

# European Update



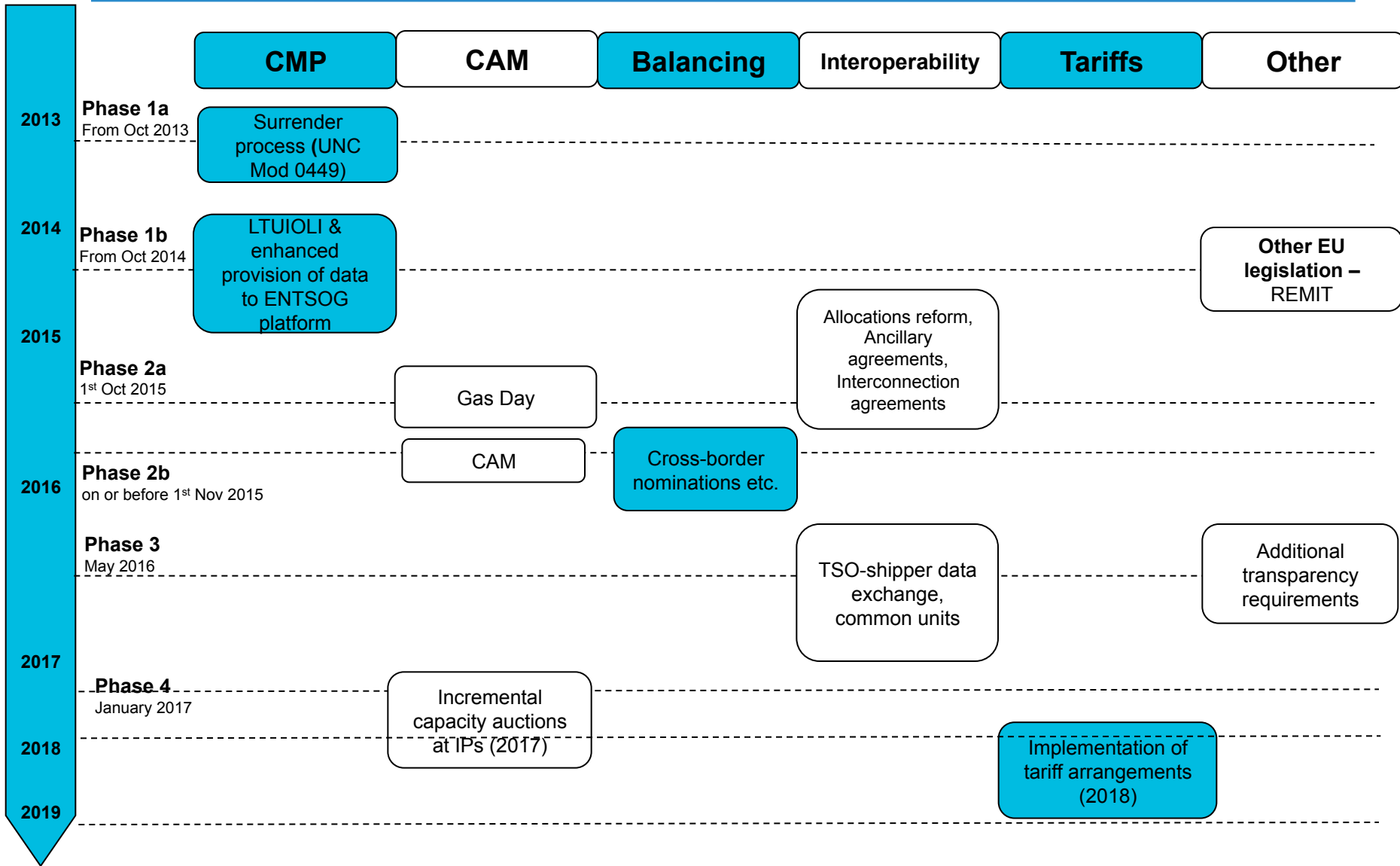
7<sup>th</sup> April 2016

# 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)    | 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) 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 January 2018                                                                  |
| Incremental Capacity                   | Under development                                                                        | Applicable from January 2017                                                                  |

# Road Map





## 2. EU Code Updates

## 2. EU Tariffs Code

## EU Tariffs Code

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- Code now in comitology process
- Member States will next meet in April
  - Now a pre-comitology meeting
  - Impact assessment still not approved
- Formal comitology meeting in June
  - Member States could vote on Code or could vote to have additional meeting



## EU Tariffs Code

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- Additional meeting (if required) likely to be in September
- Once text passed by Member States then governance process between EU Council, EU Parliament and EC (this takes several months)
- Possible “entry into force” in January 2017 (if code approved by MS in June)
  - Could be delayed until April 2017 if September meeting required

## EU Tariffs Code - implementation

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- At March Informal MS meeting
  - Different application dates dependent of type of obligation
  - Default applicable date is **1 January 2018**
  - Publication requirements as of entry into force
  - Change to reference price methodology linked to regulatory period
    - Likely GB deadline is between **June - October 2019** to **start** process
- Text considered to be too complicated
  - Different application dates for different Member States
  - Linkage between RPM and other parameters (e.g. multipliers)..

## EU Tariffs Code - implementation

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- EC has proposed change for applicable date for **all of obligations in code** to be **17 months** after entry into force
- Transitional arrangements and mitigating measures have been deleted.
- The proposed revised implementation timescale will be too short for a proper and consistent implementation in GB regime.
  - National Grid and ENTSOG pushing back against this revised implementation period

# EU Tariffs Code – ACER review and Guidance

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- Concerns by TSOs over ACER's role post consultation on proposed charging regime
  - ACER to review consultation document plus summary and evaluation of consultation responses
  - ACER can make recommendations to which NRA must take “utmost account”
  - Concerns that this does not align with competence of ACER as outlined in Regulation (EC) 713/2009
    - In addition, ACER's ability to request information from NRA and requirement for NRA to respond within 30 days not foreseen by Third Energy Package.
  - ACER review will slow down implementation process
  - ENTSOG believes ACER's should have monitoring and reporting role instead

## EU Tariffs Code – ACER review and Guidance

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- TAR NC has obligation on ACER to analyse regulatory approaches applied in EU and produce “Guidance Document”
  - Aims at producing transparency on allowed revenues
- Concerns by TSOs that this goes beyond scope of TAR NC
  - Code is about harmonising allocation of costs to users and **not** about harmonising the setting of allowed revenues.
  - ENTSOG view is that ACER does not have the competence for this task
- Since setting allowed revenue is outside of scope of TAR NC, ENTSOG supports the deletion of this article.

# EU Tariffs Code – Storage Discounts

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## ■ Previous proposals was:

- Default discount of 50% of capacity reference price
- Default value can be increased or decreased subject to considering
  - Net benefits or costs storage provides transmission system
  - Interrelation of storage and investments in transmission
  - Need to minimise effects on cross-border trade

## ■ Latest proposal (as of 23 March)

- Discount of at least 50% with no criteria required if higher discount proposed
- ENTSOG will push for more flexibility

## 2. EU CAM Code Amendment (incremental)

# EU CAM Amendment – Concerns

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- Restriction on use of “conditional firm capacity”
  - ***Art 7a(2): Transmission system operators may only offer standard capacity products for conditional firm capacity***
    - a) ***if duly justified,***
    - b) ***to the extent that the exclusive offer of standard capacity products for non-conditional firm capacity would result in an inefficient use of the transmission system, and***
    - c) ***if the respective standard capacity product for non-conditional firm capacity of the same duration was sold at an auction premium, sold out, or was not available.***
- ENTSOG to push back against restriction on offering conditional capacity
  - Shorthaul could be caught by this restriction
  - ENTSOG proposes deletion of Art 7a(2)(c)



# EU CAM Amendment – Concerns

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- Restriction on use of “interruptible capacity” at IPs
  - New text on restrictions for offering longer term interruptible
    - *Art 21(1): Transmission system operators may offer standard capacity products for interruptible capacity of duration beyond the day-ahead*
      - a) *if the respective standard capacity product for non-conditional firm capacity was sold at an auction premium, sold out, or was not available; or*
      - b) *if the respective standard capacity product for conditional firm capacity, if offered in accordance with Article 7a(2), was sold at an auction premium or sold out.*
  - Daily interruptible text in CAM not changed
- ENTSOG to push back against restriction on offering interruptible capacity
  - Conditional firm and interruptible are non-related (i.e. shorthaul not related to use of interruptible to trade at NBP)
  - ENTSOG proposes deletion of Art 21(1)(b)

## EU CAM Amendment – Concerns

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- Offering of existing and incremental capacity
- Current text:
  - ***Art 11(3): The auction process shall offer capacity for no longer than the upcoming 15 gas years for existing capacity. Incremental capacity may be offered in yearly capacity auctions for a maximum of 15 years after the start of operational use.***
- With this text existing and incremental will not be offered jointly in latter years of incremental offer
- ENTSOG pushing for offers in same time frame to avoid inefficient investment decisions
- ENTSOG proposed text:
  - ***The auction process shall offer capacity for no longer than the upcoming 15 gas years for existing capacity. In case of incremental capacity, the offer levels may be offered in yearly capacity auctions for a maximum of 15 years after the start of operational use.***

## EU CAM Amendment – Concerns

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- Design phase – start of process (Art 20(b))
- ENTSOG prefers to include the possibility to start incremental process (design phase) at any time rather than only be dependent on the biennial market demand assessment
- Such functionality already foreseen in earlier drafts of CAM amendment and supported by majority of stakeholders in ENTSOG Stakeholder Support Process
- ENTSOG proposal to include at end of Art 20(b)
  - ***Transmission system operators active at the respective entry-exit system border may start the design phase for incremental capacity projects based on a non-binding demand indication, if the demand indicated is deemed sufficient to justify such a dedicated project.***

# EU Gas Quality Update

# Incorporation of CEN Standard into INT Network Code

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- The terrorist attacks in Brussels resulted in ENTSOG's scheduled meeting of 22<sup>nd</sup> March 2016 being postponed
- There is therefore no update on this initiative this month

## CEN Pilot Project II Update

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- CEN's Sector Forum Gas Infrastructure Committee is to progress the harmonisation of Wobbe Index
- CEN has issued a call for gas quality experts from across the EU to work on this issue with CEN
  - A UK representative has not yet been nominated
- CEN has also asked for comments on its proposed scope and structure of the project by 18<sup>th</sup> April 2016
  - UK comments have already been submitted (see March 2016 Workgroup publications)
  - National Grid NTS is not aware of any feedback from CEN in respect of those comments

# EU Phase 3 Project Update



# EU Gas Change Phase 3 Scope

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EU  
Phase

2/3

## Network Code on Interoperability and Data Exchange Rules

- **UNC Mod 0519: Harmonisation of Reference Conditions at Interconnection Points**
- **UNC Mod 0510V: Reform of Gas Allocation Regime at GB Interconnection Points**

Date

May  
2016

### The following changes are being implemented:

Reference Conditions (Units)

A new Data Exchange method for the sending of IP Shipper nomination data to Gemini

Extra transparency data published to the ENTSOG Transparency Platform

Disapplication of scheduling charges at Interconnection Points



# EU Phase 3 Project Milestones and Status

- **System Testing (ST):** 23rd November to 29th January  
Complete
- **System Integration Testing (SIT):** 1st January to 4th February  
Complete. There was really positive engagement with the adjacent TSOs for SIT and UAT.
- **User Acceptance Testing:** 1st February to 11th March  
Complete
- **User Trials:** 14<sup>th</sup> March to 8<sup>th</sup> April  
Several shippers are taking part in User Trials.  
In progress
- **Code Deployment:** 10<sup>th</sup> April  
All scope items identified will be implemented on this date. A contingency date of the 24th April is also planned. The code deployment will take place during an extended Gemini outage which has been communicated via UK Link Committee. There will be a further communication in the event that the contingency date is used.  
On track
- **Go Live:** 1<sup>st</sup> May  
On track

|                    |          |        |        |        |        |        |        |                |        |             |        |                 |         |
|--------------------|----------|--------|--------|--------|--------|--------|--------|----------------|--------|-------------|--------|-----------------|---------|
| EU Phase 3 Project | Analysis |        |        | Design |        | CUT    |        | System Testing |        | UAT         |        | Code Deployment | Go Live |
|                    |          |        |        |        |        |        |        | SIT            |        | User Trials | IDR    | PIS             |         |
|                    | Jun-15   | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 | Jan-16         | Feb-16 | Mar-16      | Apr-16 | May-16          |         |



## Data Exchange Method - Update

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- A new Data Exchange method for the sending of IP Shipper nomination data to Gemini is being implemented, known as B2B (Business to Business) using cloud technology
- B2B testing was undertaken for the industry by National Grid. The outcome was successful, further information in the form of resulting screen shots and associated data will be provided at a later date.
- The on-boarding process for the new data exchange solution takes a couple of months to complete
- This is due to the technical configuration and testing required
- Therefore shippers interested in taking up the new EU nominations data exchange option need to start the on-boarding process as soon as possible if they want to start using this functionality on 1<sup>st</sup> May 2016
- Xoserve are managing the process of on-boarding shippers, so all interested parties need to contact them via:  
[box.xoserve.EUP3@nationalgrid.com](mailto:box.xoserve.EUP3@nationalgrid.com)

## Updates and Progress

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- **UAT:** There was very positive engagement and cooperation with TSOs during the recent User Acceptance Testing.
- **User Trials:** Several shippers are taking part in Gemini User Trials, with no issues reported to date
- **Hourly Physical Flow Information:** The requirement to publish transparent hourly physical flow information is now live, with data being sent to the ENTSOG transparency platform.
- **Capacity data on PDWS:** A new issue has arisen with regard to aggregated Capacity data on the transparency platform PDWS for which we are investigating solutions with IS partners.

## Please note!

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- **Transitional Arrangements:** Due to the change in Reference Conditions from 15/15 (GB) to 0/25 (EU) transitional arrangements are necessary:
  - The maximum nomination period (30 days) will not be available for users at Bacton IP, IUK and BBL, for Gas Day 1<sup>st</sup> May. Users will only be able to effectively nominate from D-20 (11<sup>th</sup> April 2016). The maximum notice periods available will then increase incrementally from Gas flow Day 1<sup>st</sup> may 2016, until the full 30 day notice period is available again. This is similar to the transitional arrangements that were requested as part of the Gas Day go live on 1<sup>st</sup> October 2015.

**On target to deploy code 10th April and go live 1st May**

## Go live support process

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**For Gemini technical faults Shippers to call:**

**Xoserve Service Desk**  
0845 600 0506

Or if based overseas:  
+44(0)1216232858



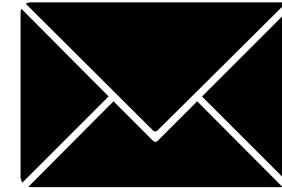
**Visit Xoserve for e-training materials:**

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**Visit the National Grid EU Webpage for further information:**

[www.nationalgrid.com/eugaschange](http://www.nationalgrid.com/eugaschange)



**Please email your business process questions to :**

**[Box.GasOps.BusinessC@nationalgrid.com](mailto:Box.GasOps.BusinessC@nationalgrid.com)**

## Future Topics

## Future Topics

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| Topic Area                  | Provisional Date                                      |
|-----------------------------|-------------------------------------------------------|
| Tariffs Code                | Monthly updates whilst progressing through comitology |
| CAM Amendment (incremental) | Monthly updates whilst progressing through comitology |
| EU Gas Quality              | Monthly updates during 2016                           |