

Modification Proposal 0493



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Workgroup Meeting :11th July 2014

Actions from last Meeting

- 0501
 - explain possible alternative options open to a TSO
 - TSO approach regarding capacity validation and over nominations
 - provide a copy of the TSO nominations framework for publication alongside the minutes
- 0502
 - to provide a link to the Edig@s Implementation Guidelines Sections VI and III and the BRS documents
- 0503
 - provide a view on EIC Codes utilisation going forwards (reference page 8 footer number 4)
- 0505
 - consider providing an 'Exceptional Event' scenario (based around business rules 95 & 96) that include both the nominations and allocations aspects.
- 0504
 - provide some example scenarios for multiple confirmed quantities and how traded quantities would be applied to them.

0501: Over-nomination Options



EU Balancing Code

Article 17

- The transmission system operator may reject:
- A nomination or renomination no later than 2- hours after the beginning of the nomination deadline or the beginning of the renomination cycle starts in the following additional cases:
 - In the case of a nomination:
 - (iv) it exceeds the shipper's allocated capacity:
 - In the case of a renomination:
 - (ii) it exceeds the shipper's allocated capacity for the remaining hour, **unless this re-nomination is submitted in order to request interruptible capacity**, where offered by the transmission system operator

CAM Code

- CAM Article 21.3 - “To the extent that Within Day non-auction Interruptible Capacity is made available”
 - This provides the ability to offer within day interruptible capacity
- CAM Article 3.12 - ‘**over-nomination**’ means the entitlement of network users who fulfil minimum requirements for submitting nominations to request interruptible capacity at any time within day by submitting a nomination which increases the total of their nominations to a level higher than their contracted capacity”
- CAM Article 21.5 "Within-day interruptible capacity shall be allocated by means of an over-nomination procedure“
- CAM Article 21.6 - “Within-day interruptible capacity shall only be allocated when firm capacity, whether technical capacity or additional capacity, is sold out”

CMP Code

- Firm Day Ahead Use-it-or-lose-it (CMP 2.2.3) for restriction of renomination rights:
 - “At an Interconnection Point where congestion-management procedures apply and under the ‘Firm day-ahead use-it-or-lose-it mechanism’ a Network User may be subject to a restriction in their rights to renominate against their Firm capacity holdings
 - In this circumstance original holders of the contracted capacity may renominate the restricted part of their contracted firm capacity on an interruptible basis”

- Note: Renomination restriction rules are being progressed via the CMP implementation plan and may not be applied in GB

Option 1 – Allocate Within Day Interruptible

1. Allow over-nomination to be submitted (request interruptible capacity), where firm capacity is sold out and it exceeds the shipper's allocated capacity
 - Treat gas flow amount above the Shippers capacity holding as **interruptible capacity**
 - Cost of interruptible capacity:
 - a) Charge for within day interruptible capacity at the same rate as a GB over run or
 - b) Charge at an agreed within day interruptible capacity charge rate
 - Rate not yet known

Option 1- Allocate Within Day Interruptible

Description	Pros	Cons
<p>Allow over-nomination to be submitted (request interruptible capacity), where firm capacity is sold out and it exceeds the shipper's allocated capacity</p> <p>Cost of interruptible capacity:</p> <ul style="list-style-type: none"> • Charge for within day interruptible capacity at the same rate as a GB over run or • Charge at an agreed within day interruptible capacity charge rate 	<ul style="list-style-type: none"> • No need to book interruptible capacity day ahead • Utilises options available within the EU Rules <hr/> <p>Charging:</p> <ul style="list-style-type: none"> • No worse financially to Shippers than existing GB rules 	<ul style="list-style-type: none"> • More complicated to operate than GB regime/other options • Costs of building and time to build a supporting computer system to allocate interruptible capacity and monitor changes • May make interruption/scaling process more complicated to manage <hr/> <p>Charging:</p> <ul style="list-style-type: none"> • Over runs are more costly than current GB interruptible capacity costs • Conflicts with GB capacity charging principles (price normally decreases the closer you get to the Gas Day)

Option 2 – Existing GB Regime

2. Offer within day interruptible capacity only if restricted renomination rules are applied and allow nominations that exceed contracted capacity as per GB regime
 - Class gas flow amount above the Shippers capacity holding as an **over run** (no interruptible capacity allocated)

- Mod 493 drafted to reflect this option

Option 2 – Existing GB Regime

Description	Pros	Cons
Offer within day interruptible capacity if restricted renomination rules are applied and allow nominations that exceed contracted capacity as per GB regime	<ul style="list-style-type: none">• Consistent with GB Regime• Over run rates defined in GB regime (charging methodology)• No worse financially to Shippers• Less complicated to operate than other options• No costs from building a supporting computer system• Does not make interruption/scaling process more complicated to manage	<ul style="list-style-type: none">• Does not utilise options available within the EU Rules• Over runs are more costly than interruptible capacity for shippers

Option 3 – Reject Nominations

3. Reject nominations that exceed contracted capacity other than if renomination restriction rules are applied
 - Interruptible capacity requests via an over-nomination are not offered by the TSO; and
 - Over nominations/gas flow requests above capacity holding will not occur

Option 3 – Reject Nominations

Description	Pros	Cons
<p>Reject nominations that exceed contracted capacity other than if renomination restriction rules are applied</p> <ul style="list-style-type: none"> • Interruptible capacity requests via an over nomination are not offered by the TSO; and • Over nominations / gas flow requests above capacity holding will not occur 	<ul style="list-style-type: none"> • Simple rule to apply • Consistent with EU regime where TSOs often reject nominations above capacity holdings • Forces Shipper to ensure that they have sufficient capacity prior to nomination request 	<ul style="list-style-type: none"> • Inconsistent with GB Regime • Requires a capacity entitlement check at start of nomination / renomination schedule • NG licence obligation to be “economic and efficient” affected as it removes opportunity to accommodate higher gas flows • Could lead to nomination rejection issues where a capacity trade has not yet been allocated

0501: TSO Nominations Frameworks



IUK Nominations Framework (1)

Item	Description / Status	IA	TA
Content of TSO/User messages	As per agreed xml Edig@s messages	X	X
Matching rule	TBC	X	
Matching Process & TSO role	Matching TSO: IUK Initiating TSO: National Grid	X	
Pre-nomination process offered	National Grid: No IUK: No		
Default nomination rule (no nomination submitted)	TBC	X	X
Earliest Nomination submission time	National Grid: from the start of the Gas Day on D-30 IUK: from the start of the Gas Day on Monday in the week ('w-1') prior to the following gas week i.e. Gas Days Monday to Sunday in week 'w'		X
Nomination deadline	As per Balancing Code: Nominations by 13:00 D-1 (GMT, BST) / 14:00 D-1(CET, CEST)		X
Renomination period start time	National Grid: As per Balancing Code: Renominations from 15:00 D-1 (GMT, BST) / 16:00 D-1 (CET, CEST) IUK: from earliest nomination submission time		X
Renomination period end time	As per Balancing Code Article 15(1) 'earliest end time' 02:00 on D (GMT, BST) / 03:00 on D (CET, CEST)		X

IUK Nominations Framework (2)

Item	Description	IA	TA
Nomination Regime : Daily (NG) Hourly (IUK)	IUK apportions National Grid's daily Processed Quantity and matches at an hourly level. National Grid aggregate IUK's hourly Processed Quantities and Confirmed Quantities.	X	
Exceptional events – rejection / amendment of nominations	TBC	X	X
Nomination types – single and double sided	As per Capacity Allocation Mechanism and Balancing Code		X
Rejection rules and capacity validation	Rejection entitlements as per Balancing Code. IUK: will apply capacity validation. No over nominations facilitated National Grid: will not apply capacity validation outside of an Exceptional Event. No over-nominations facilitated.		X
Nomination and renomination response timescales	As per Balancing Code Article 14(3) /15(3) : within 2 hours from commencement of processing i.e. TSOs may process more quickly		X
Additional information requirements	IUK: none required National Grid: none required		

BBL Nominations Framework (1)

Item	Description / Status	IA	TA
Content of TSO/User messages	As per agreed xml Edig@s messages	X	X
Matching rule	TBC	X	
Matching Process & TSO role	Matching TSO: National Grid Initiating TSO: BBL	X	
Pre-nomination process offered	BBL: No National Grid: No		
Default nomination rule (no nomination submitted)	BBL: Nominated Quantity = zero. National Grid: Nominated Quantity = zero.	X	X
Earliest Nomination submission time	BBL: from the start of the Gas Day on D-179 National Grid: from the start of the Gas Day on D-30		X
Nomination deadline	As per Balancing Code Article 14(1): Nominations by 13:00 D-1 (GMT, BST) / 14:00 D-1 (CET, CEST)		X
Renomination period start time	As per Balancing Code Article 15(1): Renominations from 15:00 D-1 (GMT, BST) / 16:00 D-1 (CET, CEST)		X
Renomination period end time	As per Balancing Code Article 15(1) 'earliest end time' 02:00 on D (GMT, BST) / 03:00 on D (CET, CEST)		X

BBL Nominations Framework (2)

Item	Description	IA	TA
Nomination Regime : Daily (NG) Hourly (BBL)	NG aggregates BBL's hourly Processed Quantities. Match at daily level. BBL disaggregates National Grid's daily Processed Quantity and Confirmed Quantity.	X	
Exceptional events – rejection / amendment of nominations	TBC	X	X
Nomination types – single and double sided	As per Capacity Allocation Mechanism and Balancing Code		X
Rejection rules and capacity validation	Rejection entitlements as per Balancing Code BBL: will apply capacity validation. National Grid: will not apply capacity validation outside of an Exceptional Event. No over-nominations facilitated.		X
Nomination and renomination response timescales	As per Balancing Code Article 14(3) /15(3): within 2 hours from commencement of processing		X
Additional information requirements	BBL: none identified to date National Grid: none required		

IA – Interconnection Agreement, TA – Transportation Arrangements

BGE/Gaslink/PTL Nominations Framework (1)

Item	Description / Status	IA	TA
Content of TSO/User messages	As per agreed xml Edig@s messages	X	X
Matching rule	TBC	X	
Matching Process & TSO role	TBC	X	
Pre-nomination process offered	Natonal Grid: No BGE/Gaslink/PTL: TBC		
Default nomination rule (no nomination submitted)	TBC	X	X
Earliest Nomination submission time	National Grid: from the start of the Gas Day on D-30 BGE/Gaslink/PTL: TBC		X
Nomination deadline	As per Balancing Code: Nominations by 13:00 D-1 (GMT, BST) / 14:00 D-1(CET, CEST)		X
Renomination period start time	As per Balancing Code: Renominations from 15:00 D-1 (GMT, BST) / 16:00 D-1 (CET, CEST)		X
Renomination period end time	National Grid: As per Balancing Code Article 15(1) 'earliest end time' 02:00 on D (GMT, BST) / 03:00 on D (CET, CEST) BGE/Gaslink/PTL: TBC		X

BGE/Gaslink/PTL Nominations Framework (2)

Item	Description	IA	TA
Processing Daily and Hourly Nominations	N/A – both regimes are daily	X	
Exceptional events – rejection / amendment of nominations	TBC	X	X
Nomination types – single and double sided	As per Capacity Allocation Mechanism and Balancing Code		X
Rejection rules and capacity validation	Rejection entitlements as per Balancing Code. National Grid: will not apply capacity validation outside of an Exceptional Event. No over-nominations facilitated. BGE/Gaslink/PTL: TBC		X
Nomination and renomination response timescales	As per Balancing Code Article 14(3) /15(3) : within 2 hours from commencement of processing i.e. TSOs may process more quickly		X
Additional information requirements	National Grid: none required BGE/Gaslink/PTL: TBC		

0502: Links to BRS and Edig@s



0502: Links

- Edig@s: <http://www.edigas.org/wp-content/Downloads/3NominationandMatchingProcess2-0.pdf>
- BRS: http://www.entsog.eu/public/uploads/files/publications/INT%20Network%20Code/2014/BAL%20453-13%20Final%20ENTSOG%20NOM%20BRS%20WG%20Approved_clean%20version.pdf

0503: EIC Codes



0503: EIC Codes – Current View

- GB Users will be required to specify ‘international’ EIC codes for Capacity purchases on PRISMA and Edig@s nominations files
 - ‘International’ Codes issued by the Local Issuing Office (LIO) – ENTSO-G
 - One EIC code for all member states
 - In GB, one code per Shipper Short Code
- ENTSOG will validate requestor has a legal standing in the Energy Internal European Market (IEM)
 - TSOs are responsible for checking that the market participant is a signatory to relevant transportation contracts/codes and licenced
 - Upon first capacity purchase in PRISMA, participant required to provide its xoserve customer reference

0503: EIC Codes – Current View

- Format: 16 characters
 - First two characters are the issuing office.
 - Third character is the code type. 'X' is for 'Party' [there are other codes for physical network points etc]
 - The next 12 characters are the unique code for the Party
 - The final character is a 'check' character generated by the CIO.
- Example:
 - 'NATGAS AG' is “ 21X000000001021X ”

0505: Exceptional Events

0504: Physical or Locational Trades



0505: Revised Confirmed Quantities_{nationalgrid} following Exceptional Event or Emergency

- An exceptional event occurs between 15:00 and 15:59 on D and National Grid undertakes capacity buyback between 15:00 and 15:59 on D
 - Within the 16:00 processing cycle National Grid will pro-rate Users A's nominations to reflect the residual volume with revised values effective from 18:00 for example:

User (GB TSO)	User's Counterparty (IC TSO)	Confirmed Quantities	GB TSO Constraint Management Action (Capacity Buyback)	Revised Capacity Entitlement	Pro rating calculation	Revised Confirmed Quantites
GB 'User A'	IC 'User A'	100			$240 * (100/300)$	80
GB 'User A'	IC 'User B'	70			$240 * (70/300)$	56
GB 'User A'	IC 'User C'	80			$240 * (80/300)$	64
GB 'User A'	IC 'User D'	50			$240 * (50/300)$	40
		300	-50	240		240

Capacity Entitlement	290
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- User A is able to Renominate to meet its commercial requirements up to 02:00 on D

0504: Revised Confirmed Quantities_{nationalgrid} following Physical or Locational Trades

- For example: trade actioned between 15:00 and 15:59 on D
 - Renomination can be actioned by User before 15:59 on D
 - User A's re-nominations expected by 16:00 for processing cycle commencing at 16:00
 - In absence of User A's Renominations, within the 16:00 Renominaion cycle National Grid will pro-rate Users A's nominations to reflect the residual volume, effective from 18:00 for example:

User (GB TSO)	User's Counterparty (IC TSO)	Confirmed Quantities	GB 'User A' Physical or Locational Traded Volume	Revised Aggregate Nomination Quantity	Pro rating calculation	Revised Confirmed Quantites
GB 'User A'	IC 'User A'	100			$240 * (100/300)$	80
GB 'User A'	IC 'User B'	70			$240 * (70/300)$	56
GB 'User A'	IC 'User C'	80			$240 * (80/300)$	64
GB 'User A'	IC 'User D'	50			$240 * (50/300)$	40
		300	-60	240		240

- User A able to Renominate to meet its commercial requirements up to 02:00 on D

0505: Exceptional Event Frequency at IPs

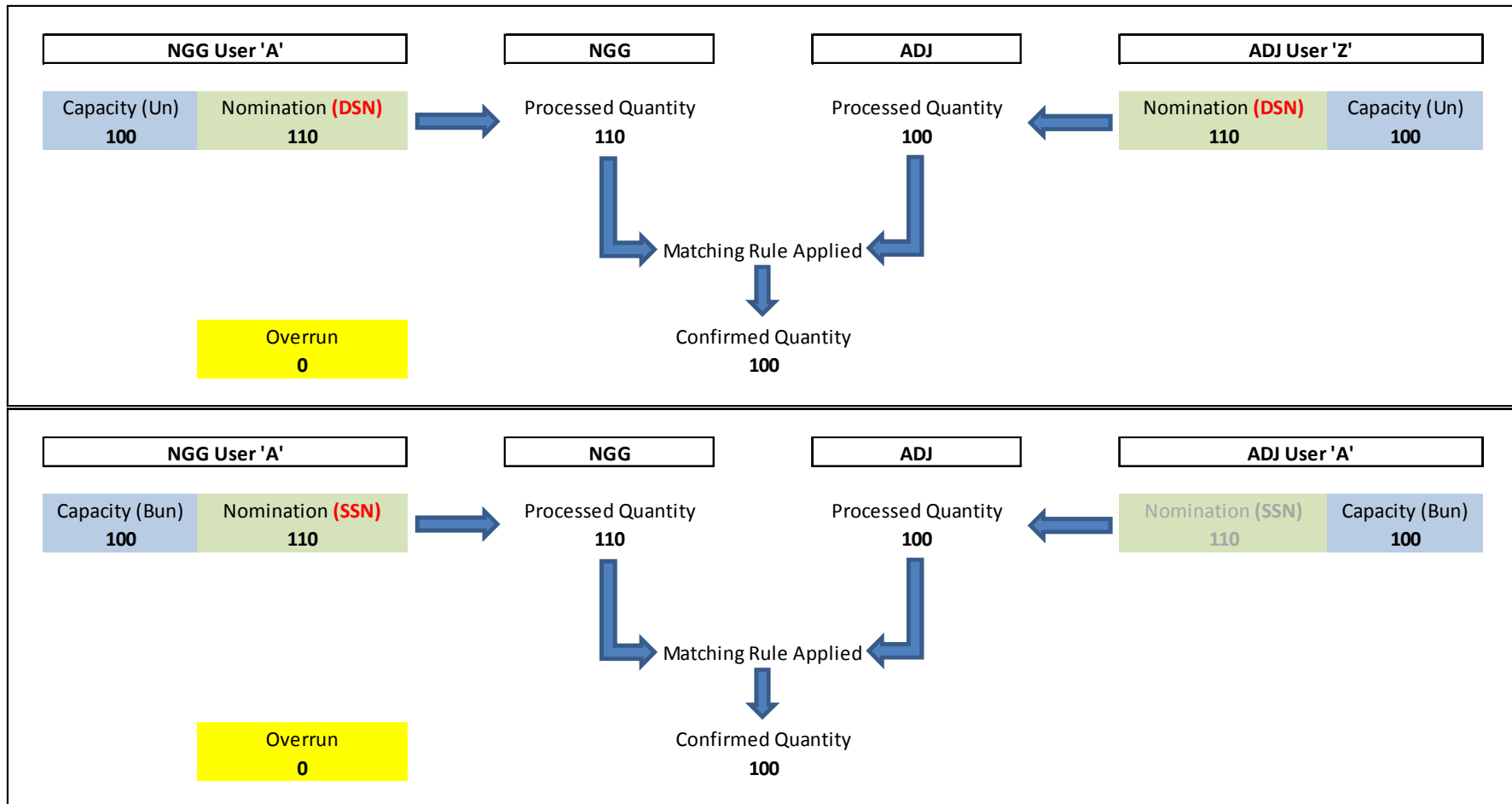
- In the three year period June 2011 to June 2014, at IPs:
 - No entry or exit capacity constraints have occurred
 - National Grid subject to incentive schemes to minimise usage
 - Other System Management Tools used 9 times (all in winter 2012/13)
 - Interruptible Entry capacity scaleback (5 events)
 - Entry locational energy trades (2 events)
 - Short term flexibility restrictions (2 events) eg: ramp rates and associated notice periods
 - Within day supply losses have occurred 5 times
 - Generally occurred early in the gas day therefore sufficient time was available to recover by end of day

Interaction with other EU Codes Processes



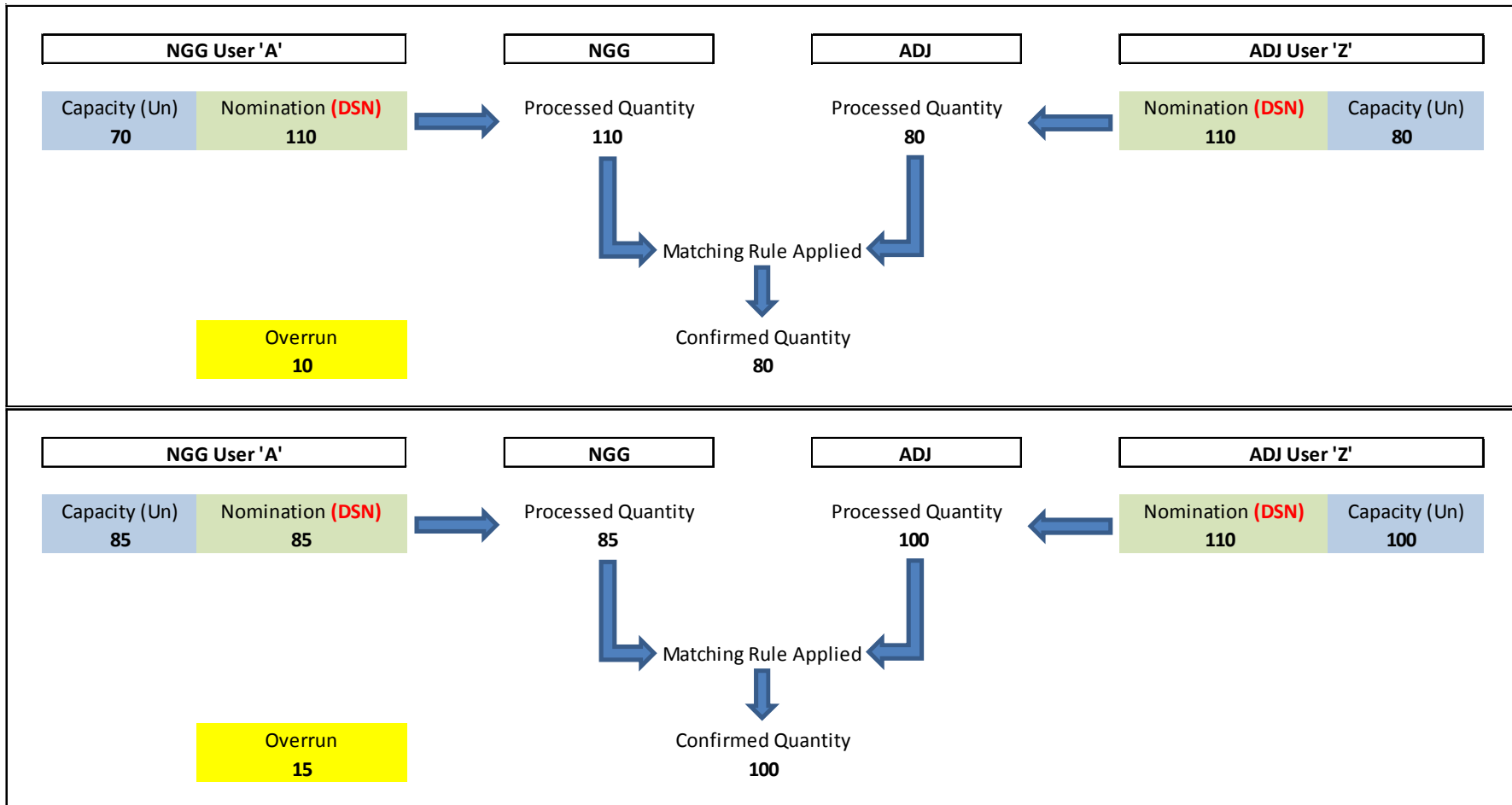
Capacity and Nominations Scenarios 1

Matching Rule: ADJ Processed Quantity prevails
 ADJ TSO applies capacity validation



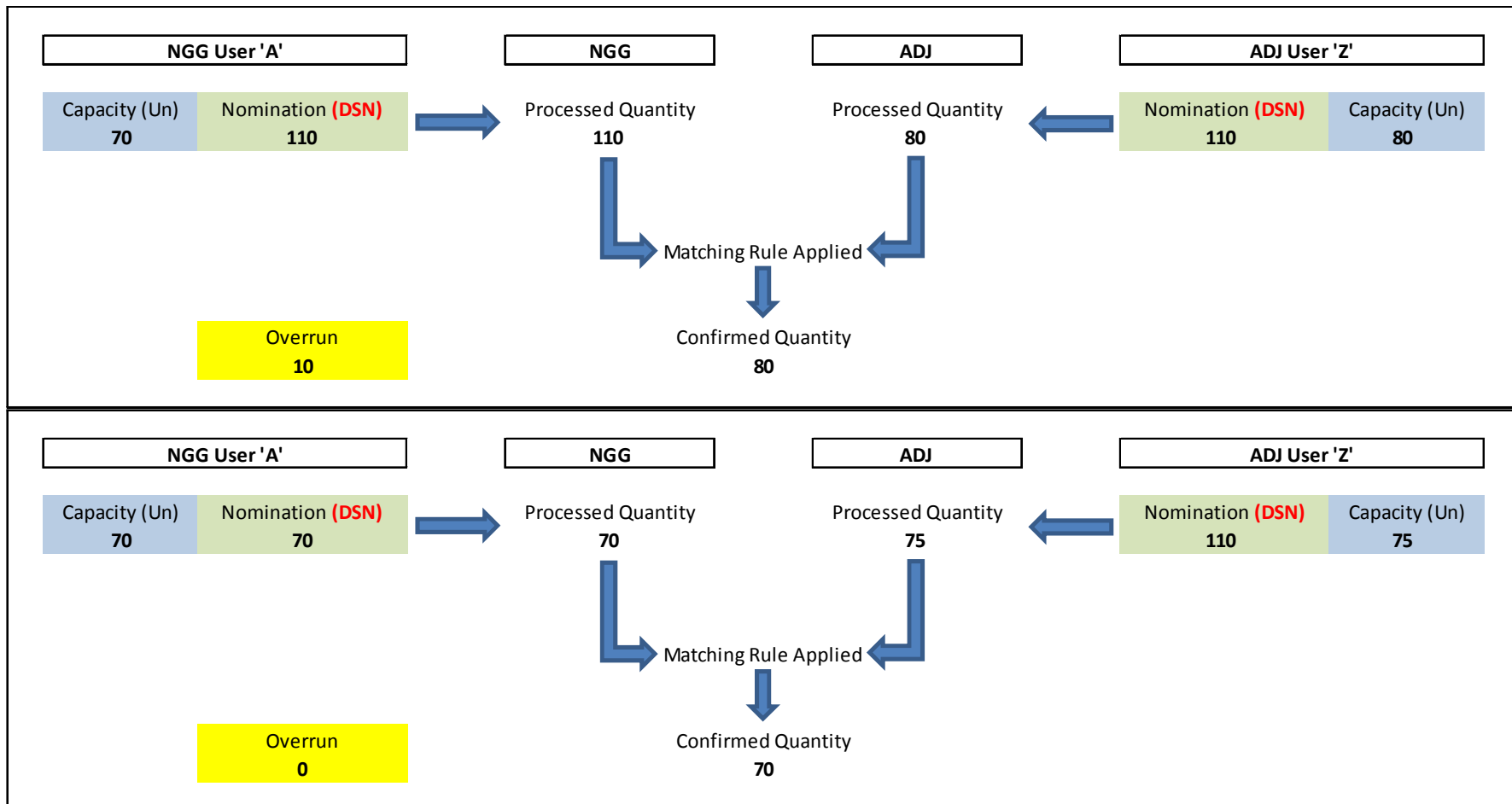
Capacity and Nominations Scenarios 2

Matching Rule: ADJ Processed Quantity prevails
 ADJ TSO applies capacity validation



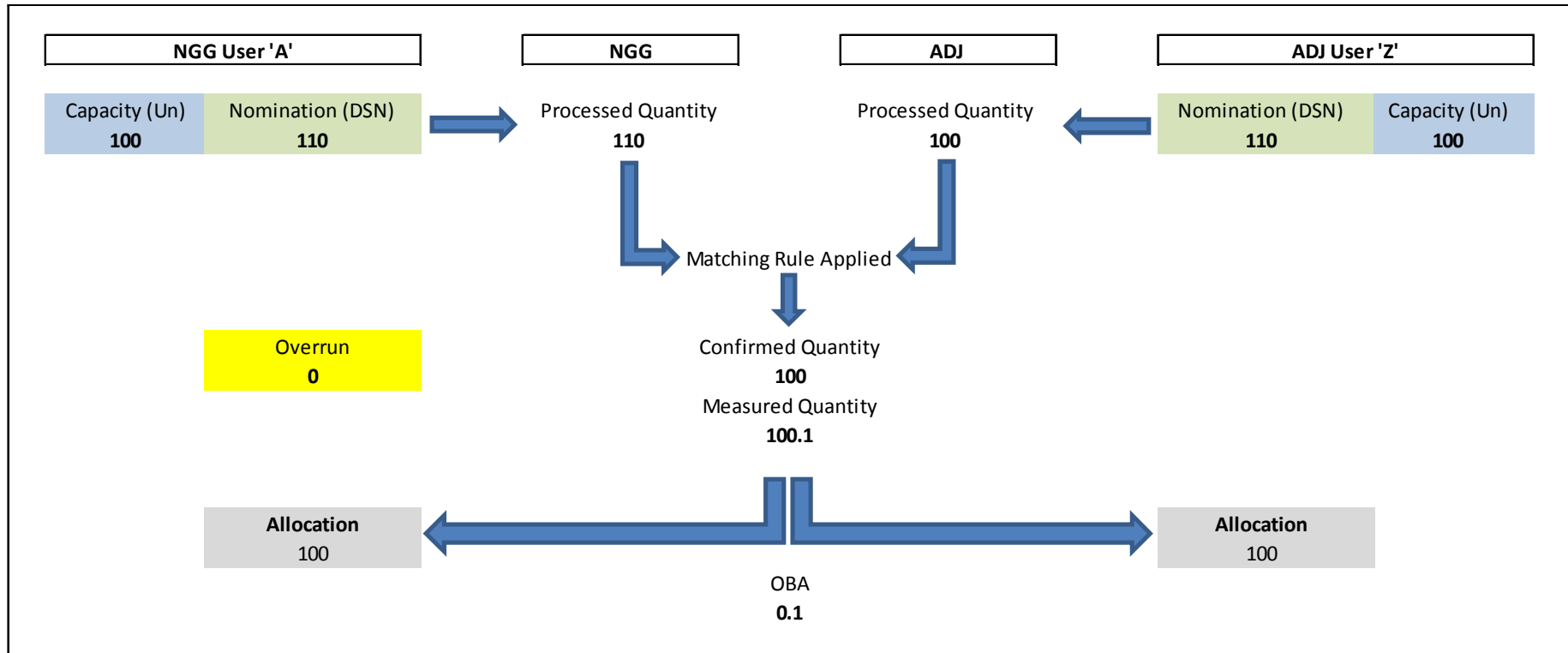
Capacity and Nominations Scenarios 3

Matching Rule: 'lesser' rule
ADJ TSO applies capacity validation



Capacity Nominations and Allocations Scenario 1

Matching Rule: 'lesser' rule
ADJ TSO applies capacity validation



Capacity Nominations and Allocations Scenario 2 (Exceptional Event)

Matching Rule: 'lesser' rule
 ADJ TSO applies capacity validation

