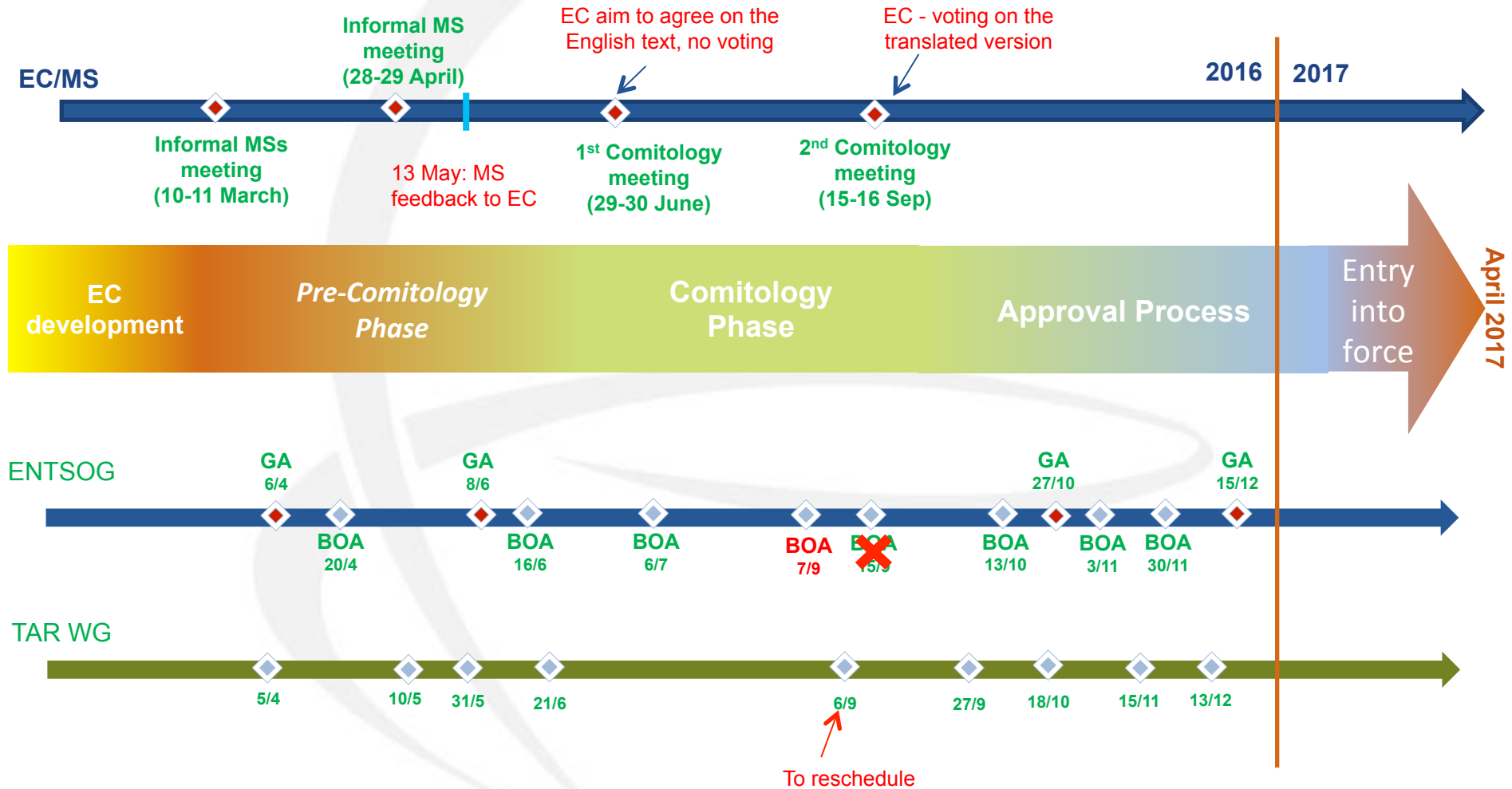
- **9 May** – DECC/Ofgem Stakeholder teleconference
  - Grandfathering, Short-haul, Multipliers at IPs, Storage
- **13 May** – deadline for MS comments to EC on TAR NC
  - EC to update TAR NC by taking account of comments
- **15 June** - The revised text of TAR NC will be provided prior to the Comitology meeting at the end of June;
  - The **Impact Assessment** will be provided for the June meeting

## EU Tariff Code Update

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- **29 June** – 1<sup>st</sup> Formal MS meeting chaired by EC, discussion on English version only – and IA TAR NC circulated by EC
- **15 September** – 2<sup>nd</sup> Formal MS meeting chaired by EC, and vote on translated versions
  - (date announced on 2 May by EC)
- **1 April 2017 (TBC)** – Entry into Force of TAR NC

# Expected Timeline Update



## EU Tariffs Code: current outlook

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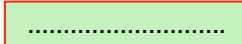
- **Implementation timescales (*Art 41*): TBC**
  - Regulation to apply from **[1 April 2018]**
    - Date in last published version: **1 January 2017**
  - RPM consultation and approval cycle to be concluded no later than **[31 May 2019]**
    - Date in last published version: **31 May 2018**
  - First annual auction impacted is **[July 2019]**
    - Date in last published version : **July 2018**

# Timeline for implementation (1/4)

## *Explanatory notice*

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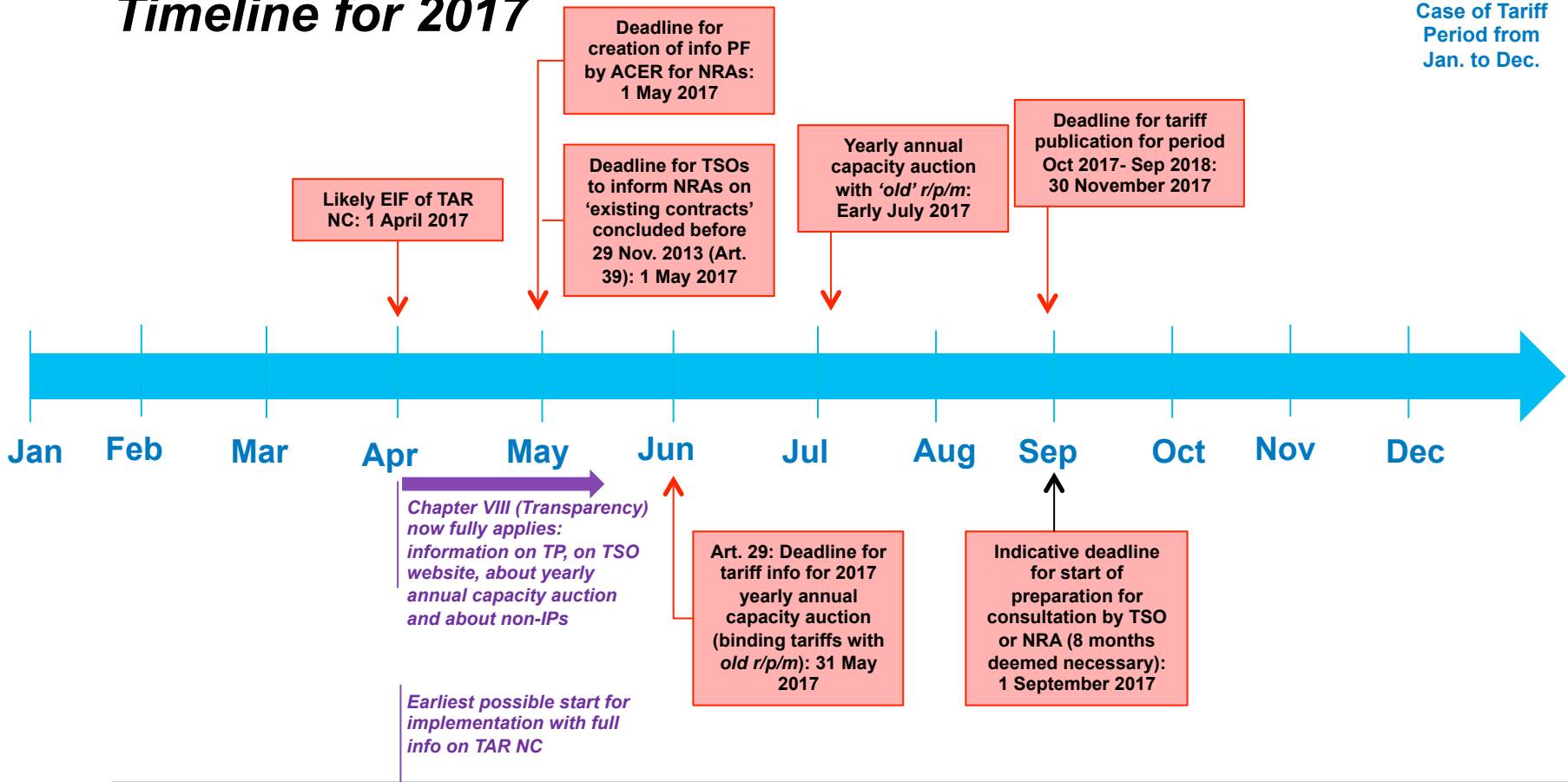
Deadlines provided in the following slides may be:

- Binding deadlines (pink boxes): 
  - they are defined in TAR NC as imperative deadlines, and are calculated with respect to specific dates in the code (e.g. the Entry into Force date, or the full application on 31 May 2019, or another date such as the yearly annual auctions in July)
  - → *no TSO will be allowed to miss this type of deadlines*
- Indicative deadlines (green boxes): 
  - they are not defined in the TAR NC in a strict way (e.g. 'at least...') or at all, and are calculated with respect to specific dates in the code and according to the suggestion for timescales made by the TAR BT in early 2016
  - → *if TSOs do not comply with these deadlines, this only means less time for the next steps in the implementation process and does not have strong consequences in general*

# Timeline for implementation (2/4)

## Timeline for 2017

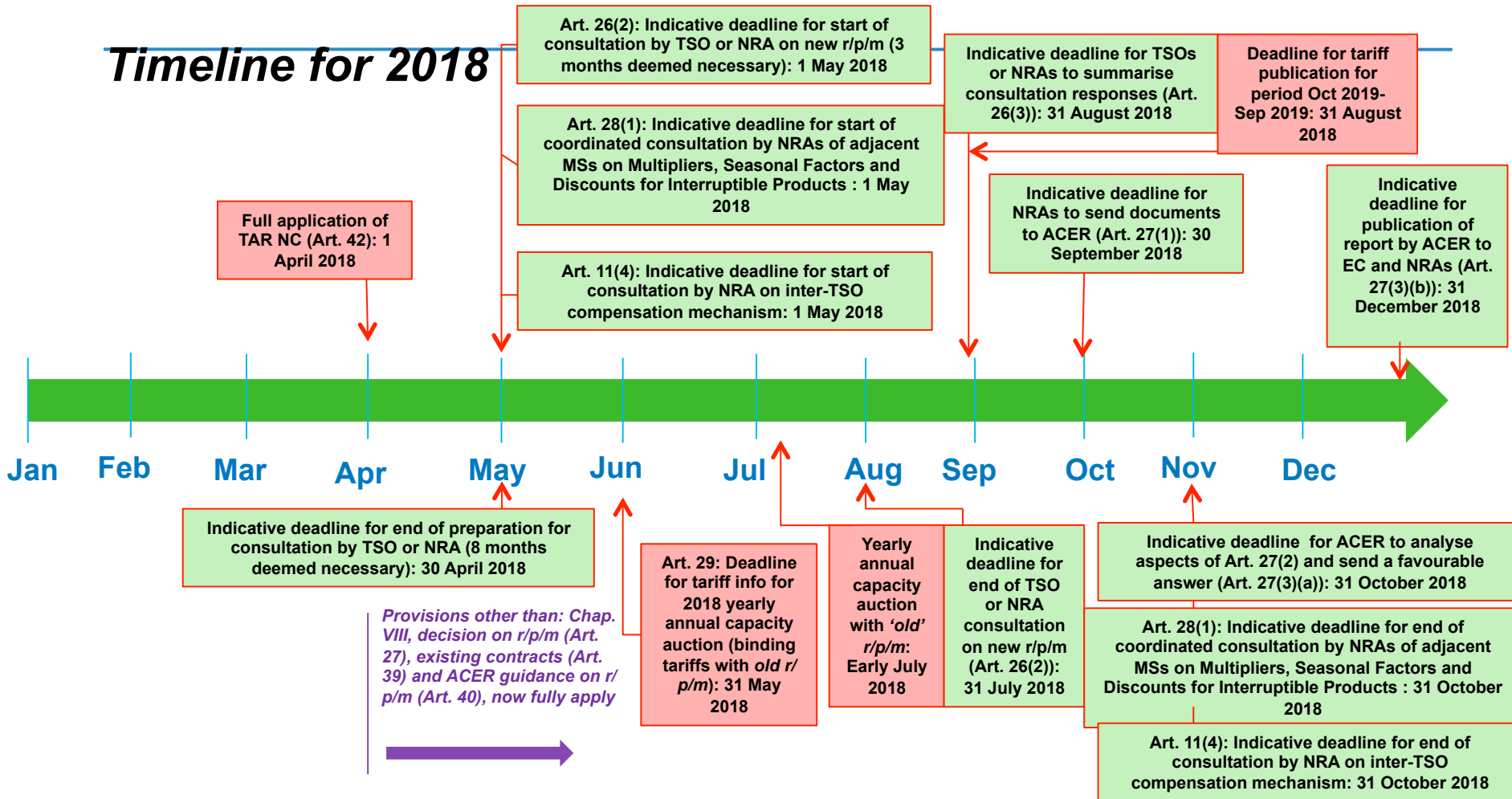
Case of Tariff Period from Jan. to Dec.



2017: EIF and start of implementation process

# Timeline for implementation (3/4)

## Timeline for 2018



2018: Ongoing implementation process

# Timeline for implementation (4/4)

## Timeline for 2019

31 March 2019: Indicative deadline for NRA motivated decision regarding new r/p/m on

- storage discounts, alternative products, commodity, non-transmission charges, fixed prices (Art. 27(4)),
- inter-TSO compensation mechanism (Art. 11(5)),
- multipliers, seasonal factors and discounts for interruptible products (Art. 28(1))

31 May 2019: deadline for

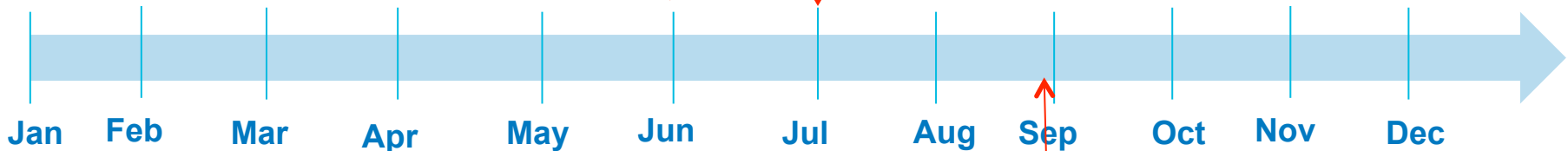
- NRA approval of tariffs with new r/p/m
- TSO or NRA to publish tariffs with new r/p/m for 2019 yearly annual capacity auction (*binding tariffs with 'new' r/p/m*)

31 May 2019:

- End of implementation of TAR NC for all European TSOs
- Start of 2<sup>nd</sup> iteration for review of r/p/m at least every 5 years

Yearly annual capacity auction with 'new' r/p/m: Early July 2019

Case of Tariff Period from Jan. to Dec.



30 April 2019: Indicative deadline for TSO or NRA update on new r/p/m calculations, tariffs for bundled products and Virtual Interconnection Points (VIP), and for preparation of publication

31 May 2019: all provisions of TAR NC are fully applied

Deadline for tariff publication for period Oct 2019- Sep 2020: 31 August 2019

2019: end of implementation process



# EU CAM Amendment / Incremental

# Further Changes following April 2016 Member States Meeting

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- **Article 11 (3):** now allows existing and incremental to be offered within the same 15 year period
- **Article 6 (1(a)(1)):** adds “in emergency situations the availability of capacities necessary for security of supply at interconnection points shall be ensured”
- **Article 8 (2):** adds that the approval of selling bundled capacity in competing auctions should be a coordinated approval by respective NRAs
- **Article 20b (6):** adds that if the relevant NRAs do not reach agreement on the alternative allocation mechanism, ACER will decide on the alternative allocation mechanism to be implemented.

## Main points raised by NGG

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- DECC & Ofgem invited GB stakeholders views to feed into the EU Commission request for Member States feedback
- ***Article 7a: Path Based Capacity***
  - GB only has a **firm capacity product and no path based capacity products**
  - Within GB, Users are able to apply for an NTS optional commodity charge (a discount to the standard commodity charge)
    - This discount in the context of GB is often referred to as Short haul. This is not a 'product' as firm = firm, this is a discounted rate
  - NGG propose to add possible text to avoid inefficient bypass of the Transmission System in Art 7a
    - We believe that this change facilitates both path based products and / or discount rates

## Main points raised by NGG

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- **Article 20d:** *withholding 10% of incremental capacity (20% for the alternative mechanism)*
  - GB does not currently withhold a percentage of incremental capacity
  - This may result in Users not getting allocated the 100% incremental signal or NGG overbuilding by the 10 or 20%
    - NGG support possible text change “national regulatory authorities shall set aside an amount **up** equal to 20% of the technical capacity” or to delete this text.

# Main points raised by NGG

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## ■ ***Article 20b Design Phase:***

- Support possible text change that the incremental processes may start at any time and not only after the annual yearly capacity auction

## ■ ***Article 19a : Alignment of T&Cs***

- TSOs to integrate the common terms into new transport contracts
  - NGG propose deletion of text

## ■ ***Potential Rolling Quarterly Auction:***

- In addition to the current Annual Quarterly auction
  - User demand for this additional new auction?
  - NGG propose that if this is required an appropriate lead time for implementation is needed i.e. (2018/19)

# Main points raised by NGG

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## ■ ***Article 27: Entry into Force***

- CAM Regulation is already in force from 1<sup>st</sup> Nov 15 so becomes directly applicable
  - Appropriate dates need to be inserted into CAM.

## Next Steps

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- 1st Comitology Meeting 29/30 June 2016
- 2nd Comitology Meeting Sep 2016
- Entry into Force [April 2017]?
  
- EC issued a Stakeholder Survey on draft amendments to CAM NC
  - Issued via the Joint Office 24 May
  - Feedback deadline 3 June 2016 to:  
[ENER-GAS-COMMITTEE@ec.europa.eu](mailto:ENER-GAS-COMMITTEE@ec.europa.eu).

# EU Gas Quality Update



# Actions TR0201 and TR0202: Oxygen Analysis

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- We delivered the carbon dioxide analysis at the May Workgroup
- The May Workgroup requested that National Grid NTS pursue the oxygen analysis if this can be delivered within the ENTSOG consultation period
- We are continuing to work on this and will publish it shortly

## Wobbe Index Harmonisation

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- CEN's initial meeting to start the 'pre-normative' phase of Wobbe Index harmonisation took place on 24<sup>th</sup> May 2016
- National Grid NTS is not attending this meeting but will seek feedback from it and communicate this at the Workgroup meeting

# ENTSOG Consultation on Issues and Impacts Related to the CEN Gas Quality Standard

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- This consultation has been published on the Interoperability section of ENTSOG's website <http://www.entsog.eu/publications/interoperability>
- The deadline for responses is 15<sup>th</sup> July 2016
- Are the questions sufficiently clear?
  - National Grid NTS will provide an opportunity for stakeholders to raise any questions / uncertainties about the questionnaire at the Workgroup meeting

# ENTSOG Gas Quality Outlook

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- ENTSOG is obliged under the Interoperability Code to produce a biennial Gas Quality Outlook Report
- The first such report is to be published in December 2016 with the Ten Year Network Development Plan (TYNDP) for 2017
- The concept and methodology for the gas quality outlook was presented during the stakeholder workshops in early 2016 as part of the TYNDP concept engagement process
- The projection will combine TYNDP supply and demand scenarios with gas quality data gathered from TSOs for each EU transmission entry point
- The outlook will assume gas quality per supply source will not change significantly with respect to the historical data gathered from TSOs
- Wobbe Index and CV ranges will be produced for different regions
- The next TYNDP stakeholder session is scheduled for 10<sup>th</sup> July 2016 in Brussels

# Gas Quality and Balancing Information Provision Consultation

# Gas Quality and Balancing Information Provision Consultation

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- This consultation was published on 4<sup>th</sup> April 2016 and closed on 20<sup>th</sup> May 2016, published at:
  - <http://www.gasgovernance.co.uk/sites/default/files/Information%20Provision%20Consultation%20FINAL.pdf>
- Three responses have been received
- We are currently assessing the responses and will share the outcomes and our proposed way forward at the July 2016 Workgroup
- Any questions or queries in respect of this consultation should be sent to [jennifer.randall@nationalgrid.com](mailto:jennifer.randall@nationalgrid.com)

## Future Topics

# Future Topics

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Topic Area	Provisional Date
Tariffs Code	Monthly updates whilst progressing through comitology
Incremental Code	Monthly updates whilst progressing through comitology
EU Gas Quality	Monthly updates