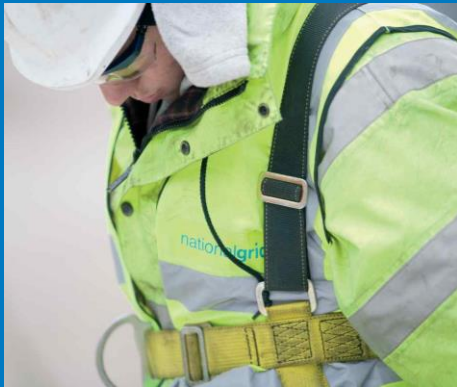


European Update



1st October 2015

1. General Update

Code Status Update

Code	Current Status	Implementation date
Congestion Management (CMP)	Implemented	1 st October 2013
Capacity Allocation Mechanism (CAM)	Approved for implementation at EU IPs	1 st November 2015
Gas Balancing (BAL)	Approved for implementation 26 th March 2014	1 st October 2015
Interoperability & Data Exchange (INT)	Code entered EU Law on 30 th April now Commission Regulation (EU) No 703/2015	Some deliverables planned for 1 st October 2015, others by 1 st May 2016
Tariffs (TAR)	Under development	Estimated earliest mid January 2017. Applicable from October 2017
Incremental Capacity	Under development	Applicable from March 2017

Gas Codes Timeline

Status of Development of European Gas Network Codes

Future dates are subject to change

Dates shown in *italics* are best approximations based on current understanding.

It has been necessary to 'round' some dates for the benefits of the diagram

KEY	
	Activities undertaken by ACER
	Activities undertaken by ENTSOG
	Activities undertaken by European Commission

Network Code / Guideline	TODAY												2015												2016												2017												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Congestion Management Principles (CMP)																																																	
Capacity Allocation Mechanisms (CAM)																																																	
Balancing																																																	
Interoperability & Data Exchange																																																	
Tariffs																																																	
Incremental																																																	

ACER Review

Comitology (duration unknown)

ACER Review

Comitology (duration unknown)

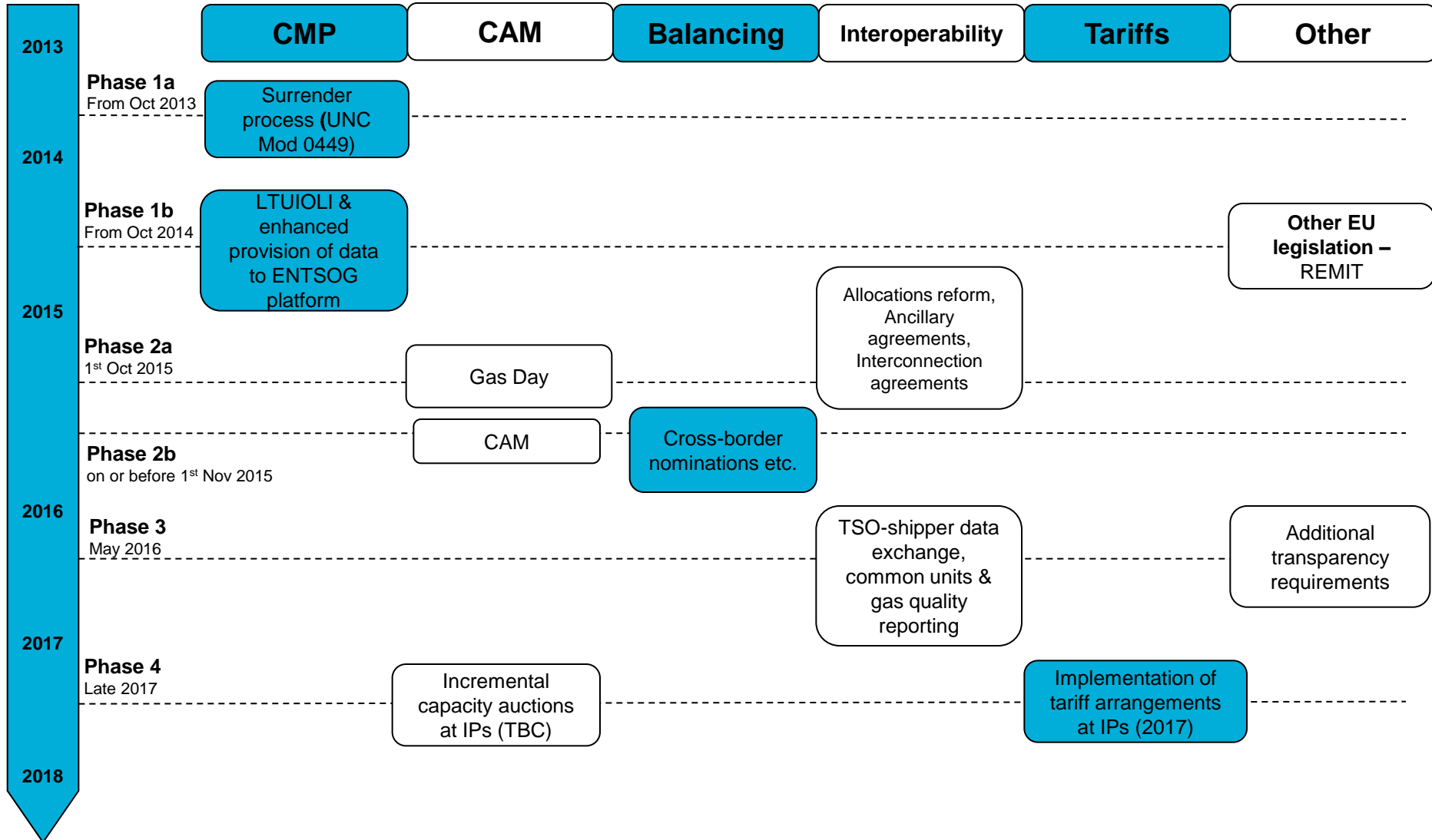
Go Live

Go Live

Go Live

Compliance

Road Map



2. EU Code Updates

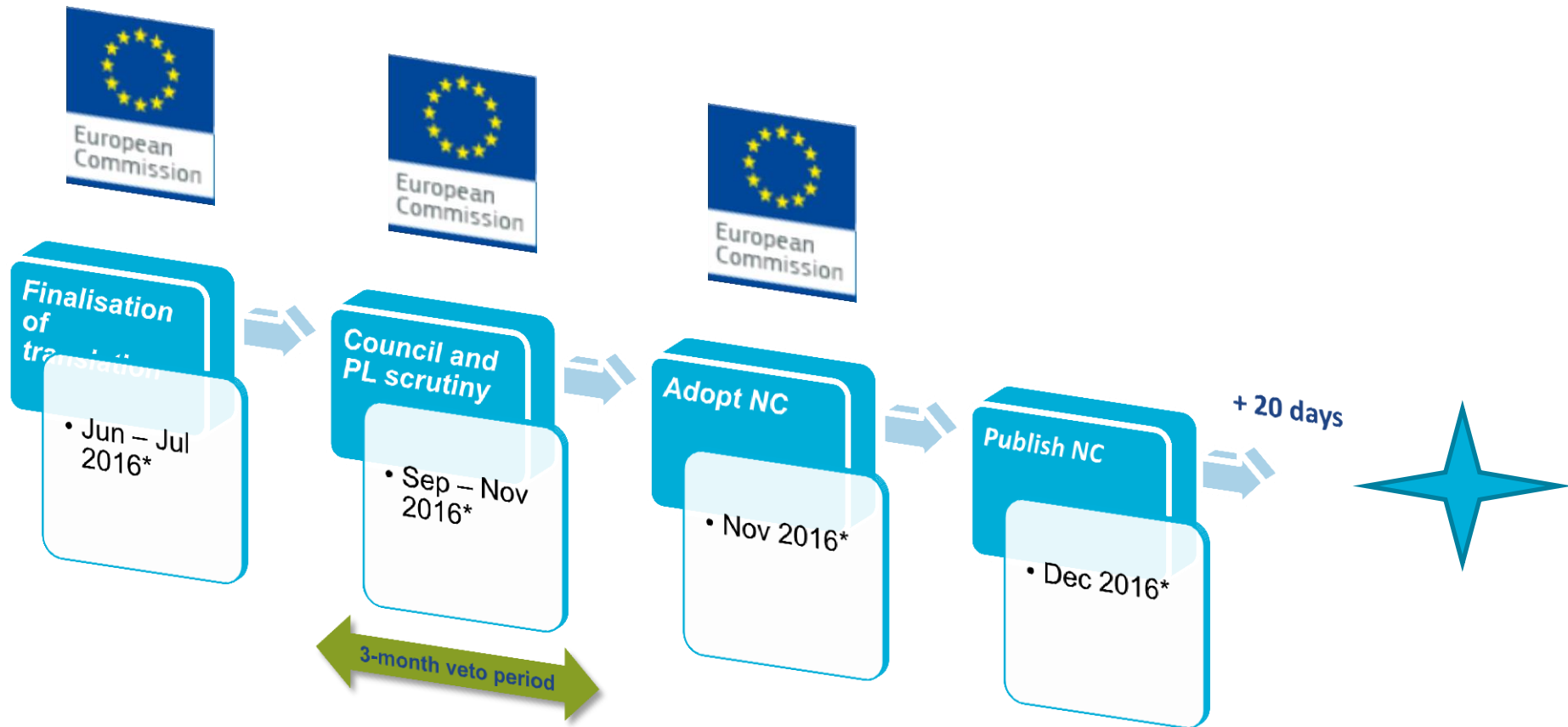
EU Tariffs Code Update

October 2015

EU Tariffs Code Expected Timeline

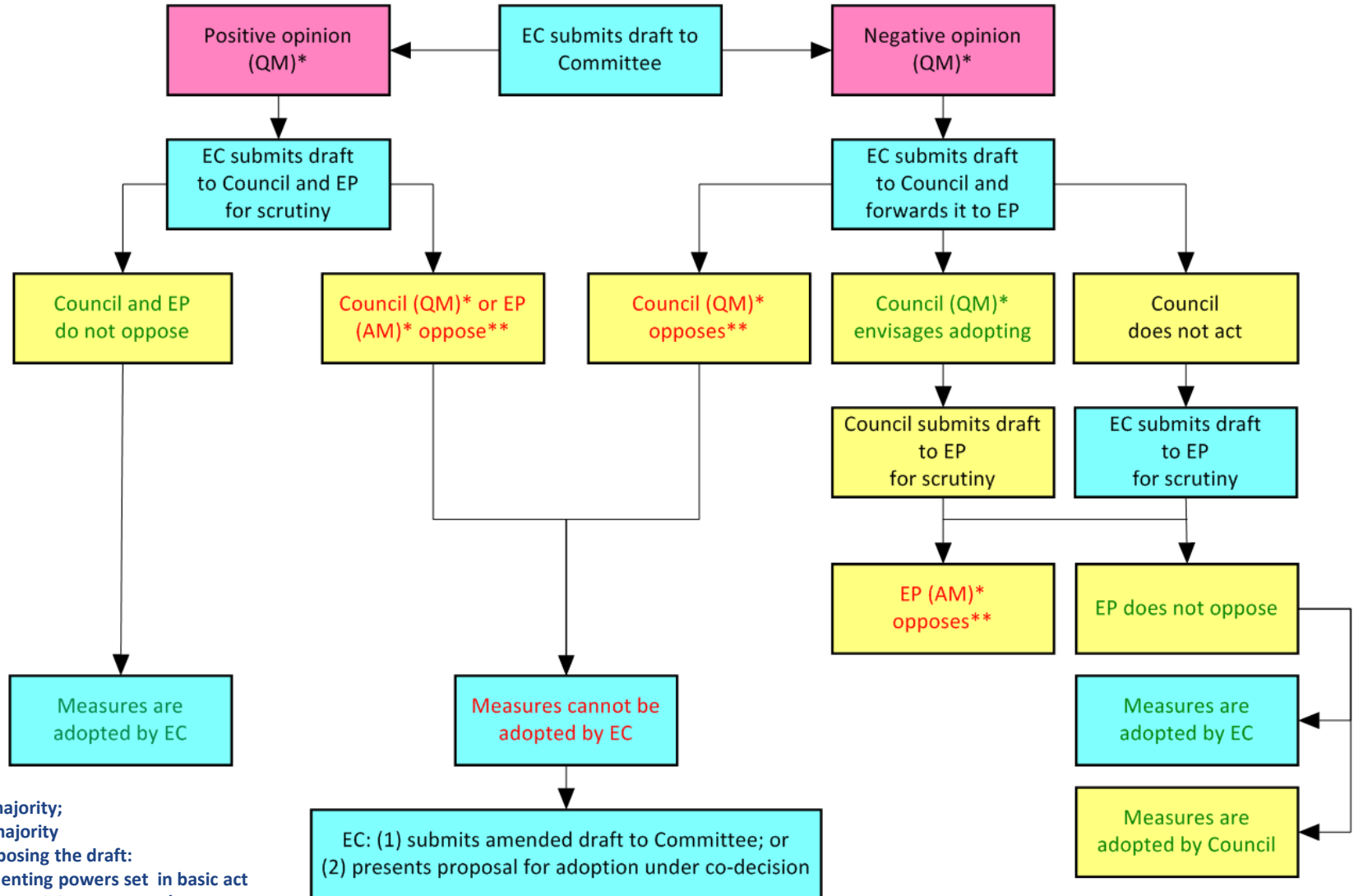
- **14-15 October**: Madrid Forum
- **20 October**: Informal Member State Meeting
- **14-15 December(?)**: Informal Member State Meeting
- **Feb/March 2016(?)**: 1st Comitology meeting
- **May 2016(?)**: 2nd Comitology meeting
- Possible 3rd comitology meeting

EU Tariffs Code Expected Timeline



* These dates are estimates; it is unclear whether any activity will take place in August

Scheme for Comitology



* AM – absolute majority;
 QM – qualified majority
 ** Reasons for opposing the draft:
 1. exceeds implementing powers set in basic act
 2. is not compatible with basic act aim/content
 3. disrespect of subsidiarity/proportionality principles

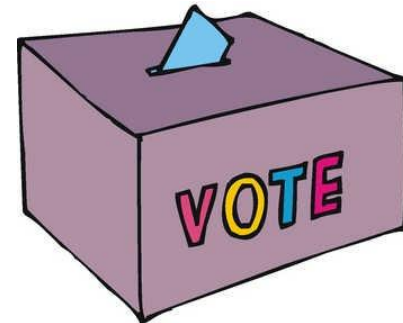
Voting to Determine GC Opinion

Old Voting before 31/10/14 – ‘weighted votes’

- ❑ Legal Basis: Art. 16(5) TEU, Art. 3(3) of Protocol No 36 on Transitional Provisions
- ❑ Qualified majority is achieved with **255** votes (out of the total of **345**), expressed by a majority of MSs (at least 14 delegations)
- ❑ Protocol No 36 was amended by Croatia Accession Treaty: qualified majority is achieved with **260** votes (out of the total of **352**)
- ❑ A delegation may request that MSs constituting the qualified majority represent min. 62% of EU population

New Voting as from 1/11/14 – ‘double majority’

- ❑ Legal Basis: Art. 16(4) TEU
- ❑ Qualified majority is defined as at least 55% of MSs (i.e. 16) comprising min. 65% of EU population; blocking minority must include min. 4 MSs, failing which the qualified majority shall be deemed attained
- ❑ Sequence of questions to determine GC opinion:
 - 65% threshold met? Yes → positive; No → next question
 - Min. 4 MSs in blocking minority? Yes → negative; No → positive
- ❑ Until 31/3/17, a MS can request to apply old voting



BAL NC: recommended vs. voted

BAL NC: Intensive Work Post Re-Submission

Number of versions post ACER's recommendation

- ❑ **13** versions of which ENTSOG was aware

Work with translators

- ❑ Separate meeting with DGT after the Pre-comitology meeting
- ❑ Answers to **63** written queries

Dedicated discussions with the EC and ACER representatives

- ❑ To consider the MS feedback received at the Pre-comitology meeting and ENTSOG comments on the version post inter-services consultation
- ❑ To consider the remaining issues from the Note regarding the changes made at and after the 1st Comitology meeting
- ❑ To consider the MS feedback received ahead of the 2nd Comitology meeting

Informal ENTSOG reaction on intermediate version with MS comments

- ❑ **2** working days

Other NCs: Approach for Application Date

TAR NC is the first NC for which the FG specifically envisaged the particular date for its application (i.e. 1/10/17)

All the previous NCs (re-)submitted to ACER did not indicate a specific application date – it was inserted at the Comitology stage



*Specific application date should be placed **within the Comitology Procedure***

Other NCs: Implementation Timescales

action	CAM NC	calculation of timings	BAL NC	calculation of timings	INT NC	calculation of timings
Committee opinion	15-Apr-13	81 day after comitology 1	2-Oct-13	83 days after comitology 1	4-Nov-14	116 days after comitology 1
adoption	14-Oct-13	182 days after comitology 2	26-Mar-14	175 days after comitology 2	30-Apr-15	177 days after comitology 2
publication	15-Oct-13	183 days after comitology 2	27-Mar-14	176 days after comitology 2	1-May-15	178 days after comitology 2
entry into force	4-Nov-13	20 days after publication	16-Apr-14	20 days after publication	21-May-15	20 days after publication
application date	1-Nov-15	24 months to implement	1-Oct-15	17,5 months to implement	1-May-16	11 months to implement

*If 1/10/17 per TAR FG is kept, there will be only **9 months** to implement the TAR NC*

TAR NC Proposal: Calculated Date

TAR NC Version	TAR NC Text
initial draft NC 30/5/14	This Regulation shall apply as from 1 October 2017 or as from the date calculated as eighteen months as from the entry into force, whichever date is the later.
refined draft NC 7/11/14	This Regulation shall apply as from <u>whichever of the following dates is the later:</u> (1) 1 October 2017; or as from (2) <u>the first day of the month following</u> the date calculated as eighteen <u>twenty four</u> months as from the entry into force, whichever date is the later.
submitted NC 26/12/14	= refined draft NC
re-submitted NC 31/7/15	<u>Without prejudice to Articles 6(5), 14(2), 15(4), 41(1) and 44(3),</u> ¶ this Regulation shall apply as from whichever of the following dates is the later: (1) 1 October 2017; or (2) the first day of the month following the date calculated as <i>twenty-four months as from the entry into force.</i>

This approach is aligned with ENTSOG's approach for the previous NCs

EU Incremental Amendment Update

Incremental Amendment

- ACER launched consultation on revisions to CAM NC
 - Consultation ran from **17 July to 31 August**
- ENTSOG has now received revised draft amendment from ACER
- ENTSOG Incremental Group shall consider latest version at next meeting on **23 September**.
 - Consideration still required concerning how incremental is offered at same time as available where former uses an alternative allocation mechanism
 - Concerns remain about closeness of auction timings between annual and quarterly products

Interoperability Code: Reference Conditions at the Moffat IP

- Interoperability Code establishes harmonised reference conditions of 0°C (vol) / 25°C (CV) (“0/25”) for IPs from 1st May 2016
- Article 13(3) of this Code permits the use of other reference conditions where one MS is connected to only one other MS
- National Grid NTS wrote to Ofgem on 3rd August 2015 requesting approval to continue with 15/15 reference conditions at the Moffat IP
- Ofgem granted such approval on 18th September 2015
- National Grid NTS understands that the NI and Rol NRAs also intend to grant such approval to their TSOs

3. UNC Modification Plans

Phase 2 UNC Modifications

Timescales

EU Network Code	Area of change	Status	Next Steps	UNC Consultation
Gas Balancing (BAL)	Information Provision (489)	Ofgem approved	Implementation	Complete
"	Nomination Process at IPs (493)	Ofgem approved	Implementation	Complete
"	SMP Buy & Sell (494)	Ofgem approved	Implementation	Complete
	Corrections to the EID arising From implementation of Modifications 0493/0500 (547S)		Mod Panel decision to Implement	Complete
Capacity Allocation Mechanism (CAM)	Gas Day change (461)	Ofgem approved	Implementation	Complete
"	CAM / CMP Compliant Capacity Auctions (500)	Ofgem approved	Implementation	Complete
"	Bacton split (501V / 501AV / 501BV / 501CV)	Ofgem approved 501V	Implementation	Complete
"	Reduction Of the Minimum Eligible Quantity (100,000kWh) For European IP Capacity (05456S)		Mod Panel decision to Implement	Complete
Interoperability & Data Exchange (INT)	Reform of Allocations (0510) withdrawn – variation now 510V	Ofgem approved	Implementation	Complete
"	Harmonisation of Reference Conditions (0519)	Ofgem approved	Implementation	Complete
"	Enabling EU Compliant Interconnection Agreements (0525)	Ofgem approved	Implementation	Complete

EU Gas Quality Harmonisation: CEN Standard Update

EU Gas Quality Harmonisation Update

- On 18th September, BSI submitted a 'no' vote from the UK to CEN in respect of the proposed adoption of the H-gas quality standard
- Main BSI supporting rationale:
 - Lack of clarity about EC implementation proposals
 - All network points or IPs only?
 - Flexibility to permit gas entry / offtake outside CEN limits?
 - Uncertainty about how oxygen and carbon dioxide relaxations could be applied
 - Lack of evidenced case for UK to adopt it
 - Potentially detrimental to UK and Ireland's security of supply as some UKCS gas sources could be stranded
 - Interoperability Code already provides an appropriate process to address gas quality related barriers to trade

CEN Standard: NTS Considerations

- Given the lack of clarity, National Grid NTS agrees that the adoption of the standard at this time should not be supported
- No NTS asset integrity issues have been identified with adoption of the standard
- If the standard were to be adopted, National Grid NTS' current preference is for application to all System Points
 - Less risk of gas being delivered above such limits to IPs as a result of different contractual limits at other System Entry Points
 - Greater risk that the position would be complicated by 'sensitive sites' if application is not universal

CEN Standard: Expected Next Steps

- September 2015: Votes of national standardising bodies submitted
- 20th October 2015: Informal member state meeting to discuss implementation
 - DECC would welcome stakeholder views
- End of 2015: Adoption as CEN Standard (if approved by member states)
- 2016: Amendment process to INT Code

EU Phase 2 Implementation Update

Contractual Update

- Ofgem approval received for:
 - Moffat Interconnection Agreement
 - Moffat Tripartite Agreements
 - IUK Interconnection Agreement
 - BBL Interconnection Agreement

Systems Update

- At the time of writing, National Grid NTS and its adjacent TSOs remain on track for go-live of the new arrangements from 1st October 2015
- Final User Assurance Testing with GNI and Single Sides Nomination testing with BBL is being conducted w/c 21st September
- All National Grid system code needed for 1st October go live has been deployed
- Testing of the kWh/d schema with PRISMA has commenced; code to be deployed mid-October

Systems Update

- For a temporary period from 1st October, no IP renominations will be possible on Gemini whilst the matching cycle is in progress (until Users have received Confirmed Quantities in Gemini)
- This time period varies by IP & is required to allow the system to match nominations
 - From testing with IUK and BBL, this tends to be window of 15 minutes maximum past the hour
 - From testing with GNI/PTL, this tends to be a window of 35 minutes maximum past the hour for the Moffat IP
- Initial nominations will not be affected, nor will a first renomination submitted within day amending a D-1 initial nomination

Systems Update

- National Grid NTS are working with Xoserve to resolve this issue
- Currently we are expecting to implement a solution into Gemini within a few weeks of go live subject to technical analysis
- We will keep you updated on progress via the EU Codes implementation webpage

Systems Update

- SSN & DSN Duplicates
 - PTL have developed their systems to allow SSN & DSN 'duplicates' to be placed for the same gas day
 - This has not been implemented by any other TSO (and for at least one (IUK) such nominations would be rejected)
 - For clarity this functionality has not been implemented in Gemini and so cannot currently be undertaken
 - We are reviewing this issue with the Regulators and will keep you informed of progress

EU Webpage

EU Webpage

- EU Implementation webpage up and running:
 - A good source for an overview of changes and recent communications and updates.
 - <http://www2.nationalgrid.com/uk/industry-information/europe/eu-project---implementation-information/>
- Recent additions:
 - ‘EU Legal Roadmap’ (also circulated via JO)
 - ‘EU Implementation Q & A’ (we shall keep as a ‘live’ document that is updated as more queries come in)

Future Topics

Future Topics

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