

European Developments



Transmission Workgroup
1st November 2012

EU Interoperability & Data Exchange Network Code



Current Position

- ENTSOG is drafting business rules on each of the topics that are to be contained in the Code
- The draft rules will be used for stakeholder engagement sessions (SJWS) in November & December
- National Grid NTS is actively involved in this drafting process
- These slides summarise:
 - Initial thinking within ENTSOG on each topic area
 - Areas of potential impact for the GB regime

Interoperability Code Topic Areas

- Interconnection Agreements
- Units
- Gas Quality
- Odourisation
- Data Exchange

Interconnection Agreements (IAs): nationalgrid ENTSOG Initial Thoughts

- Shippers should be consulted about amendments to IAs where national rules prescribe, otherwise TSOs should have discretion about the amendment process
- TSOs should agree which TSO controls flow at an IP
- 'Measurement Provisions' must be included in the IA
- IAs must include rules for 'matching' shipper nominations either side of the IP

Interconnection Agreements (IAs): nationalgrid ENTSOG Initial Thoughts (cont'd)

- Allocation rules could be either:
 - TSOs 'allocate as nominate' with either an OBA or 'balancing shipper' used to manage the 'steering error'
 - TSOs 'allocate as nominate' any commercial reverse flow and allocate forward flow pro-rata to nominations
 - Third party agent provides allocations which net to the physical measurement based on rules agreed with the relevant shippers
- IAs must set out communication / coordination arrangements in case of an 'Exceptional Event'
- Provisions for 'expert determination' should apply to resolution of disputes

Interconnection Agreements: Potential Impacts / Issues for GB

- GB IAs are silent on ‘flow control’
- Management of nominations and control of gas flows is currently not performed by NG
- Allocation arrangements:
 - GB allocation rules are in Code or shipper agreements, not IAs
 - OBAs potentially required for GB IPs (increased “balancing” role for NG?)
 - Potential switch in responsibility for provision of allocations at ICs from shippers (via agencies) to NG
- Communication responsibilities with adjacent TSO and shippers in the event of a constraint may need to be defined in IAs

Common Units: ENTSOG Initial Thoughts

- Application envisaged for:
 - Nominations made on a common platform / at an IP
 - Publication of data on a common platform
 - Bundled capacity processes
- TSO-TSO communications can use other units where both parties agree
- TSO-Shipper communications can use other units where required by national frameworks
- TSOs should not be obliged to use the common units within their own operational and commercial systems

Gas Quality (Handling Differences): nationalgrid ENTSOG's Initial Thoughts

- At IPs where different gas quality specs could cause flow restrictions:
 - TSOs should review the position at least once a year
 - If a solution is already in place, its effectiveness should be assessed
 - If TSOs & NRAs agree a solution is required, TSOs develop options
 - Stakeholders should subsequently be consulted
 - TSOs and NRAs further develop the solution and its implementation

Gas Quality (Short Term Monitoring): national grid

ENTSOG's Initial Thoughts

- TSOs obliged to assess demand for within-day provision of gas quality information
- National consultations envisaged – run by TSOs, issued to direct connects (inc storage) and DNOs
 - Shippers & suppliers only relevant in regimes which preclude direct contracting between TSOs and End Users
- TSOs discuss requirements and funding arrangements with their NRA
- Information provided would be indicative

Gas Quality: Potential Impacts for GB

- Legal obligation on NG to keep the potential for flow restrictions due to gas quality under review through BBL, IUK and Moffat
- NG may need to develop gas quality ‘forecasting’ services for transmission connected parties

Odourisation: ENTSOG Initial Thoughts

- Rules apply where gas is capable of physically flowing across an IP but cannot because the source network is odourised and the receiving network is non-odourised
- TSOs try to agree a solution and submit to their NRAs
- If no solution is reached or NRAs deem the solution inadequate, TSOs should work with relevant authorities to plan a move towards non-odourised network
- No impact for GB unless Irish IC developed a capability to physically reverse flow (Ireland to GB)

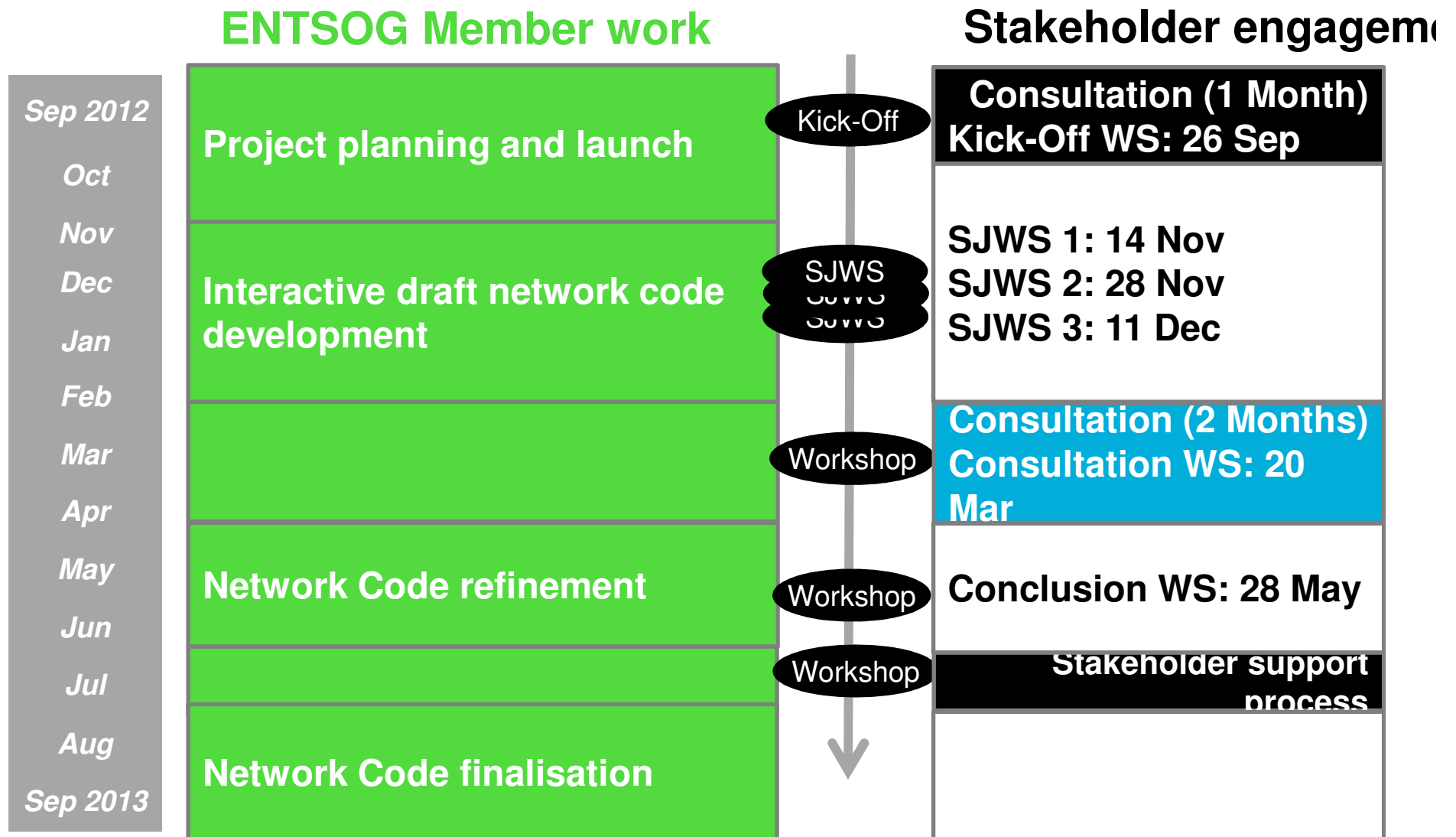
Data Exchange: ENTSOG Initial Views

- Difficult to draft specific solutions for message format, exchange protocol and network in a Network Code
- The Code should focus on establishing processes that can lead to pan-EU solution(s) via a migration path
- Existing TSO IT strategies and natural refresh / replacement cycles should be taken into account
- Detailed assessment of requirements and capabilities are needed, plus consideration of costs & benefits before any particular solution(s) is proposed

Capacity Calculation

- ENTSOG continues to work on the assumption that Capacity Calculation will be dealt with in the comitology stage of the CAM Code
- At the time of writing this had still not been confirmed by the Commission

Interoperability Code Development Process



Forthcoming Interoperability Stakeholder Events

nationalgrid

- Stakeholder Joint Working Sessions (SJWS)
 - 14th November (IAs, Gas Quality, Odourisation)
 - 28th November (Units & Data Exchange)
 - 11th December (Feedback and Summary)
- These meetings will take place in Brussels but will also be available to view in real time via webcast
- ENTSOG's 'Launch Documentation' for the Code is now published on its website

Further information: philip.hobbins@nationalgrid.com

REMIT

Central Collection and Publication Service

Transmission Workgroup

Version 1.0

November 2012

REMIT - CCPS

Background

- In December 2011, the new EU REMIT regulation placed an obligation on gas market participants to publish 'inside information' with the aim of preventing market manipulation and insider trading.
- Currently, participants in the gas market who wish to access this data need to know which operators publish data and then monitor each site.
- Earlier this year market participants proposed that given National Grid's current role as a key provider of gas operational data, National Grid provide a REMIT Central Collection and Publication service.
- Our industry wide survey during July/August resulted in overwhelming support for such a GB wide service (in line with ACER guidance)

The Service

- National Grid will provide a GB Central Platform, free of charge, and available to REMIT notification providers and wider market participants
- This is a voluntary service available 24x7 with business support during normal business hours
- Users are not required to publish elsewhere (unless the platform is unavailable, and they wish to trade)
- Input via manual entry or direct from Twitter feed
- Outgoing notification via web site (primary) supported by Twitter and email subscription
- Publication will be close to real time (Twitter feed according to Twitter service levels)
- Provider service is secured via username and password
- A full archive and audit trail will be kept
- Whilst the solution is scalable (at a cost), a fair use policy forms part of the terms & conditions to protect the service. Hopefully this will not be required

Next Steps

- Providers are invited to register (there is no obligation to use the service)
 - Further information can be found at <http://www.nationalgrid.com/uk/Gas/Data/News/GB+REMIT+Launch.htm>
- National Grid will set up Provider access on receipt of a registration form from the Local Security Officer (LSO) as confirmation of authority
- Complete testing and set up of service
- Go live currently expected w/c 29th October 2012
- Email remit@nationalgrid.com if you have any further questions or require more help

EU CAM Network Code and CMP Guideline – Update



Transmission Workgroup
1st November 2012

Capacity Allocation Mechanism (CAM) Update

- ACER have provided their final 'qualified recommendation' on the CAM Code (as resubmitted by ENTSOG 17th September) to the EU Commission on the 5th October:
http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Pages/Recommendations.aspx
- ACER have chosen **not to change** their opinion on the four outstanding issues
- ENTSOG remained firm choosing **not to amend** the CAM Code covering these issues
- In addition ACER have recommended an implementation timeline of 18 months after the Code comes into force; rather than ENTSOGs 27 months (9 months for code changes and 18 months for IT system delivery)
 - The ENTSOG timeline had been in the Code throughout the process and not challenged until this stage.

Capacity Allocation Mechanism (CAM) Update

- The EU Commission held a CAM Stakeholder Workshop on 8th October and presented new text on Capacity Calculation and the Sunset Clause. Discussions were also held with regards to ACERs qualified recommendation and the issues surrounding them
- The CAM Code therefore enters the next stage with open issues still outstanding
 - The CAM Code is expected to enter Comitology in late December
 - The Commission expect the Comitology timeline to follow a similar path to CMP
 - The first Comitology meeting to take place in January 2013 and expect a second meeting to take place in April 2013, with adoption 4-5 months later.

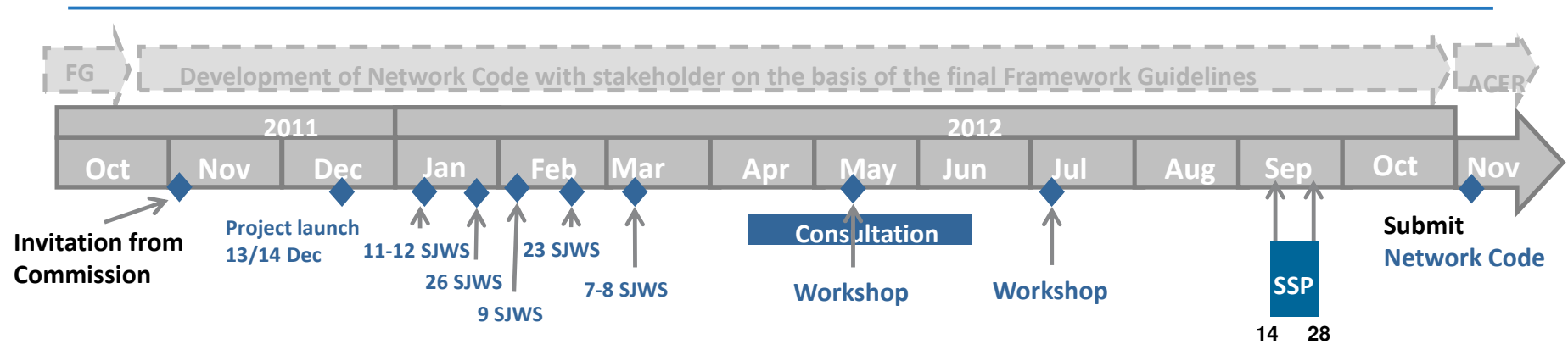
Constraint Management Principles **nationalgrid** (CMP) Update

- As per last months Workgroup update:
- CMP approved by Member States at the Comitology meeting on 20th April 2012
 - Now Issued in the Official European Union Journal dated 24th Aug 12
- GB has to be compliant by 1st October 2013 (July 2016 for Firm Day Ahead UIOLI)
 - Compliance / Impact Assessment continues to be discussed with Ofgem
 - In principle National Grid CMP arrangements already broadly compliant
 - But continue to focus and work with Ofgem in order to recognise areas where further clarification is required
- Ofgem is also discussing compliance with other GB Interconnector Operators.
- Further information re CAM & CMP please contact matthew.hatch@nationalgrid.com

EU Gas Balancing Code – Update

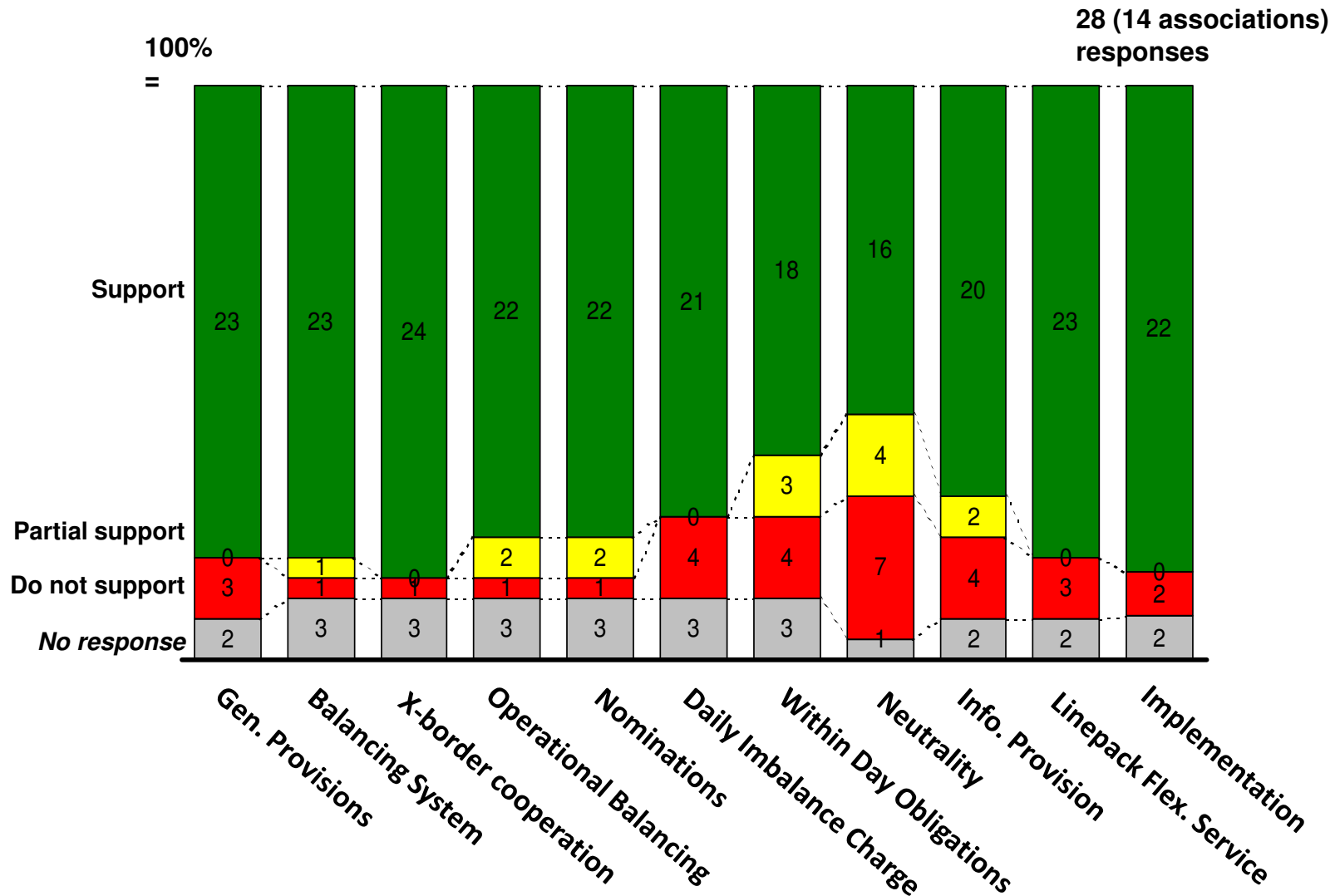


ENTSOE - Current project plan



Date	Event
28 September 2012	Stakeholder Support process closed
5 November 2012	Final ENTSOG Draft Code submitted to ACER
4 February 2013	ACER formal opinion

Stakeholder Support Process - Outcome



ACER/EC concerns

- ACER and EC raised a number of concerns on the revised code. Some further changes have been made by ENTSOG, including:
 - **Amendment of gas quantity requested** - ENTSOG has replaced the text with the following: *“The TSO may amend the gas quantity requested under a nomination (respectively re-nomination) in accordance with National Rules or legally binding agreements between the TSO and Network User.”*
 - **TSO recovery of any costs and revenues** - ENTSOG has made several amendments to allay ACER’s concerns that only economic and efficient Balancing Actions should be recovered.
 - **WDOS** – some minor amendments made to WDO criteria and information provision for WDOs.
 - **Nominations** – interim measure reduced from 3 years to 2 years.

Next Steps

- ENTSOG will submit the final draft code and AoD document to ACER on 5 November 2012
- ACER is expected to provide their formal opinion by 4 February 2013
 - If the code is in line with the ACER framework guidelines it will be sent to the Commission for them to conduct the Comitology process, which will result in the code entering into UK law (6-12 months)
- National Grid will have 12 months to comply with the EU code once it has been adopted into UK law but anticipate utilising an option to approach our National Regulatory Authority (NRA) for an additional 12 months to enable changes to be made to existing contracts, the UNC and any associated IT systems
- NG is to undertake a detailed impact assessment of the code - expected to inform any implementation plan to be developed by NG and the gas industry

EU Updates Timetable

- Timetable aims to highlight the key items (consultations, workshops, decisions, etc.) National Grid NTS expect to cover via this agenda item in the forthcoming months

Topic	TX Workgroup
<ul style="list-style-type: none">• ENTSOG Winter Outlook report	December 2012
<ul style="list-style-type: none">• CAM update – Comitology• Tariffs update – FG	January 2013
<ul style="list-style-type: none">• Balancing Update – ACER opinion	March 2013