

# European Update



# 1. General Update

## Code Status Update

Code	Current Status	Implementation date
Tariffs (TAR)	Entered into Force 6 April 2017, Mods now being raised (e.g. UNC 0621 + combined ASEP Mod)	Applicable from 6 April 2017, 1 October 2017, 31 May 2019
Transparency (TRA)	Entered into Force 6 April 2017	Applicable from 01 October 2017, First publication end 2017 Monitoring reports March 2018

## 2. EU Code Updates

# CAM Auction Calendar

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- ENTSOG published calendar on 23/01/18 for auctions from Mar 18
- Firm auctions follows default CAM dates:
  - Annual yearly capacity auction (firm capacity) – 2 July 2018
  - Quarterly capacity auctions (firm capacity) – 6 August 2018, 11 November 2018, 4 February 2019 and 6 May 2019
  - Monthly capacity auctions (firm capacity) – third Monday of M-1
  - Daily capacity auctions (firm capacity) – D-1, 15:30 UK time
  - Daily capacity auctions (interruptible) – D-1, 16:30 UK time
  - With-In Day capacity auctions (firm capacity) – 24 auctions for each gas day, allocation takes place hourly from 01:30 D-1 to 01:30 D.

## Alignment of GTCs

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- 5/1/18 – ENTSOG publishes report on the differences between the main terms and conditions of contracts for bundled capacity
  - This is a CAM requirement (Article 20)
- Comprehensive report: 21 contractual areas looked at for potential alignment
- End product – ENTSOG to produce a template for the main terms and conditions - covering contractual provisions which are not affected by fundamental difference in principles of national law or jurisprudence – within 6 months
- TSOs may apply the template subject to NRA approval

## Alignment of GTCs - timetable

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- 5/1/18 - report published
- Jan–Apr - template developed by ENTSOG
- Apr 18 - public consultation on template launched
- May-June - ENTSOG refine template following feedback
- 5/7/18 - template submitted to ACER for an ‘opinion’ within 3 months
- Oct 18 - final template published

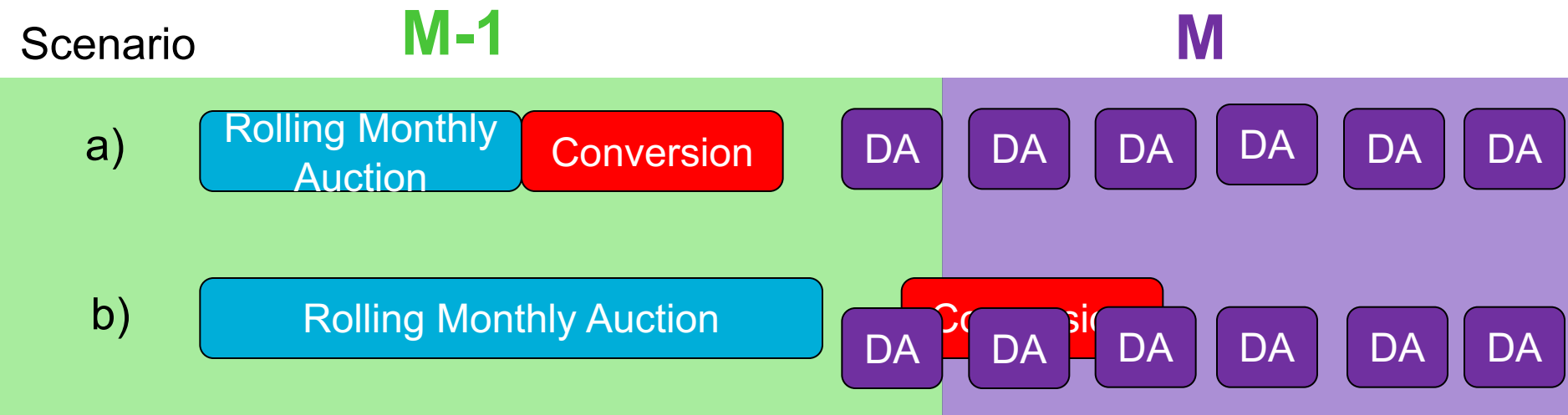
## Capacity Conversion - update

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- Process is now live – the first relevant auction was the rolling monthly auction in January
- No conversion requests were received following this auction
- Implementation updates were issued via the [Ops Forum](#) (Nov 17 and Jan 18) and via e-mail (12<sup>th</sup> Jan 18)
- Contact for operational queries: [capacityauctions@nationalgrid.com](mailto:capacityauctions@nationalgrid.com)
- After the December rolling monthly auction (for gas month January) went on for some considerable time, then a new possible issue regarding capacity conversion was identified (see next slide)



# Theoretical issue – Conversion window following a long duration Monthly auction



- In scenario b) allocation is very late and the conversion process runs into first few days of the next month...
  - NG would be unable to reoffer converted capacity for the first few days before the process is complete
  - It therefore may only be possible to process a Conversion request for the ‘remainder of the month’ rather than the whole of the month

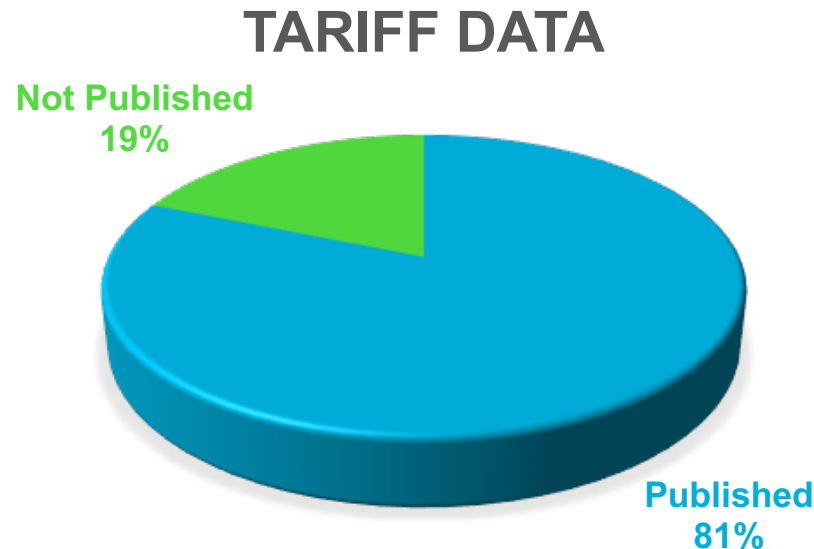
# Tariff Code Update

# Tariff Code Update

## TAR NC: Publication Status

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- Tariff data currently published on TSOs/NRA websites
  - **39 TSOs** now publishing required Tariff data
  - **9 TSOs** have not published (all of them have either derogation or it is the task of NRA to publish tariffs)



## TAR NC: Monitoring Reports

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- ACER now planning for production of revenue report (Art 34 of TAR NC)
  - ACER Workshop on 8 February
    - Registration details:  
<https://www.acer.europa.eu/Events/Stakeholder-event-on-ACER-report-on-methodologies-and-parameters-to-determine-gas-TSO-revenues/default.aspx>
    - Event open to stakeholders, TSOs and NRAs
  - Publication of report due **end 2018 /early 2019**
    - Report will include input gathered at this event

# UNC Mod 0621: Amendments to Gas Transmission Charging Regime

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- TAR NC being implemented via UNC 0621
- Details can be found at
  - <https://www.gasgovernance.co.uk/ntscmf>
  - <https://www.gasgovernance.co.uk/0621>

## Future Topics

## Future Topics

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Topic Area	Provisional Date
Tariffs Code	Monthly updates
Transparency requirements	Monthly updates



## Modification 0628S

# Project CLoCC

Customer Low Cost Connections

**NETWORK INNOVATION COMPETITION PROJECT:**

**CUSTOMER LOW COST CONNECTIONS (CLOCC)  
– MOD 0628S DEVELOPMENT**

**Nicola Lond  
Commercial Lead**

**TWG February 2018**



## Mod 0628s – Standard Design Connections: PARCA

- Solution section of Mod updated to reflect development.

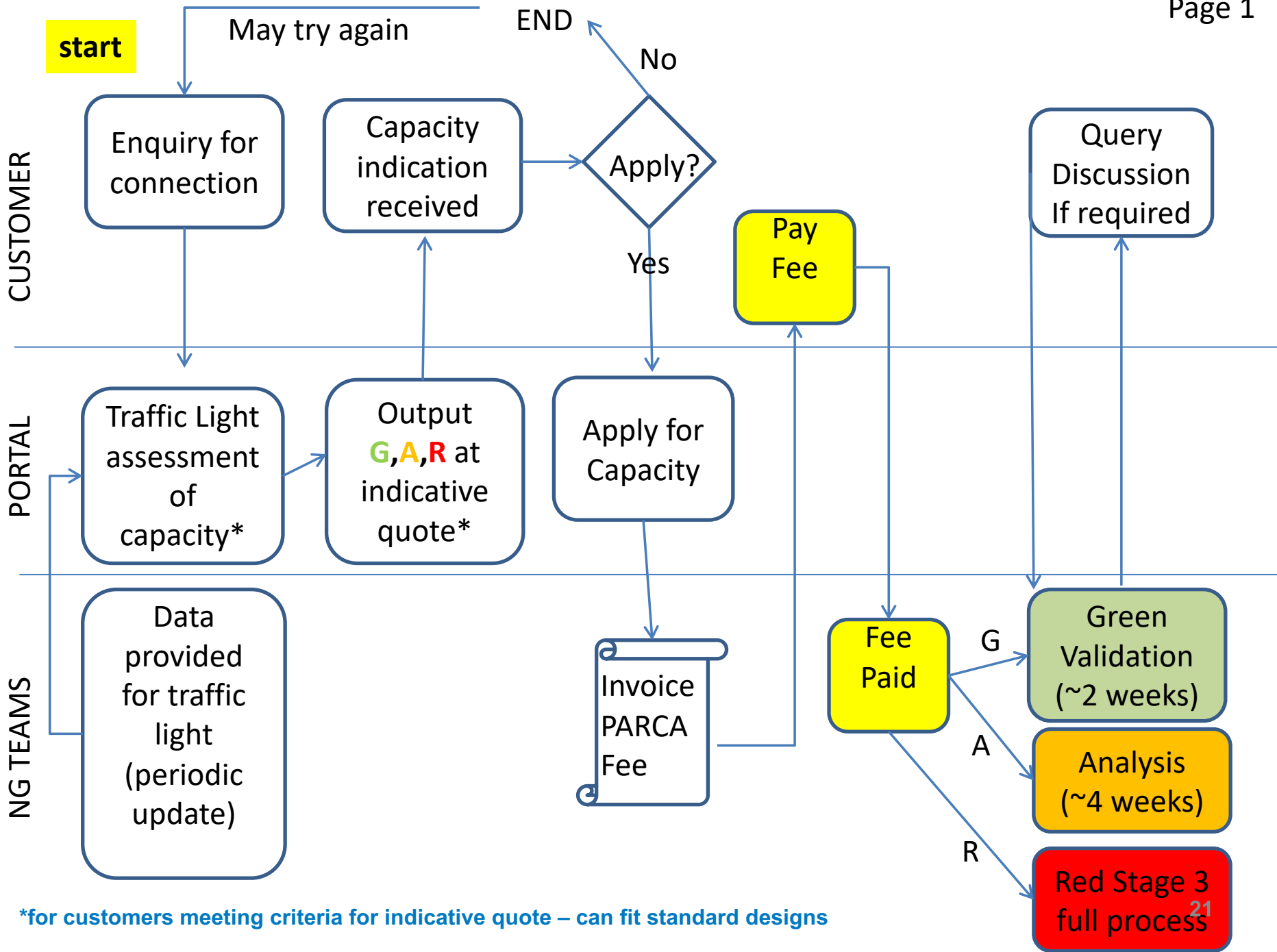
Completed	Outstanding
Fee types – simple, top up, complex	Fee – charging statement consultation
PARCA scenarios – Capacity Indicator - impact on time in Phase 1	Phase 1 Time – aspiration to align to Standard Design connection offer - ABC concluding
Process flow for Phase 1 Offer	Fixed fee?
PARCA Windows – no change but impact on time in Phase 1	
Context of PARCA in capacity release options – not full PARCA review	

- Comments on updated mod?

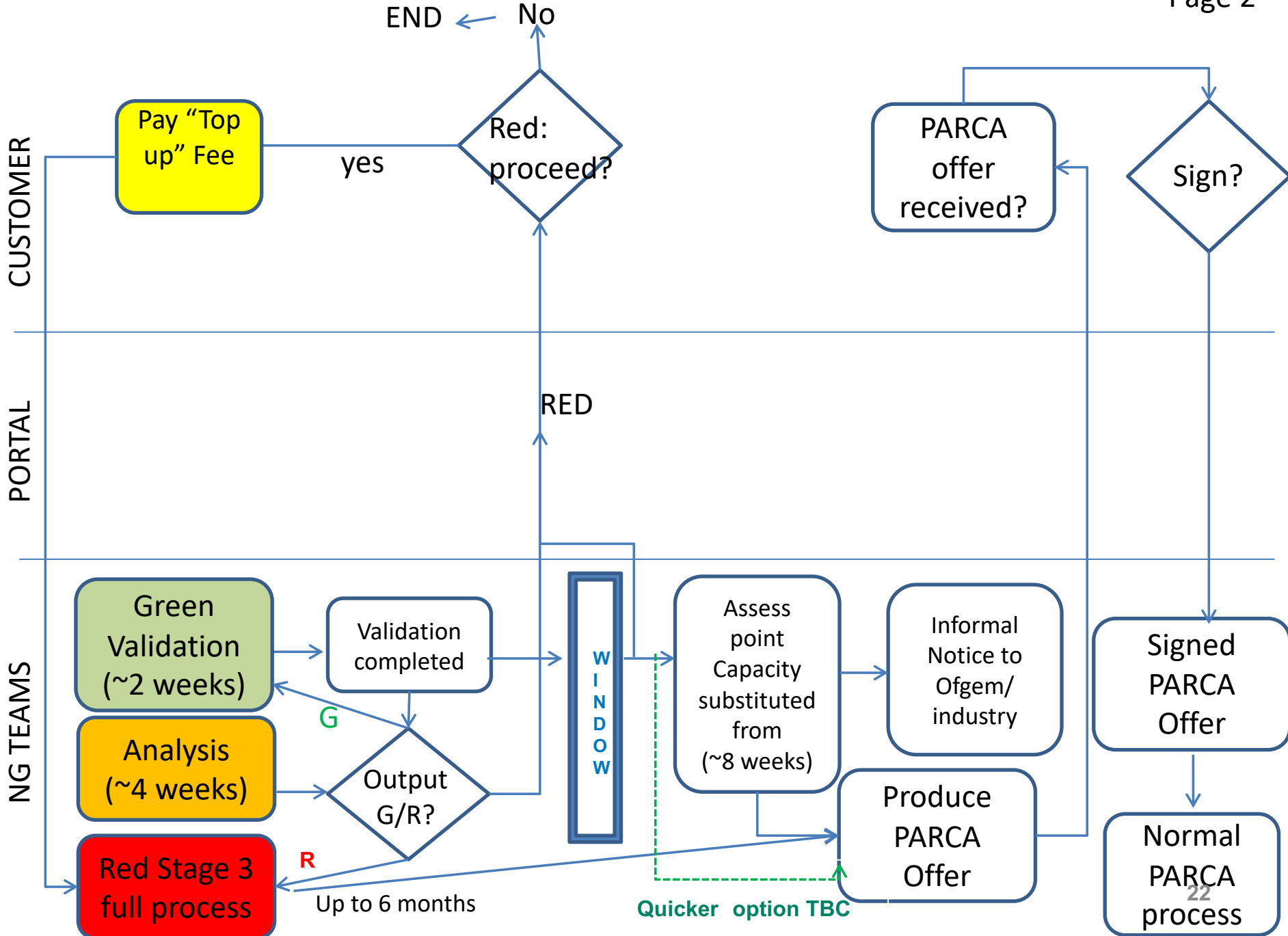
## Legal Text requirements - summary

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- TPD B.
  - B.1.15 – PARCA Application process
  - B1.16 – PARCA Window (impact on Standard design time in Phase 1)
  - B1.17 – Phase 1 PARCA works
- TPD Y
  - Y.45.a. – To allow for different Fees



\*for customers meeting criteria for indicative quote – can fit standard designs



# Mod Timetable – Next Steps/Planning

ITEM	0628s		
Initial consideration by Panel	2 November 2017		
Modification considered by Workgroup	November 2017 – May 2018		
Workgroup Report presented to Panel	17 May 2018		
Draft Modification Report issued for consultation	17 May 2018	<b>WORKGROUP</b>	<b>Suggested Items for Discussion</b>
Consultation Close-out for representations	8 June 2018	<b>November</b>	Initial Discussion – Process proposed
Final Modification Report available for Panel	11 June 2018	<b>December</b>	Process discussion
Modification Panel decision	21 June 2018	<b>January</b>	Fee discussion
		<b>February</b>	Business Rules/ Solution proposed
		<b>March</b>	Legal Text proposed
		<b>April</b>	Legal Text ( <u>WebEx</u> if required)
		<b>May</b>	Workgroup Report Finalisation

# Project CLoCC

nationalgrid

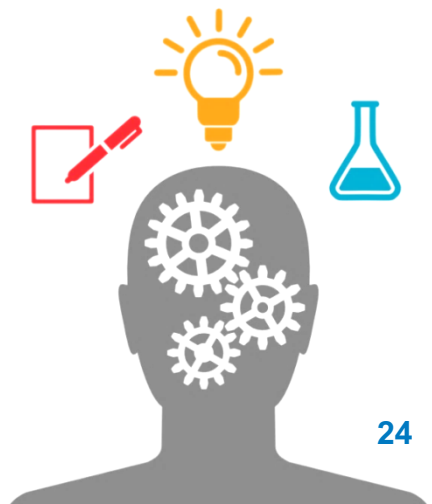
Customer Low Cost Connections

[www.projectclocc.com](http://www.projectclocc.com)

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## Modification 0629S

# Project CLoCC

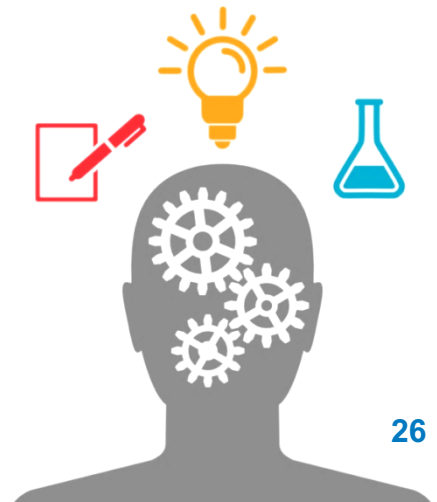
Customer Low Cost Connections

**NETWORK INNOVATION COMPETITION PROJECT:**

**CUSTOMER LOW COST CONNECTIONS (CLOCC)  
– MOD 0629S DEVELOPMENT**

**Nicola Lond  
Commercial Lead**

**TWG February 2018**



## Mod 0629s – Standard Design Connections: A20

- Solution section of Mod updated to reflect development

Completed	Outstanding
Fee types – Standard Design FCO	Fee – charging statement
Feasibility requirements – May be required.	Time – aspiration to commit to 3 months - ABC concluding
Time for Offer to be stated	Fixed fee?
2 million therms threshold to be updated	Definitions – to be agreed
After further analysis of Options the Enhancements have been removed from the Mod as no change to UNC required.	Types of customer – TPD I&J – follows in next slides

- Comments on updated mod?

## Customer Types – Entry (I 1.2.2)

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Without prejudice to paragraph 1.1.3, a Connected Delivery Facility may be:

- (a) a facility for processing gas produced (and transported to such facility) from offshore or onshore oil or gas fields;
- (b) a facility for the storage of gas;
- (c) the pipeline system operated by another gas transporter;
- (d) a pipeline interconnector by which gas is transported from another country;
- (e) any other pipeline or pipeline system;
- (f) a facility for the commingling of gas, at which gas is oftaken from the NTS and commingled with other gas prior to the commingled gas being delivered to the NTS; or
- (g) a facility for the storage and regasification of liquefied natural gas which delivers gas to a Scottish Independent Network located at Oban, Thurso, Wick or Campbeltown and in relation to which facility the DN Operator (of the relevant connected Scottish Independent Network) acts as the Delivery Facility Operator.

## Customer Types – Exit ( J 1.4.4)

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Without prejudice to paragraph 1.1.2, a Connected Offtake System may be:

- (a) a facility for the storage of gas;
- (b) the pipeline system operated by another gas transporter;
- (c) a pipeline interconnector by which gas is transported to another country;
- (d) any other pipeline (other than a pipeline connecting the relevant System directly to single premises) or pipeline system; or
- (e) a facility for commingling gas, at which gas offtaken from the NTS and commingled with other gas prior to the commingled gas being delivered to the NTS.

## Legal Text requirement - summary

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- Connection Charging Statement
  - TPD V
    - V13.5 - FCO
    - V13.6 – Feasibility Studies
  - TPD Y
    - Section 2 Principles
    - Section 3 12 - Threshold
  
- I 1.2.2/J 1.4.4 - types of Entry/Exit customers

Noted that wider supporting material will be provided by Project CLoCC on Connections for customers

# Mod Timetable – Next Steps/Planning

ITEM	0629s	WORKGROUP	Suggested Items for Discussion
Initial consideration by Panel	2 November 2017	November	Initial Discussion
Modification considered by Workgroup	November 2017 – May 2018	December	Section V - process
Workgroup Report presented to Panel	17 May 2018	January	Section Y - charging
Draft Modification Report issued for consultation	17 May 2018	February	Business Rules/Solution proposed
Consultation Close-out for representations	8 June 2018	March	Legal Text proposed
Final Modification Report available for Panel	11 June 2018	April	Legal Text cont. ( <b><u>Webex if required</u></b> )
Modification Panel decision	21 June 2018	May	Workgroup Report Finalisation

Can use Webex for additional meetings to progress if appropriate/required.

# Project CLoCC

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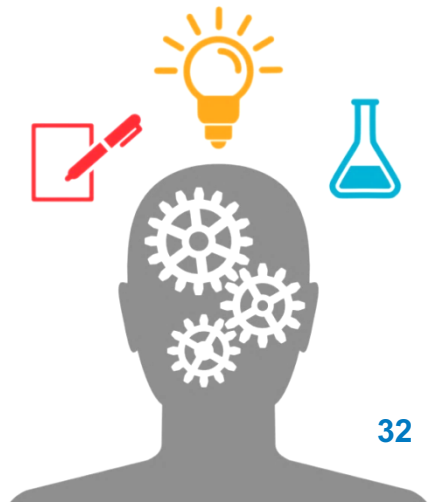
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# Industrial Emissions Directive



# Compressor Strategy



Transmission Workgroup  
1 February 2018

# Agenda

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- Background
  - IED context and network impact
  - Wider gas industry context
- ‘Independent’ sites
  - Context
  - Draft proposals
- ‘Central cluster’ sites
  - Context
  - Key considerations
- Next Steps

# IED Network Impact

## LCP

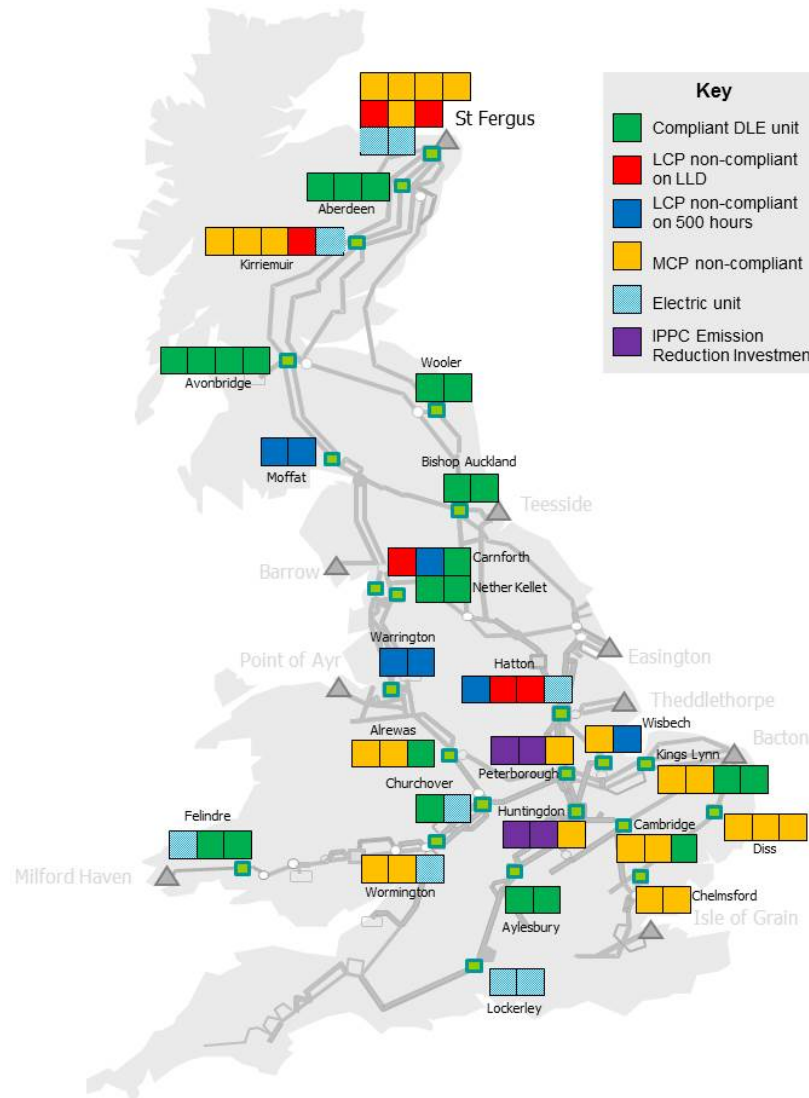
16 of 64 units

## IPPC

3 highest usage stations

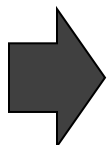
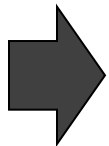
## MCP

26 of 64 units



# Where does IED fit into the wider gas context?

Consistent with FES, FOG, FON, GFOP and other academic research



1

There is a long-term future for gas and the Transmission Network

2

The exact pathway for gas is uncertain so we need to ensure we keep options open for the future

3

We are unlikely to expand our network but must invest to maintain the health of the network we have

4

There is more value we can provide to stakeholders and consumers from our existing network

# 'Independent' sites

## Moffat

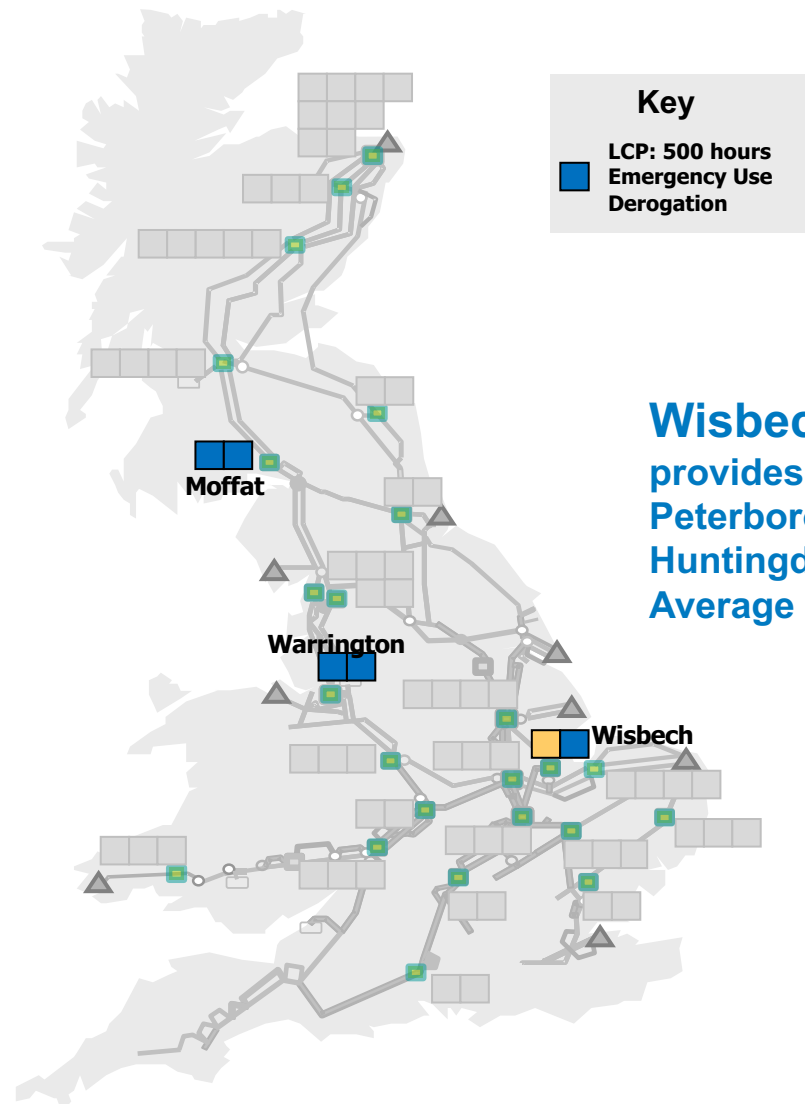
provides some resilience in scenarios of high North-South flow and unavailability of other units

Average running: ~200 hrs/yr

## Warrington

provides some resilience in scenarios of high North-South flow and unavailability of other units; provides flexibility for maintenance

Average running: ~20 hrs/yr



## Wisbech

provides resilience to Peterborough and Huntingdon

Average running: ~260 hrs/yr

## Draft Proposals

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- We are currently finalising the minimum asset health costs required to support low utilisation running into the future
- Given the expectation of low running hours into the future, the cost benefit assessment is not expected to support significant investment at these sites
- Therefore our proposals in May are likely to be similar to those made in 2015, i.e. retain the units on the 500 hours derogation while it is economic to do so

# ‘Central Cluster’ sites

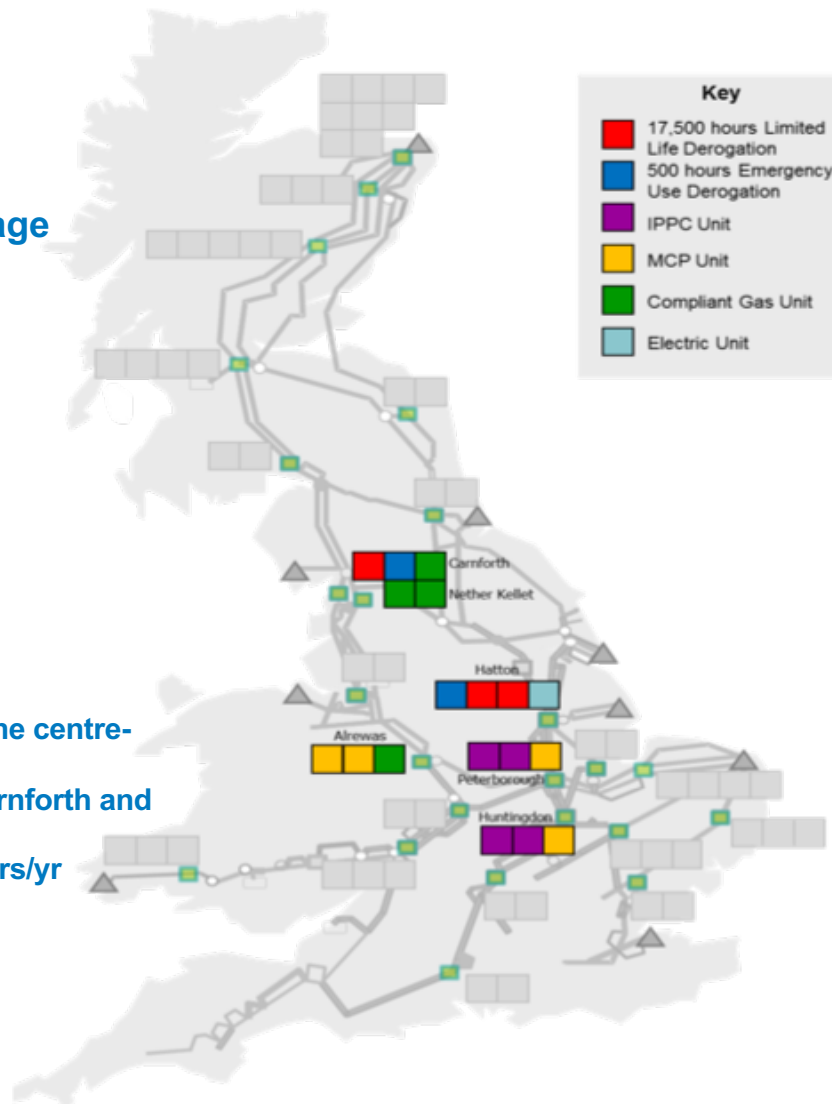
## Carnforth & Nether Kellett Supports

- North West storage exit flows
- Easington entry
- Within day flexibility
- South to north flows

Average running:  
~3,300 hrs/yr

## Alrewas (MCP site)

Gives extra flexibility in the centre-west of the network  
Provides resilience to Carnforth and Peterborough  
Average running: ~ 200 hrs/yr



## Hatton

Supports high North to South flows

Operates in a ‘chain’ with Peterborough and Huntingdon to move gas north to south  
Average running: ~7,200 hrs/yr

## Peterborough

Average running: ~6,500 hrs/yr

## Huntingdon

Average running: ~2,700 hrs/yr



## Development of whole-network analysis

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- We have a highly integrated, configurable network meaning there can be several ways to operate the network to deliver the required outputs
- Our 2015 proposals were mainly based on site by site analysis which assumed that other sites were available
- We have developed our approach to consider reliability and resilience across the network by comparing different combinations of capability and availability across the included sites
- Non asset solutions such as turn up contracts are also incorporated into the CBA assessment

## Discussion Points

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- The ability of the Cost Benefit Analysis approach to make good comparisons between asset and non-asset solutions relies on accurate inputs, e.g. the costs of resolving constraints – are buy-back costs sufficient to do this?
- Commercial solutions may be cheaper but they cause more disruption to network users
- Contracts are only appropriate to cover occasional constraints, i.e. they don't cover for long term unplanned asset outages – is this a risk worth taking?

## Next Steps

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- Present 'final draft' proposals for all affected sites:
- Formal consultation planned for March
  
- We would welcome:
  - Any feedback on the draft proposals we have presented
  - Any additional opportunities to engage with interested parties on this issue

**AOB**



# Gas Quality Consultation Update

Transmission Workgroup

1<sup>st</sup> February 2018

# Gas Quality Consultation Update

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- We consulted on a number of issues related to gas quality in November 2017
  - NEA change process
  - Potential new gas processing / blending services
  - Information Provision
- At the January Workgroup meeting we presented
  - Our reasons for consulting
  - A summary of responses
  - Potential reforms to the NEA change process

# Gas Quality Consultation Update: Initial Thoughts

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- NEA change process
  - We believe that there is merit in introducing a PARCA-type window
- Gas processing / blending
  - We are minded not to pursue the provision of gas processing services
  - We are further considering the provision of gas blending services
- Gas Quality Information Provision
  - 'I want all the information I need to run my business' is one of the stakeholder priorities developed through our 'Shaping the Future of the Gas Transmission System' engagement
  - We are minded to progress gas quality information provision in the context of this wider workstream
- We will publish the Consultation Report in February at <http://www.talkingnetworkstx.com/gas-quality-consultation.aspx> setting out a more specific way forward and discuss at the March Transmission Workgroup

# Action 0101: Application of NEA Amendment Rules to LDZ System Entry Points



## Action 0101: Application of NEA Change Mechanisms to LDZ System Entry Points

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- UNC TPD I2.2 currently provides two methods which enable National Grid and a Delivery Facility Operator to amend a gas quality limit in a NEA
  - UNC Modification
    - Written consent of all shippers that hold NTS Entry Capacity at the relevant ASEP
- The issue raised at the January Workgroup was whether these rules apply to NEAs in respect of LDZ System Entry Points as well as NTS System Entry Points
- In our view, a UNC Modification would be required to enable a change to a gas quality limit in an NEA in respect of an LDZ System Entry Point and the written consent route would not apply