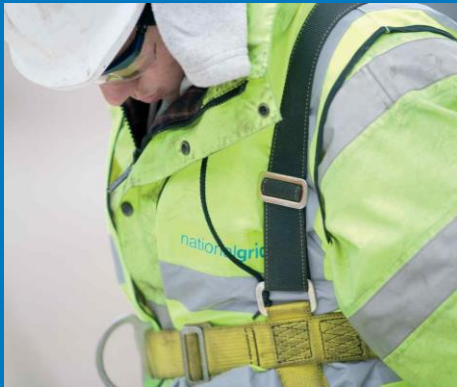


# European Update



3<sup>rd</sup> September 2015

# 1. General Update

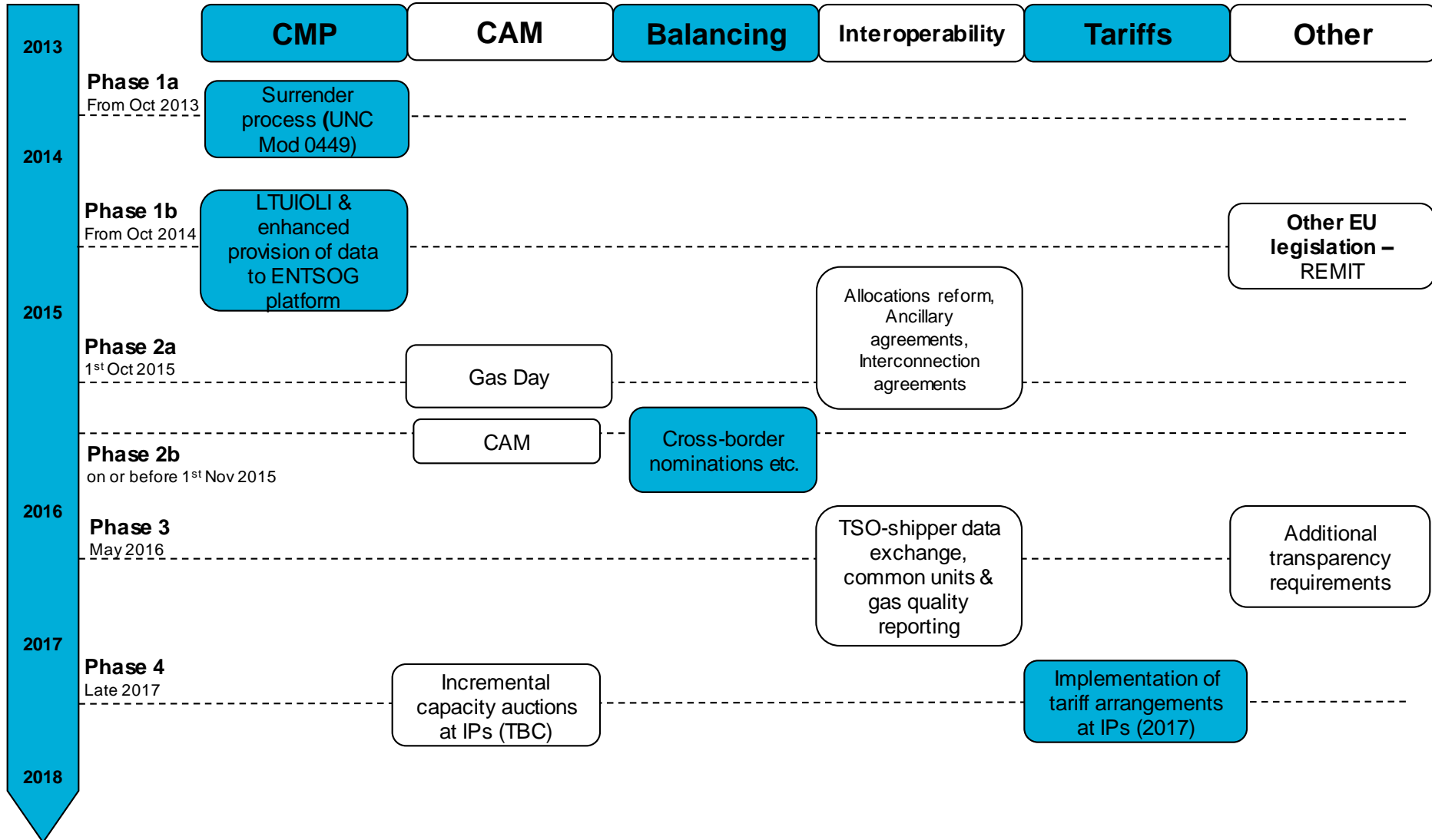
# Code Status Update

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



# Road Map



## 2. EU Code Updates

# Interconnection Agreement (IA) Consultations

# IA Consultations

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- Consultation update
  - All Interconnection and Tripartite Agreement consultations have now closed
    - Two comments received from Shippers related to capacity and reference conditions for IUK and BBL respectively
    - No fundamental issues were raised therefore no further discussion is required
  - Reports published <http://www2.nationalgrid.com/UK/Industry-information/Europe/Consultations/>
- Next steps
  - TSOs to submit agreements to Ofgem for approval
  - Contracts to be signed mid to late September
  - Implementation Gas Day 1<sup>st</sup> October 2015



# Transitional Arrangements for Nominations at Interconnection Points (IPs)

# Transitional Arrangements for Nominations at IP's (1)

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## Overview of the Arrangements post 1<sup>st</sup> October 2015:

- The new regime introduced by UNC Modification 0493 allows for a gas flow nomination at IPs to be sent to National Grid up to 30 days in advance of the gas day
  - No processing of this nomination submission takes place until 13:00 on D-1
  - If during the 30 day period a nomination is resubmitted prior to the nomination deadline, only the last such nomination submitted is processed with the associated nomination to the adjacent TSO at the IP, a “counterparty pair”

## Transitional Arrangements during September 2015 only:

- Gemini will accept nominations at IPs throughout the entire 30 day period prior to 1<sup>st</sup> October 2015, e.g. from 1<sup>st</sup> September 2015 for gas flow day 1<sup>st</sup> October 2015
- However as part of National Grid's EU systems changes, nominations at IP's input prior to planned Gemini code releases as they will not comply with the information requirements of the new nominations process
- Therefore they will not be processed and will not be retained by the system

# Transitional Arrangements for Nominations at IP's (2)

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## Nomination Timescales for September 2015 only:

- For gas flow days from 1<sup>st</sup> October 2015 onwards, even if nominations have already been submitted:
  - at IUK IP and BBL IP, users will need to ensure they submit nominations on or after D-20, or 11<sup>th</sup> September 2015
  - at Moffat IP, users will need to ensure they submit nominations on or after D-9, or 22<sup>nd</sup> September 2015
- The maximum notice periods available will then increase incrementally from Gas Flow Day 1<sup>st</sup> October 2015 until the full 30 day notice period is available. After this point these transitional arrangements will cease
- If you require further information prior to this, please contact [Box.GasOps.BusinessC@nationalgrid.com](mailto:Box.GasOps.BusinessC@nationalgrid.com)

# Data Exchange

# Data Exchange

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- The Interoperability Code requires TSOs to implement Internet - based 'common solutions' for EU Code related data exchange
- National Grid NTS is planning to implement the common solutions as follows:
  - 'TSO to TSO': Nominations matching process at Interconnection Points (being delivered for 1<sup>st</sup> October 2015)
  - 'TSO to Shipper': Submission of IP nominations and receipt of 'confirmed quantities' (required for 1<sup>st</sup> May 2016)
- National Grid NTS has been considering how to discharge its 'TSO - Shipper' obligation and presented its intended technical approach at the UK Link Committee meeting on Thursday 13<sup>th</sup> August
- Shippers were invited to submit any comments on the proposed technical solution by 27<sup>th</sup> August

## Data Exchange – Next Steps

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- Interoperability Code also provides for existing IP nomination solutions to continue subject to consultation and regulatory approval
- This would enable GB shippers to continue to submit nominations and receive confirmed quantities via the Gemini IX link post 1<sup>st</sup> May 2016
- National Grid NTS proposes a 2 week window from the 4<sup>th</sup> September - 18<sup>th</sup> September for shippers to register any objections
- If none are received, National Grid NTS will then formally seek Ofgem approval

# EU Tariffs Code Update

## EU Tariffs Code Process So Far

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- **26 December:** ENTSOG submitted TAR NC to ACER
  - **26 March:** ACER reasoned opinion
  - **April - July:** Policy developments
    - ACER Reasoned Opinion
    - EC concerns
    - TSO Concerns
    - Stakeholder feedback
  - **31 July:** ENTSOG re-submit TAR NC to ACER
- Tri-lateral discussions  
for compromise  
agreements

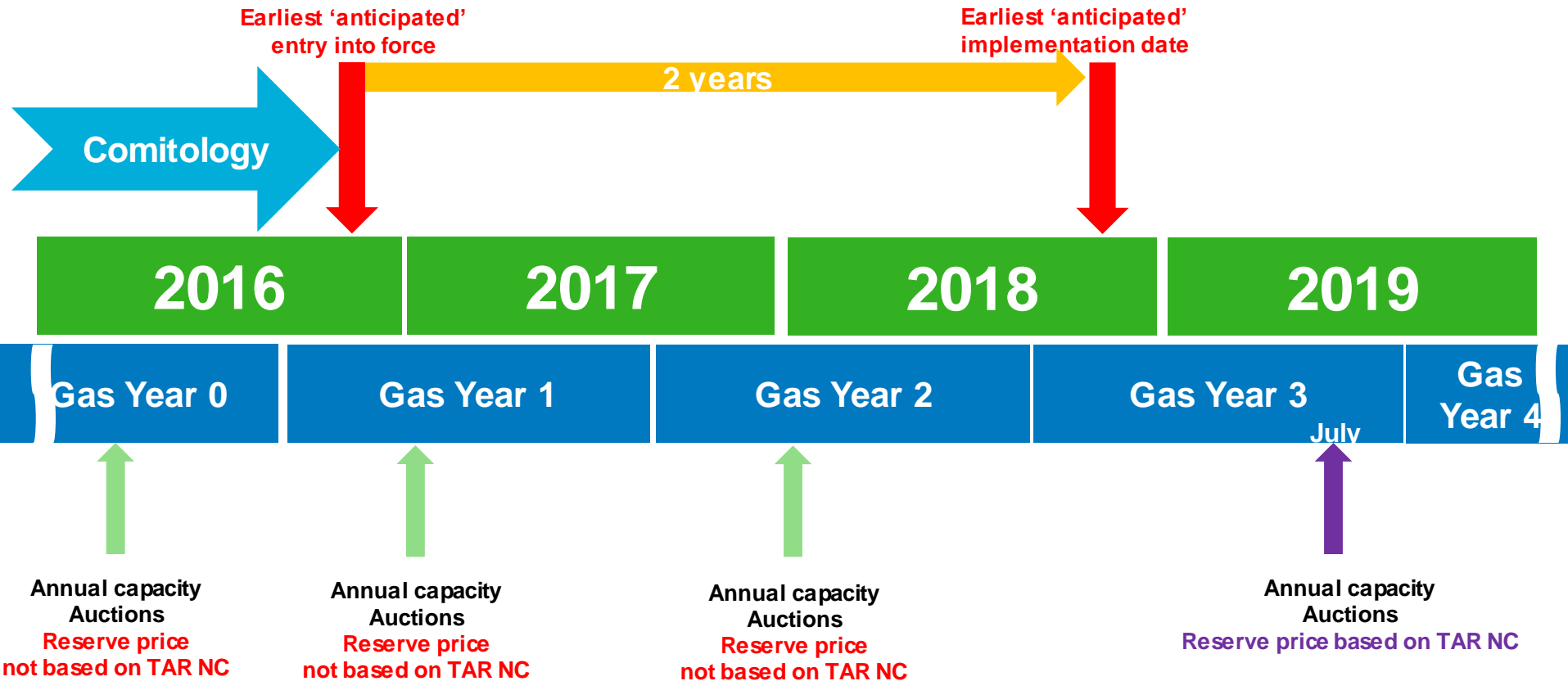


## EU Tariffs Code Expected Timeline

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- **16 September:** ACER recommendation on TAR NC to EC
- **20 October:** Informal Member State Meeting
- **14-15 December:** Informal Member State Meeting
- **Early 2016:** 1<sup>st</sup> Comitology meeting
- **2016:** Total of 3 Comitology meetings anticipated

# Indicative implementation timescales



# EU Tariffs Code: Outcome of refinement discussions

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- **Allocation of costs – Methodologies**
- Two methodologies remain in code
  - Postage stamp
  - Capacity weighted distance
- **Alternative methodologies can be used**
  - To be compared with either CWD or PS
  - Methodology and comparison to be consulted upon
  - ACER to provide non binding opinion
  - NRA to approve

# EU Tariffs Code: Outcome of refinement discussions

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- **Fixed versus floating tariffs**
- **Floating:** Existing capacity (non-price cap)
- **Fixed or floating:** Existing capacity (price cap)
- **Fixed or/and floating:** Incremental capacity

# EU Tariffs Code: Outcome of refinement discussions

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- **Interruptible pricing at IPs**
- Based on probability of interruption
- Ex-ante pricing (no ex-post)
  - **$Di_{\text{ex-ante}} = Pro \times 100\%$** 
    - $Di_{\text{ex-ante}}$  is the level of ex-ante discount
    - Pro is probability of interruption
- Option to provide a higher level of discount removed
- Non-physical backhaul priced as for interruptible
- **Could impact GTCR considerations**

# EU Tariffs Code: Outcome of refinement discussions

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- **Multiplier ranges at IPs**
- **Annual:** reference price
- **Quarterly and monthly:** (1 to 1.5) x reference price
- **Daily and within day:** (1 to 3) x reference price
  - To be reviewed after 4 years
- **Could impact GTCR considerations**

## Alternative Transmission Tariffs

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- Alternative transmission tariffs allowed for non-standard capacity products
  - Shorthaul, conditional firm capacity products
  - Set by applying discount to reference price

# Storage

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- Storage specific tariffs allowed
- Treated as a secondary adjustment to the calculated reference price.

## **Article 11. Secondary adjustment: storage adjustment.**

**When the national regulatory authority sets or approves the reference price at entry points from and exit points to storage facilities, the following shall be taken into consideration:**

- (1) The net benefits that the storage facilities may provide to the transmission system;**
- (2) The need to promote efficient investment in the transmission system;**
- (3) The need to minimise detrimental effects on cross-border trade.**



## 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
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
Interoperability & Data Exchange (INT)	Reform of Allocations (0510) withdrawn – variation now 510V	With Ofgem	Ofgem Decision	Complete
"	Harmonisation of Reference Conditions (0519)	Ofgem approved	Implementation	Complete
"	Enabling EU Compliant Interconnection Agreements (0525)	Ofgem approved	Implementation	Complete

## 4. AOB

# General Updates Phase 2

## EIC Codes

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- As from 7<sup>th</sup> September 2015 Xoserve will take on the role of Local Issuing Office (LIO) for Great Britain and is authorised to issue International and Local EIC codes
- An EIC is required when using PRISMA and will be required for nominations
- If a market participant wishes to apply for one or for further details, please visit the 'Local Issuing Office' page on the Xoserve website (details will be attached when the slides are published)
- Any applications before 06/09/2015 - 23:59 to National Grid will be dealt with by National Grid
  - Any applications post 07/09/15 - 00:01 to National grid will be sent to Xoserve to action
- All existing EIC Codes will remain valid and this change will have no impact




## EIC Codes (Gemini Nominations)

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- In Gemini the EIC Code will populate for your own company
- However each TSO has different rules on the counter side of the nomination
- Ranging from EIC Codes, Shipper Short Codes or Type of nomination code
- You need to ensure you are up to speed by contacting the adjacent TSO as to what they are using

# Overview of Key System Delivery Stages

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- Requirements 
  - Business process definition, screen prototypes
- Design 
  - Technical design, security
- Build 
  - Write system code, test individual components
- Testing
  - Supplier, UAT, external parties, performance, interface
  - National Grid system UAT continues
- Implementation
  - Dress rehearsals, (on going) deployment, support

## User Trials

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- What are User Trials?
  - An opportunity for Gemini and Gemini Exit Users to explore the system using a testing environment
  - The testing environment will contain the intended changes e.g. updated or new screens
- User Trials are currently underway
  - They have been currently extended until 11<sup>th</sup> Sept.
- There have been issues with the API's (Progress update at meeting)
- Moffat Configuration to be added 28<sup>th</sup> Aug.



# User Trials

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- User Trials?
  - The industry will see the introduction of 4 new APIs and some minor amendments to Gemini screens
  - The testing environment will contain the intended changes e.g. updated or new screens
- The titles for these APIs are as follows:
  - Add/Update IP Nominations
  - IP Entry Entitlement
  - IP Exit Entitlement
  - View IP Nominations

## 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