

European Update



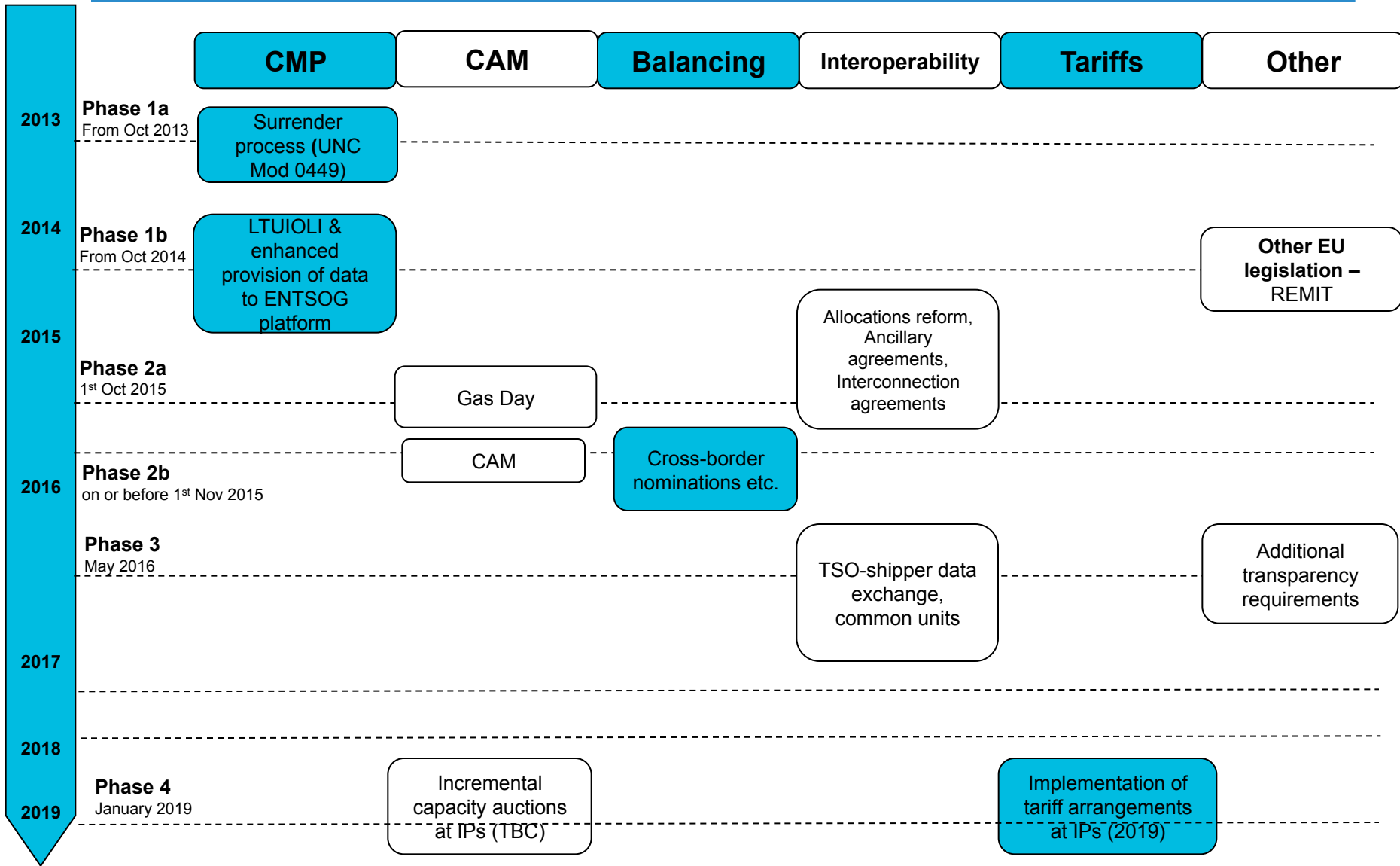
4th February 2016

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) N0 703/2015	Some deliverable planned for 1 st October 2015, others by 1 st May 2016
Tariffs (TAR)	Under development	Applicable from January 2019
Incremental Capacity	Under development	Applicable from January 2019

Road Map



EU Tariffs Code Update

February 2016

EU Tariffs Code

■ Recent meetings:

- **15, 19 Jan 2016:** Trilateral meetings between EC, ACER & ENTSOG on potential changes to TAR NC
 - 25 Jan meeting cancelled due to EC rejection of IA
 - IA rejected by Impact Assessment Board as “too technical”
- **12 & 26 January 2016:** ENTSOG Tariff WG with EC in attendance
 - Commission (Kristof Kovacs) attended on 12 January to explain process to TSOs and answer questions

EU Tariff Code Update

- Text to enter Inter-services Consultation within EC
 - Changes can be proposed by other EC directorates
- English text was scheduled to be published in comitology register by end February – this timeline may now slip

EU Tariff Code Update

- EC will not share full legal text with ENTSOG members
 - TSOs had asked for this to ensure coherent redrafting
- EC confirmed the “quasi-comitology” meeting scheduled for March and target remains to complete committee process by end June.
- Text to enter scrutiny period by European Parliament and Council
 - Cannot adjust text but can veto

Implementation timescales

- EC acknowledge that implementation timescales will be settled at comitology
 - EC still pushing for 12 months and ENTSOG still pushing for 2 years
 - EC acknowledges that 12 months would be a challenge if ACER took full 4 months for non-binding opinion
 - TSOs told they need to work on what is “actual minimum timeline”
 - What can be done within timescale and what can't due to legal or financial reasons

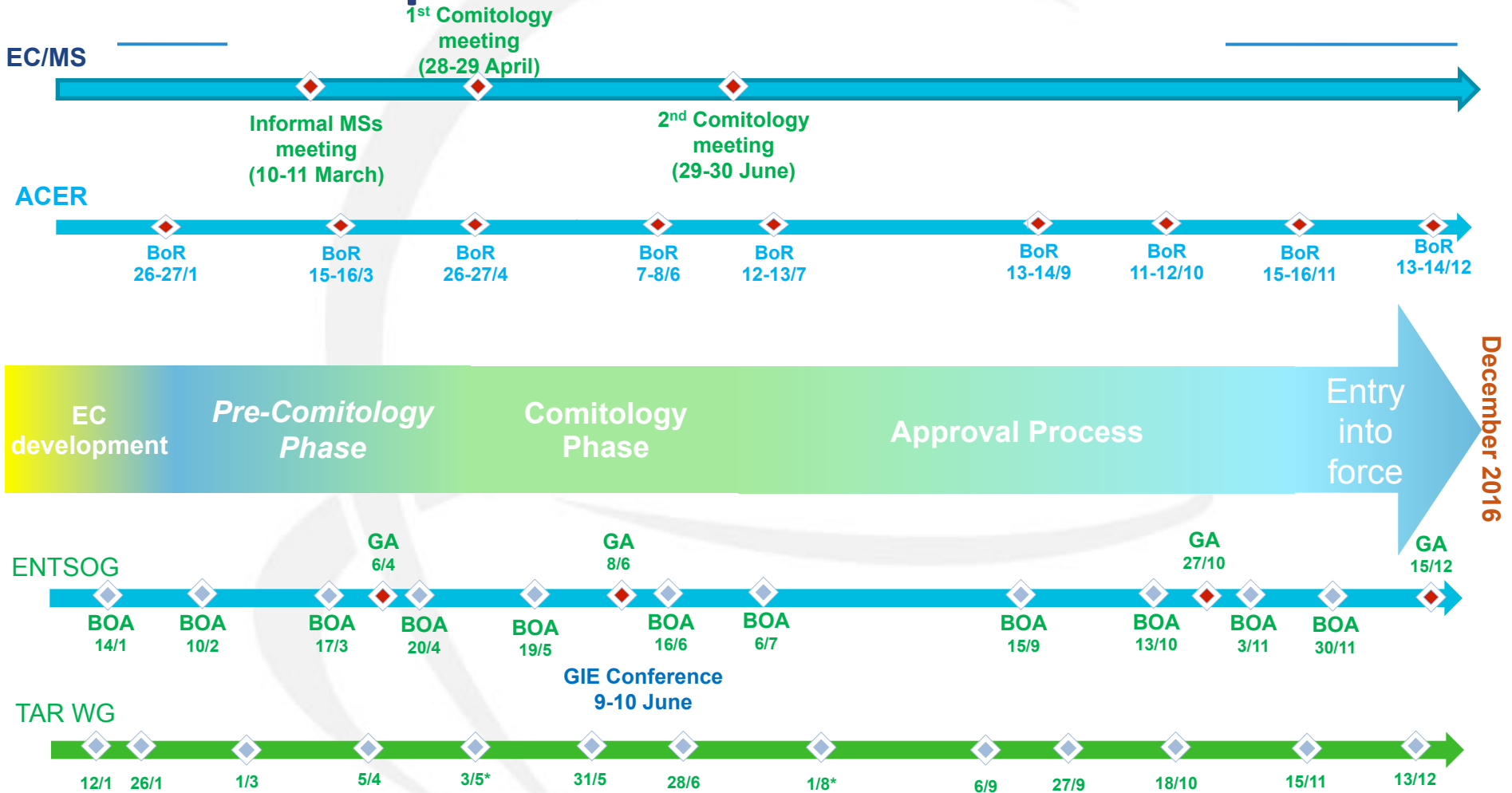
ACER Non-binding Opinion & Guidance

- ACER may be required to assess whole consultation information, not just charging methodology.
 - All parameters and products could be subject to ACER scrutiny.
- ACER may be required to produce a “Guideline for Good Practice” on TSO revenue calculation
 - Strong push back from Member States, TSOs and NRAs.
 - This is argued to be out of scope of his Code and may not be legal.

Publication of Tariff Information

- Ongoing work within ENTSOG re TAR NC publication requirements
 - What should be published on the ENTSOG TP and what should be published on the website of the TSO
 - Development of standardised table for publication

TAR NC Expected Timeline 2016



CAM Amendment (Incremental) Update

January 2016

CAM Amendment (Incremental) Update

- Similar push for a speedy implementation for the CAM Amendment
- EC wants incremental process to start July 2017
 - Demand assessment phase
- March 2017 will have to be move to July 2017
 - Less than 3 months from entry into force to moving the auction
 - Not all changes required until 2019 (actual auction)
- Current work within NG includes detailed comparison between PARCA and CAM Amendment to identify impacts and possible mitigations

EU Gas Quality Update

EU Gas Quality: Amendment of Interoperability Code

- The EC has asked ENTSOG to complete the following by 30 June 2017:
 - Impact analysis of the CEN gas quality standard on all elements of the ‘gas value chain’ in all Member States
 - Text proposal to amend the Interoperability Code to make the CEN standard legally binding
 - Stakeholder engagement is “crucial”
- National Grid NTS is currently engaging with other TSOs within ENTSOG to plan the delivery of this work

ENTSOG's Provisional Timetable

- **Feb 2016: Planning between ENTSOG/EC/ACER**
- **22 March 2016 – Stakeholder workshop 1**
- **1 April - 30 June 2016 – Consultation on impact of standard**
- **Sept 2016 – Stakeholder workshop 2**
- **Q4 2016 – ENTSOG produces impact analysis report and draft INT Code amendment**
- **Q1 2017 – Consultation on ENTSOG's impact analysis and draft INT Code amendment**
- **Q2 2017: Impact analysis and INT Code amendment finalised and published**

National Grid NTS Views

- ENTSOG should assess the impact of the CEN standard on TSOs and gather views from stakeholders about the impact on them
 - It should not attempt to complete a cost-benefit analysis for all market sectors
- Stakeholders should be engaged on the policy issues and options early in the process (~March 2016)
 - This should include discussion of what problem we are trying to solve as well as the many other implementation questions
- Stakeholders should have a formal opportunity to feed back on the impact of the standard
- Drafting of the INT Code amendment should be subject to the outcome of the impact analysis
- ACER should provide a Reasoned Opinion on any amendment proposal and must conduct a further consultation post June 2017 ¹⁹ if it wishes to proceed with the amendment (Reg 715/2009 Ar 7(2))

EU Gas Quality: Harmonisation Of Wobbe Index

- CEN held a meeting in November 2015 to debate the way forward for harmonisation of Wobbe Index (WI)
 - We expect an amendment to mandate M/400 to facilitate a new CEN process 'Pilot Project II' which will aim to achieve WI harmonisation
 - It is envisaged that individual MS will be encouraged to determine what WI range they could accommodate and feed in their studies to a CEN level working group
 - CEN is expected to propose a scope for this project in Q1 2016
 - Post meeting note: scope published at <http://www.gasgovernance.co.uk/tx/040216>.
- GB industry comments may be sent to philip.hobbins@nationalgrid.com by Monday 22nd February 2016

EU Phase 3 Update



Phase 3 Project Scope

- EU Phase 3 project aims to meet the obligations set out in the Interoperability and Data Exchange Network Code
- The scope includes:
 - Common Reference Conditions system solution (Mod 519)
 - A new Data Exchange method for the sending of IP nomination data to Gemini
 - A system solution to the disapplication of scheduling charges (Mod 510)
 - Extra transparency data published to the ENTSOG TP
 - Changes to remove internal workarounds related to CAM obligations

EU Phase 3 Project Timeline and Status

- **System Testing (ST):** 23rd November to 29th January
ST is approaching completion
- **System Integration Testing (SIT):** 1st January to 4th February
On track to be completed by the start of February. There has been good engagement with the adjacent TSOs for SIT and UAT
- **User Acceptance Testing:** 1st February to 11th March
- **User Trials:** 14th March to 8th April
Invitations issued to shippers by Xoserve
- **Code Deployment:** 10th April
- **Go Live:** 1st May

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		

Current Status

B2B Overview Slide

- National Grid NTS propose to meet the data exchange obligation (Art 21, INT Code), by implementing a solution that covers both:
 - “Integrated” solution (web services)
 - “Document based” solution (AS4 – via a B2B gateway)
- The B2B gateway has already been implemented as part of EU Phase 2
- National Grid NTS will test the B2B gateway solution on behalf of the industry and provide evidence

B2B On-Boarding Process

- The on-boarding process for the new data exchange solution take 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 1st 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

EU Phase 3 User Trials

- User Trials will start on 14th March 2016 for 4 weeks up until 8th April 2016
- Shippers will access the Gemini test system over IX network from their respective locations
- Invitations to take part in User Trials are in the process of being sent to all shippers by Xoserve
- If you have not received an invitation, please register your interest to:
box.xoserve.GeminiChange@xoserve.com

EU Phase II Lessons Learned

Update for Transmission Workgroup

National Grid Lead: Justin Goonesinghe

4th February 2016

Background

- On 7th Jan we held an EU Phase II lessons learned workshop
- While much of the feedback was positive, there were also areas for improvement
- Following a review of such feedback, we have kicked-off or re-prioritised a number initiatives to improve the processes and/or structures which support project delivery
- A particular focus of this work is post-implementation support, for example:
 - general communication practices
 - service from the Gemini Service Desk
 - ownership of detailed business process queries

Feedback Received

- Specific comments focussed upon:
 - The standard of assistance from the Gemini Service Desk*
 - Communication practices of the Gemini Service Desk
 - Closing of tickets and handovers between support teams
 - Detailed support and ownership of enquiries related to new business process
 - Communication of frequently encountered issues between support teams and customers
 - Complaints regarding “standard” functionality of the Gemini system

*The Gemini Service Desk is operated by Xoserve in their capacity as the Transporter UK Link Agency. More information can be found in UNC TPD Section U 1.5 and UK Link Manual 1.3.3

Interim Support

What is the Correct Route to Raise Issues

Gemini FAULT

Log a ticket with
Service Desk

- 0845 600 0506
- +44 121 623 2858

Gemini FUNCTIONALITY

Raise at Transmission WG or
via your Xoserve Customer
Business Partner

- Your Xoserve Customer Business Partner can support more detailed business process queries or raise with the relevant expert in National Grid NTS or Xoserve
- Further information on who your Customer Business Partner is and how to contact them to be made available
- For more details in the interim, contact:
Externalrequests.cpm@xoserve.com

Proposed Way Forward

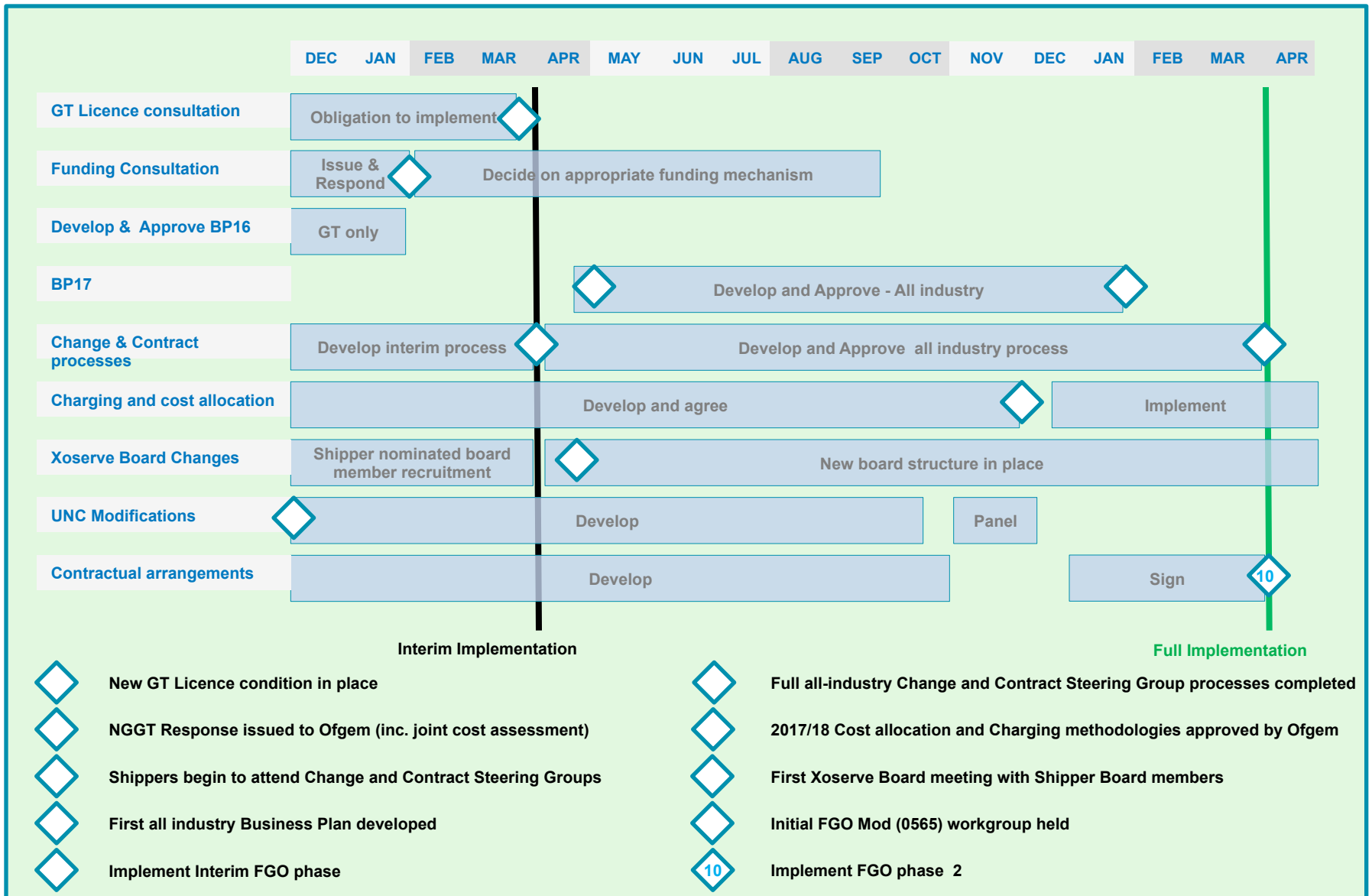
- Prior to EU Phase III, we will work with Xoserve to make improvements in a number of areas

Issue	Possible Areas of Improvement
Standard of Gemini Service Desk Support	<ol style="list-style-type: none"> 1. Refine call scripts and improve how call handlers share issues 2. Improve Service Desk training and knowledge of key functionality 3. Gather more extensive and representative feedback
Gemini Service Desk Communications	<ol style="list-style-type: none"> 4. New joined-up process for registering tickets 5. Improve call handlers communication practices
Support for Business Processes	<ol style="list-style-type: none"> 6. Review post implementation support to ensure appropriate resource in place for Phase III 7. Consider previous communication “best practices” and make better use of available resources (eg FAQ sites)
Internal Communications	<ol style="list-style-type: none"> 8. Improve handover between front-line, project and resolution teams
Gemini System Functionality	<ol style="list-style-type: none"> 9. Review how Gemini performs some simple functionality

Ofgem's review of Xoserve's Funding, Governance and Ownership (FGO)



High level milestone plan



GT Licence Consultation

- Consultation imminent.
- 2 phase implementation
 - April 2016.
 - April 2017.
- Stretching target to deliver by April 1st
- GTs intend to progress with interim phase implementation on time.

Ofgem Request For Information (RFI)

- Focused on funding
- September 2016 completion target for consultation decision
- 2 main decision points
 - Decision on funding mechanism
 - Decision on cost allocation
- Some work still to do
 - Cost allocation mechanisms
 - “Not for Profit” proposals

Xoserve Board membership

- Proposal that Shippers be able to nominate additional board members
- Establishment of a Shipper Nominations Committee, incorporating delegates from ICoSS and Energy UK
 - Peter Olson – Corona Energy
 - David Faragher – Total Gas and Power
 - Jeremy Guard – First Utility
 - Graham Wood – British Gas
- Aim to have new Board members attend April 2016 meeting

Modification 0565

- Modification raised by National Grid Distribution
- Workgroup established
- Focus on development of UNC elements of the initiative
 - Contractual and Corporate elements being managed by Xoserve
- 3 Workgroups held to date
- Would benefit from broader engagement from the industry.

Conclusions

- We appreciate the feedback received so far and would welcome thoughts on what we have presented today
- We would also welcome closer collaboration on these issues and urge shippers with specific issues to continue to support our enquiries through detailed examples and ticket numbers via:
 - Your Xoserve Customer Business Partner
 - Justin Goonesinghe (EU Code Development Manager)
justin.goonasinghe@nationalgrid.com; 07870 879509

Future Topics

Future Topics

Topic Area	Provisional Date
Tariffs Code	Monthly updates whilst progressing through comitology
Incremental Code	Monthly updates whilst progressing through comitology
Gas Quality	Monthly updates during 2016