Stage 02: Workgroup Report

0461:

Changing the UNC Gas Day to Align with the Gas Day in EU Network Codes.

At what stage is this document in the process?

01 Modification

02 Workgroup Report

03 Draft Modification Report

04 Final Modification Report

This Modification Proposal seeks to implement changes to the definition of the Gas Day within the UNC and its associated documents to facilitate compliance with European legislative changes.

The Workgroup recommends that this modification should now proceed to consultation.

High Impact: Shippers, Distribution Network Operators and National Grid NTS

Medium Impact: -

Low Impact: -

Contents

About this document:

This report will be considered by the panel on 21 November 2013.

The panel will consider whether the modification should proceed to consultation or be returned to the workgroup for further assessment.

Any questions?

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1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that this is not a self-governance modification.

Why Change?

In order to become compliant with the requirements of the Capacity Allocation Mechanism (CAM) European network code, the GB Gas Day is required to align with the Gas Day as defined in the CAM code. This effectively means a change from 06:00-06:00 to 05:00-05:00. To align with the Gas Day set out in CAM, the current Gas Day definition within the UNC will require amending.

Solution

a) UNC current definition and other related definitions

It is proposed that the 06:00 time references are changed to 05:00 within UNC General Terms Section C which contains the UNC current definition and other related definitions.

b) Specific UNC times that define the start/end of the Gas Day

It is proposed that the 06:00 time references in UNC Sections B, D, G and U that are associated with the start of the Gas Day should be changed to 05:00 to align with the start of the new Gas Day.

c) Specific UNC times impacted by the Gemini outage

It is proposed that specified times in Sections B, C, D, E, K, Q, U and Z of the UNC should be changed as they will no longer be able to operate at their current time due to the revised Gemini outage time as a consequence of the Gas Day change.

d) Specific UNC associated process times

It is proposed that specified times in Sections B, C and H of the UNC should change as they will no longer be able to operate at their current time due to operational constraints as a consequence of a change to the Gas Day.

Relevant Objectives

The reference to the Gas Day being aligned is included within the EU CAM network code. Implementation of this modification would therefore facilitate compliance with European legislative requirements.

Implementation

The implementation date for CAM has been set as 01 November 2015. To be compliant, therefore, the change to the definition of the Gas Day will have to be implemented no later than this date.

2 Why Change?

EU CAM Network Code

The current Gas Day in the UNC is 06:00-06:00, with a seasonal adjustment for daylight saving. The EU CAM network code states the Gas Day time will operate from 05:00-05:00, also with an equivalent daylight saving adjustment. This legislative requirement relating to the Gas Day timing contained within the EU CAM code supersedes any prevailing GB legislation. Therefore the implementation of the EU CAM network code directly impacts on the UNC and its associated documents, requiring the Gas Day definition to change to become EU compliant. To be compliant, the change to the definition of the Gas Day will need to be implemented no later than the date that the CAM code is implemented.

Other EU Codes

Although CAM is only applicable at Interconnection Points (IPs), the Gas Day definition is referenced in other EU Network Codes (eg EU Balancing Code) that apply to the whole GB gas regime. The definition contained within CAM is generic and has the same meaning when referenced in other codes, therefore implying the Gas Day time has to be amended across the whole GB gas regime.

UNC and Associated Documents Time References

The change to the Gas Day time will have a consequential impact on the UNC Gas Day definition as well as other time references and process times contained within the UNC and associated documents.

There are four categories of time references requiring change within the UNC and associated documents:

a) UNC current definition and other related definitions;
b) Specific UNC times that define the start/end of the Gas Day;
c) Specific UNC times impacted by the Gemini outage time; and
d) Specific UNC associated process times.

Workgroup 0461 has undertaken an assessment to identify those time references that define the start and end of the Gas Day, time references impacted by the Gemini outage and time references attached to associated UNC processes, which will require changing as a consequence of the Gas Day changing. The Workgroup has concluded that the wholesale movement of all these times is not necessary or efficient and has suggested only changing times that cannot operate at their existing time.

The Workgroup has reviewed all clauses containing time references within the General Terms, Transportation Principal Document and Offtake Arrangements Document. A summary of their conclusions is contained within the table below.

Topic Area	Document(s)	Workgroup Proposal
Gas Day and related definitions	UNC GTC - Interpretation	Change times (See section 3 Solution, table sub-section (a))
Physical Regime – Assured Pressures and Flex Utilisation	References contained within UNC Sections B, J, V and OAD Sections I & J	Leave all times as-is

Capacity	UNC Section B	• Leave times related to the business day/working day as-is • Leave other times suitably detached from the start/end of Gas Day as-is • Change times related to start of the Gas Day (See section 3 Solution, table sub-section (b)) • Change times impacted by the Gemini outage time (See section 3 Solution, table sub-section (c)) • Change other times related to capacity processes that can no longer operate at their current time (See section 3 Solution, table sub-section (d))
Nominations	UNC Section C	• Leave Nomination Timetable times as-is • Leave Calorific Value times as-is • Change times related to Renominations and Trade Nominations that are impacted by the Gemini outage time (See section 3 Solution, table sub-section (c)) • Change other times related to Trade Nominations that can no longer operate at their current time (See section 3 Solution, table sub-section (d))
Operational Balancing and Trading Arrangements	UNC Section D	• Leave all times suitably detached from the start/end of Gas Day as-is • Change other times related to processes that are impacted by the Gemini outage time (See section 3 Solution, table sub-section (c))
Daily Quantities, Imbalances and Reconciliation	UNC Section E	• Leave all times related to the business day/working day as-is • Change time related to Incentivised Nomination Charges that are impacted by the Gemini outage time (See section 3 Solution, table sub-section (c))

Supply Points	UNC Section G	• Leave all times related to the business day/working day as-is • Change time related to the start of the Gas Day (See section 3 Solution, table sub-section (b))
Demand Estimation and Demand Forecasting	UNC Section H	• Change last LDZ Demand Forecasting time that can no longer operate at its current time (See section 3 Solution, table sub-section (d))
Supply Point Metering	UNC Section M	• Leave all times as-is
Operating Margins	UNC Section K	• Change time associated with Initial Input Nominations that is impacted by the Gemini outage time (See section 3 Solution, table sub-section (c))
Shrinkage	UNC Section N	• Leave time reference as-is
Emergencies	UNC Section Q	• Leave times detached from start/end of the Gas Day as-is • Change time associated with Storage Compensation Arrangements that is impacted by the Gemini outage time (See section 3 Solution, table sub-section (c))
Storage	UNC Section R	• Leave time reference as-is
Invoicing and Payment	UNC Section S	• Leave time reference as-is
UK Link	UNC Section U	• Change times related to start of the Gas Day (See section 3 Solution, table sub-section (b)) • Change time associated with Contingency Arrangements that is impacted by the Gemini outage time (See section 3 Solution, table sub-section (c))
Energy Balancing Credit	UNC Section X	• Leave all time references as-is

National Grid LNG Storage	UNC Section Z	• Leave all times detached from the start/end of the Gas Day as-is • Change time associated with Storage Gas Transfer that is impacted by the Gemini outage time (See section 3 Solution, table sub-section (c))
Offtake Arrangements	Offtake Arrangements Document (OAD)	• Leave all time references as-is

3 Solution

a) UNC current definition and other related definitions

General Terms Section C - Interpretation

It is proposed that the 06:00 time references in the table below are changed to 05:00 within the General Terms Section of the UNC which contains the UNC current definition and other related definitions.

It is proposed that the 'Day' definition has to be changed to achieve legal compliance with the EU Network Codes. The other associated definitions are linked to the definition of the 'Day' and therefore also require amending for consistency and alignment of the UNC.

Definition	Document	Section	Clause
First Day	Transition Document Part 1 - General	2. Interpretation and effect	2.1
Last Day	Transition Document Part 1 - General	2. Interpretation and effect	2.1
Day	General Terms Section C - Interpretation	2. Interpretation 2.2	2.2.1 (a)
Business Day	General Terms Section C - Interpretation	2. Interpretation 2.2	2.2.1 (b)
Calendar Day	General Terms Section C - Interpretation	2. Interpretation 2.2	2.2.2 (a)
Week	General Terms Section C - Interpretation	2. Interpretation 2.2	2.2.2 (b)
Month	General Terms Section C - Interpretation	2. Interpretation 2.2	2.2.2 (c)
Calendar Month	General Terms Section C - Interpretation	2. Interpretation 2.2	2.2.2 (d)

Year	General Terms Section C - Interpretation	2. Interpretation 2.2	2.2.2 (e)

b) Specific UNC times that define the start/end of the Gas Day

As the 'Day' definition will be altered to start at 05:00, the UNC specific processes that commence when a new Gas Day begins will also require changing for the purpose of consistency and alignment.

It is proposed that the 06:00 time references in UNC Sections B, D, G and U that are associated with the start of the Gas Day should be changed to 05:00 to align with the start of the new Gas Day.

The table overleaf lists the specific sections and clauses impacted by this proposal.

Document	Section	Clause	No. of 06:00 Times per Clause
Section B System Use & Capacity	2.4 Daily NTS Capacity	2.4.13	3
Section B System Use & Capacity	2.4 Daily NTS Capacity	2.4.14	1
Section B System Use & Capacity	2.4 Daily NTS Capacity	2.4.15	1
Section B System Use & Capacity	2.9 Curtailment of Interruptible NTS Entry Capacity	2.9.3	1
Section B System Use & Capacity	2.10 Surrender of NTS Entry Capacity	2.10.3	1
Section B System Use & Capacity	2.10 Surrender of NTS Entry Capacity	2.10.10	1
Section B System Use & Capacity	2.10 Surrender of NTS Entry Capacity	2.10.11	1
Section B System Use & Capacity	3.10 Curtailment of Off-peak Daily NTS Exit (Flat) Capacity	3.10.1	1
Section B System Use & Capacity	Annex - NTS Exit Capacity 3 –. Capacity bids, capacity offers and capacity applications – 32	Annex B1 – 3.2	2
Section B System Use & Capacity	Annex – NTS Exit Capacity 3 -	Annex B1 – 3.9	2
Section D Operational Balancing and Trading Arrangements	Annex D-1 – Trading System Arrangements – 1 – Introduction	1.2	1

Section G Supply Points	Annex G-2 Mandatory Allocation Agency Terms - 2 Duration	Annex G-2-2	1
Section U UK Link	6.1 Contingency Arrangements – General	6.1.3	1

c) Specific UNC times impacted by the Gemini outage time

It is proposed that specified times in Sections B, C, D, E, K, Q, U and Z should be changed as they will no longer be able to operate at their current time due to the revised Gemini outage time as a consequence of the Gas Day change.

The table overleaf lists the specific sections, clauses and times impacted, and the new times proposed.

Document	Section	Clause	No. of Time References per Clause	New Times Proposed
Section B System Use & Capacity	2.13 Capacity Neutrality Arrangements	2.13.3	1 X 04:00	03:00
Section B System Use & Capacity	5.2 Capacity Transfer – Procedure	5.2.2	1 X 04:00	03:00
Section B System Use & Capacity	5.6 Daily NTS Capacity Transfer	5.6.2	1 X 04:00	03:00
Section C Nominations	4.1 Renomination – General	4.1.3	1 X 04:00	03:00
Section C Nominations	5.2 Trade Nominations – Content, timing and procedure	5.2.2	1 X 04:00	03:00
Section D Operational Balancing and Trading Arrangements	2.2 Trading Arrangements – Market Transactions and Trading Arrangements	2.2.1	1 X 04:00	03:00
Section D Operational Balancing and Trading Arrangements	Annex D-1 – Trading System Arrangements – 5 – Acceptance	5.1	2 X 03:35	02:35
Section E Daily Quantities, Imbalances and Reconciliation	5.3 – Imbalance – Incentivised Nominations Charges	5.3.5	1 X 04:00	03:00
Section K Operating Margins	1.3.3 – Introduction – National NTS as NTS User	1.3.3	1 X 04:00	03:00
Section Q Emergencies	7.2 Storage Curtailment Compensation Arrangements	7.2.1	1 X 04:00	03:00

Section U UK Link	6.1 Contingency Arrangements – General	6.1.3	1 X 04:00	03:00
Section Z National Grid LNG Storage Facilities	4.3 Procedure	4.3.3	1 X 04:00	03:00

d) Specific UNC associated process times

It is proposed that specific times associated with processes will no longer be able to operate at their current time to due operational constraints as a consequence of a change to the Gas Day.

The table overleaf lists the specific sections, clauses and times impacted, and the new times proposed.

Document	Section	Clause	No. of Time References per Clause	New Times Proposed
Section B System Use & Capacity	2.4 Daily NTS Entry Capacity	2.4.3	1 X 02:00	01:00
Section B System Use & Capacity	2.4 Daily NTS Entry Capacity	2.4.7	1 X 02:00	01:00
Section B System Use & Capacity	2.4 Daily NTS Entry Capacity	2.4.13	1 X 02:00	01:00
Section B System Use & Capacity	2.9 Curtailment of Interruptible NTS Entry Capacity	2.9.3	1 X 02:00	01:00
Section B System Use & Capacity	2.10 Surrender of NTS Entry Capacity	2.10.3	1 X 02:00	01:00
Section B System Use & Capacity	2.12 Overrun Charges	2.12.3	1 X 02:00	01:00
Section B System Use & Capacity	2.17 Force Majeure affecting capacity at an ASEP	2.17.5	1 X 01:00	00:00
Section B System Use & Capacity	3.5 Release of Off-Peak Daily NTS Exit (flat) Capacity	3.5.2	1 X 02:00	01:00
Section B System Use & Capacity	3.10 Curtailment of Off-peak Daily NTS Exit (flat) Capacity	3.10.1	1 x 02:00	01:00
Section B System Use & Capacity	3.11 Surrender of Daily NTS Exit (flat) Capacity	3.11.2	1 X 02:00	01:00

Section B System Use & Capacity	Annex NTS Exit Capacity 3 – Capacity bids, capacity offers and capacity applications	Annex B1 – 3.2	1 X 02:00	01:00
Section C Nominations	5.2 Trade Nominations – Content, timing and procedure	5.2.3	1 X 07:00	06:00
Section H Demand Estimation and Demand Forecasting	5.2 – Daily Demand forecasting – LDZ Demand Forecasting	5.2.3	2 X 02:00	01:00

User Pays
Classification of the modification as User Pays, or not, and the justification for such classification.
A Change Order Assessment has been requested from Xoserve to give an indication of system change requirement and cost implication.
Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.
To be determined.
Proposed charge(s) for application of User Pays charges to Shippers.
To be determined.
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.
To be completed before a modification is issued to consultation.

4 Relevant Objectives

Impact of the modification on the **Relevant Objectives:**	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None

d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards… are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	Positive

Impacts on Relevant Objective(s)

This Modification will facilitate compliance with European legislative requirements by changing the definition of the GB Gas Day to correspond to the definition of the Gas Day contained within the EU CAM code. Implementation therefore facilitates the Relevant Objective compliance with the Regulation and any relevant legally binding decisions of the European Commission.

Introducing a common Gas Day across the European Union is part of the package of changes that is being introduced to support the development of effective competition in the EU gas market. Moving to a gas day that is consistent with other EU countries may therefore be expected to further facilitate the securing of effective competition between Shippers and between Suppliers in the GB gas market.

5 Implementation

CAM is to be implemented in the GB regime from 01 November 2015. To be compliant, therefore, the change to the definition of the Gas Day will need to be implemented no later than the implementation of the CAM network code.

Failure to implement the change to the Gas Day in time to meet the implementation date of CAM will result in non-compliance with European legislative requirements.

While no implementation timescale is proposed, a practical and logical date for implementation of this modification would be 01 October 2015, corresponding with the beginning of the Gas Year whilst remaining compliant with the implementation date for the CAM European network code.

6 Legal Text

Text

To be provided.

7 Recommendation

The Workgroup invites the Panel to:

- AGREE that this modification should be submitted for consultation.