

Modification 0525 – Enabling EU Compliant Interconnection Agreements

Aims

- Explain the Modification
 - Why change
 - Proposed solution
- Run through draft initial legal text
 - IA consultations
 - Indemnity
 - Future governance
 - Termination of CSEP Ancillary Agreements

Introduction

- EU Codes introduce new arrangements for TSOs and consequently provisions within the Interconnection Agreements
 - Capacity bundling;
 - Matching of nominations;
 - Allocate as nominate;
 - Subsequently the Agents' role disappears at IPs
 - As does the requirement for CSEP Ancillary Agreements
 - Communications in exceptional events;
 - Furthermore there is a need to address consequential changes:
 - IA change control;
 - Liability; and
 - Certain arrangements for the Moffat Interconnection Point (IP)

Interconnection Agreement Consultations

| Why change | Proposed solution |
|--|---|
| Interoperability Code requires Shippers to be consulted 2-months prior to new Interconnection Agreements (IA) going live | Transition text to enable a time bound one-off set of consultations for IAs |
| It is not possible to complete the Modification and proceed to consultation | Shipper consultation for each of the IAs followed by a review Changes requested by Shippers will be discussed with the Adjacent TSOs |
| New terms for matching of nominations etc. are not included within UNC | Allows National Grid NTS to include these new provisions within the consultations |

Future Governance

| Why change | Proposed solution |
|---|--|
| <p>UNC does not include the new provisions for Shippers to be consulted on:</p> <ul style="list-style-type: none"> - Capacity bundling - Nominations matching - Allocation rules - Communications in exceptional events | <p>Introduce a new clause to include all of the areas from IAs which affect Shippers:</p> <ul style="list-style-type: none"> - NEnPs and NExPs - Capacity bundling - Nominations matching - Allocation rules - Communications in exceptional events |
| <p>Ability to consult on NEnPs and NExPs currently held in TPD Sections I and J</p> | <p>Disapply current consultation provisions for IAs that currently flow from TPD Sections I and J</p> <p>Bring together all IA material into one section of UNC - EID</p> |

Indemnities

| Why change | Proposed solution |
|---|--|
| TSOs will be responsible for matching nominations and allocating as nominated | Introduce a clause to indemnify the Adjacent TSO for claims in tort for failures to comply |
| Reciprocal IA contractual obligations between TSOs for indemnity against claims in tort | Shippers agree not to make claims in tort against the Adjacent TSO and indemnify National Grid NTS if they do make such claims Would not apply where a Shipper has a contract with the Adjacent TSO |

CSEP Ancillary Agreements

| Why change | Proposed solution |
|--|---|
| <p>Agent role no longer required post 1st October</p> <p>CSEP Ancillary Agreements (AAs) contain clauses pertaining to:</p> <ul style="list-style-type: none">- Agent role- NEnPs and NExPs- Flow rate limits- References to other Sections of UNC | <p>Termination of the AAs</p> <p>Legal text drafted to be added to the AAs to allow their termination</p> <p>Transfer of clauses for flow rate limits and TPD references into UNC</p> |

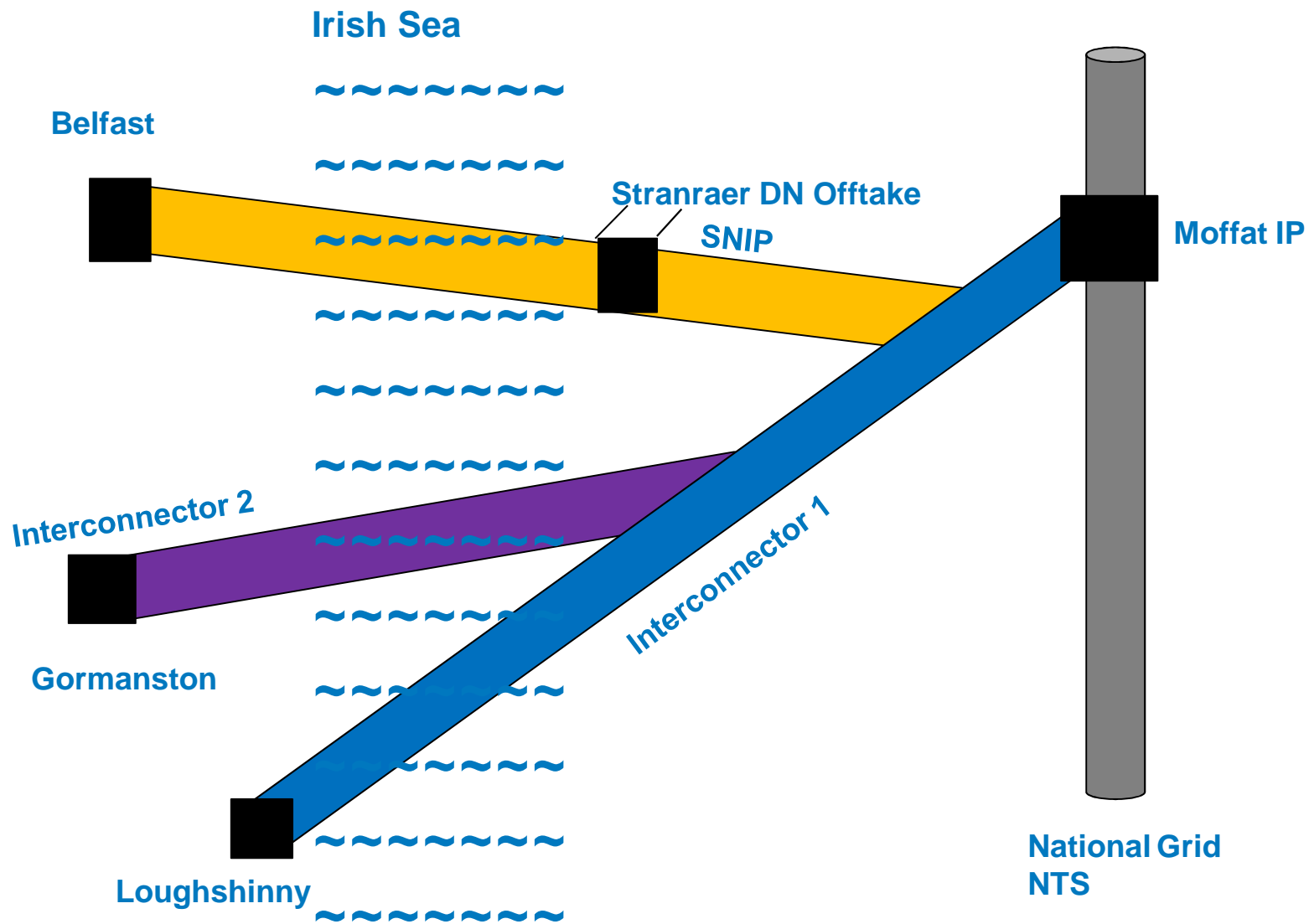
Moffat Interconnection Point

| Why change | Proposed solution |
|--|--|
| <p>EID drafting assumes a 1:1 TSO relationship</p> <p>Moffat does not fit this model</p> | <p>To introduce text into EID that allows treatment of an IP as if it were 2 IPs</p> |
| <p>Interconnection Agreement with BGE (UK)</p> <p>Recognition that the counterparty to the IA is not the same parties who have a commercial relationship with Shippers in NI and Rol</p> | <p>Treat Moffat as if it were 2 Interconnection Points for UNC purposes</p> |
| <p>Stranraer DN Offtake</p> | <p>Work in progress</p> |

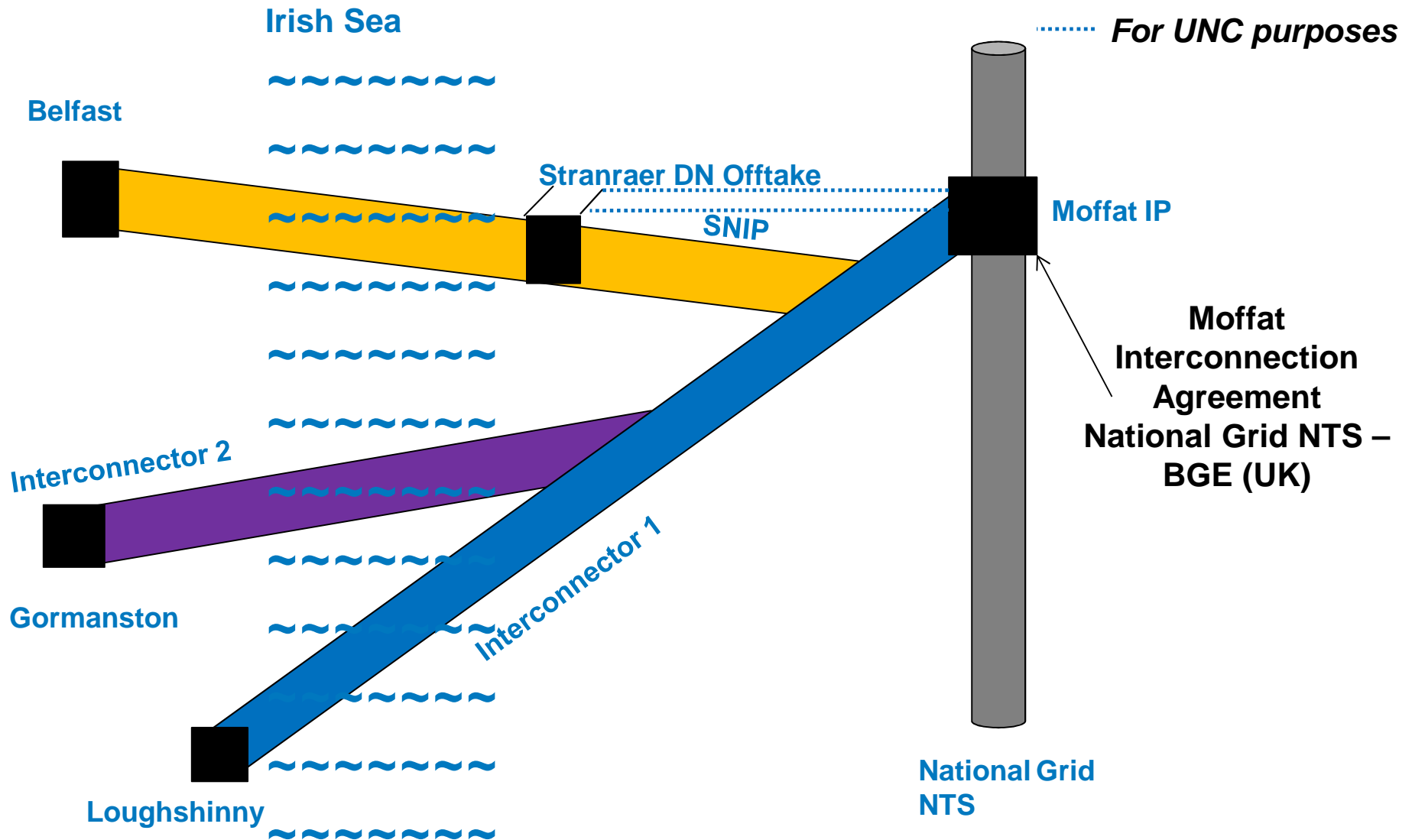
Moffat Interconnection Point



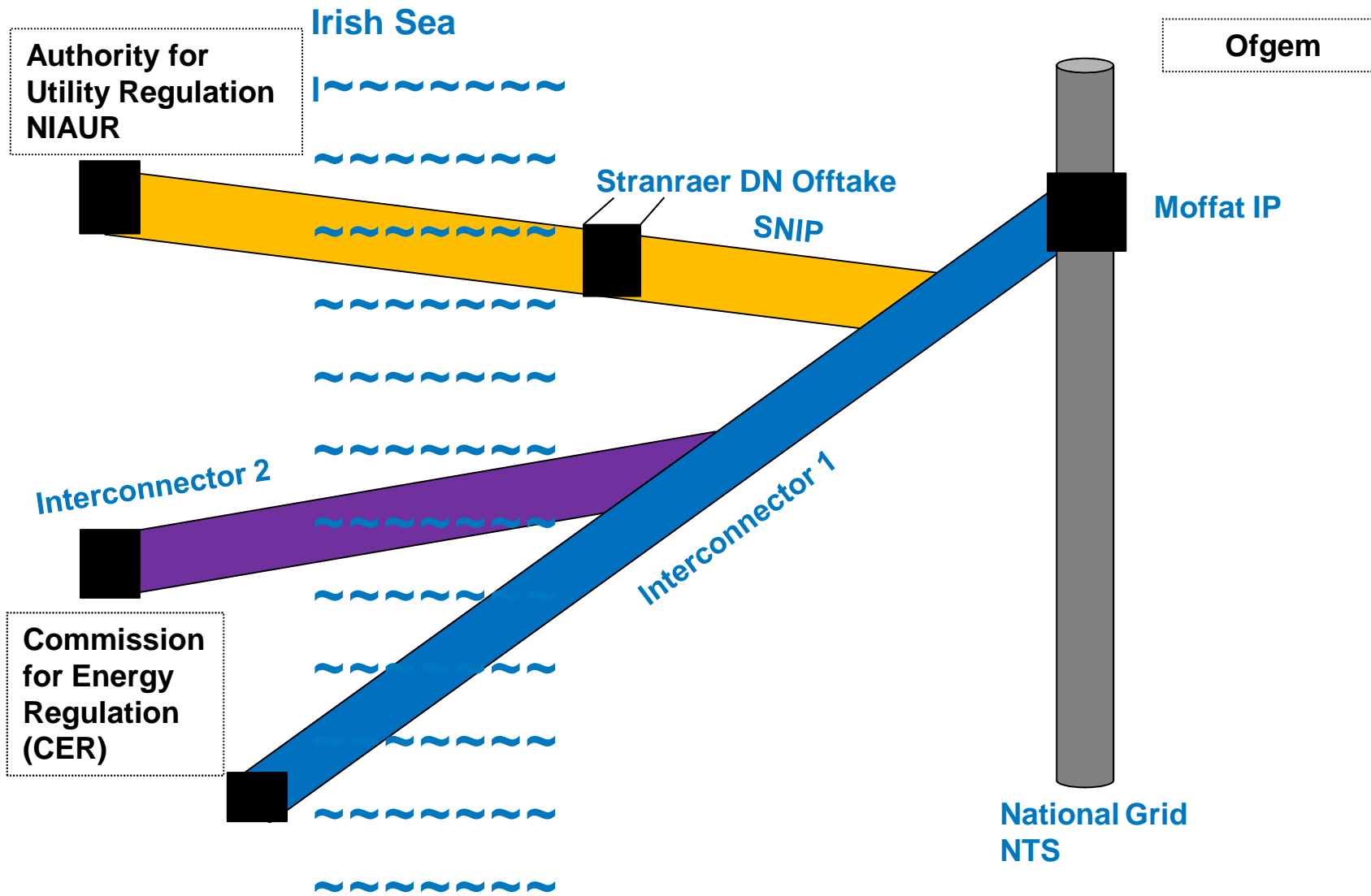
Physical Network



National Grid NTS Contractual



Regulatory



Moffat

- BGE(UK) is the licensed entity in respect of the pipeline connected to the NTS at Moffat
- Shipper relationships are held by the downstream system operators
 - Gas Networks Ireland (GNI formerly Gaslink) for the Republic of Ireland; and
 - Premier Transmission Limited (PTL) for Northern Ireland

Draft Initial Legal Text



Draft Initial Legal Text

- Text has been developed for:
 - IA consultations;
 - Indemnity;
 - Future governance; and
 - Termination of CSEP Ancillary Agreement
- Work in progress
 - Flow rate limits and references to TPD from CSEP Ancillary Agreements; and
 - Moffat specific arrangements including Stranraer

Any Questions

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