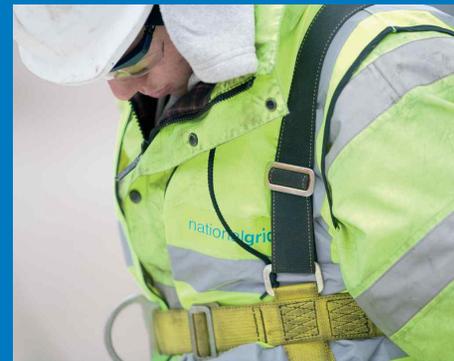


European Developments



Transmission Workgroup
4th July 2013

EU CAM – Impact Assessment



Transmission Workgroup 4th July 2013

EU CAM STATUS

- Agreed at Comitology meeting 15th April 2013
 - Undergoing internal Commission legal process
 - Publication in Official EU Journal [August 2013]
 - Applies 1st November 2015

- Update on key impacts



NTS Impact Assessment

- CAM briefings presented to Transmission Workgroup and other meeting during the code development process
- Initial line by line analysis of code undertaken

CAM requires a high degree of change at NTS interconnection points in terms of the prevailing UNC and related documents, contracts, NTS processes and IT systems.

Format of these slides:

CAM Chapter Summary

Impacts:

None Identified

Some Likely

High

Chapter 1. General Provisions

Standardized capacity allocation mechanism at interconnection points (IPs) – auction of cross-border bundled standard capacity products. TSO cooperation. Definitions include; Gas Day 5am-5am; interconnection points; bundled capacity; technical capacity etc.

IMPACTS:

- Apply distinct CAM rules at IPs - modify UNC, NTS Licence & IP Agreements as necessary
- Certain CAM elements apply to new technical capacity, but no EU incremental regulation as yet
- EU Gas Day 05:00 am to 05:00 am – potential wide ranging impacts
- Interpretation needed “cross-border capacity” w.r.t. IUK, BBL & Gaslink (i.e. bundling arrangement).

Chapter 2. Principles of Cooperation

Coordination of maintenance, standardisation of communication, capacity calculation and maximisation, and exchange of information between adjacent TSOs.

IMPACTS:

- Existing UNC and Interconnection Agreements include “maintenance” (to current adjacent TSO)
- By [Dec 2014] joint capacity calculation at IPs including compatible Firm capacity
- Booking platform – see Chapter 4
- Information exchange / on-line communications / nominations – link to draft EU code on Interoperability and Data Exchange.

Chapter 3. Allocation of Firm Capacity

Auction of standard capacity products and units; auctions Annual yearly, Annual quarterly, Rolling monthly, Rolling daily, Hourly within-day; CAM algorithms (ascending clock and uniform price); quotas for short term auctions; links to cross-border bundled capacity and CMP capacity.

IMPACTS:

- Some similarities to NTS Entry auctions but many differences and extends auctions to NTS Exit at IPs
- Restrict capacity release in long term auctions
- Auctions of bundled, unbundled, & both including CMP released capacity
- Reserve prices needed for all standard capacity products + price steps for ascending clock algorithm.

Chapter 4. Bundling of Cross-border capacity

Cross-border bundled capacity release and “reasonable endeavours” for bundling of existing capacity contracts. Single nomination for bundled capacity and nominations for unbundled capacity. Secondary market to preserve bundled status of capacity.

IMPACTS:

- Bacton ASEP on NTS includes IUK, BBL and UKCS but bundling required with each IP (IUK and BBL)
- Reasonable endeavours bundling could have potentially complex agreements, data and implementation
 - Evergreen NTS Exit Enduring Annual capacity
 - Long term booked Entry Capacity
- Nominations process more complex than current arrangements and links with Interoperability, Balancing and other parts of CAM and CMP. UNC Overrun process may afford some simplification & flexibility?

Chapter 5. Interruptible capacity

Minimum requirement for day ahead auctions of daily interruptible capacity with CAM auction design principles (where firm sold out). If within-day interruptible product is needed then allocate by “over-nomination” procedure. Interruption sequence by contractual timestamp. No bundling obligation.

IMPACTS:

- NTS Entry Interruptible and NTS Exit Offpeak to be replaced by CAM interruptible capacity and auction process
- Within day interruptible product (if required) could be highly complex addition to the gas nominations process.

Chapter 6. Tariffs

nationalgrid

and Capacity Booking Platform (1)

Tariffs – include recognition of NRA methodology approval, reserve prices, fixed or variable prices, future EU regulation to avoid potential detrimental effects of CAM, TSO splitting of revenue, bundled reserve prices and NRA approved over and under recovery mechanisms.

IMPACTS:

- CAM implementation ahead of EU Tariff code so initially adapt existing NTS charging methodology
- Transitional arrangement – potential impact on capacity contracted under CAM
- Need to accommodate £ currency of UNC and NTS Licence with adjoining TSOs that use Euro when bundled capacity offered.

and Capacity Booking Platform (2)

Capacity booking platform – joint web-based booking platform(s) for CAM bundled capacity allocation. Also facilitate secondary market buying and selling. Only one booking platform per IP. Network users accede to TSO contracts and legal requirements. Consultation on market needs for booking platform(s).

IMPACTS:

- Booking platform needs to satisfy GB specific requirements & be common to adjacent TSOs
- Booking platform only covers auctions, bids, allocations and results. Other capacity functions such as invoicing, interruption etc supported with UK Link systems.
- Joint booking platform spans multiple TSOs, NRAs and TSO contracts (UNC and equivalent) mean less autonomy for each party.

Chapter 7. Final Provisions

Entry into force [August 2013]. Regulation applies from 1 November 2015 (Article 6(1) on capacity calculation [December 2014]).

IMPACTS:

First CAM auctions

- 1st Nov 2015 Rolling Daily and Hourly Within-Day
- 3rd Mon Nov 2015 – Rolling Monthly
- 1st Mon Mar 2016 – Annual Yearly
- 1st Mon June 2016 – Annual Quarterly
- Balancing code? [2015]
- Interoperability & data exchange? [2015]
- Tariffs? [2017].

CAM Next Steps

- Discussions with Ofgem as to impacts
- Clarity on Cross border TSO's and NRA agreement
- Develop high level milestone plans
- Provide ongoing updates to industry.

EU Gas Balancing Code



Revisions to the EU Gas Balancing Code

- Pre-comitology meeting held on the 28th May and a number of revisions have been made to the code following the meeting
- Member States felt there were too many definitions
 - the number of definitions have been reduced; and
 - any contained in CAM (including the Gas Day) have been removed
- Chapter III. Cross-border cooperation has been removed and replaced with a recital
- Most other changes are stylistic in nature and no further impacts to GB have been identified

Comitology

- Revised versions of the code will be issued to Member States on the 26th June
- NG NTS have offered to meet up with DECC prior to the 11th July comitology meeting
- It is still anticipated by the EC that only one Comitology meeting will be required but a further meeting has been provisionally scheduled for October just in case

EU Interoperability & Data Exchange Network Code



Update for Transmission Workgroup

4th July 2013

Interoperability Update

- Since the public consultation, ENTSOG has produced a revised version of the draft Code, taking into account further feedback received
- ENTSOG plans to publish the revised Code on 9th July
- ENTSOG's 'Stakeholder Support Process' (SSP) will then run for two weeks from 9th July to 23rd July
 - SSP provides stakeholders with a final opportunity to express views on the draft Code
- ENTSOG will then further refine the Code based on SSP feedback to facilitate submission to ACER before its 11th September deadline

Code Status Update

Code	Current Status	Implementation date
Congestion Management (CMP)	UNC0449 Modification raised and Legal Text submitted to Joint Office. Workgroup meeting was held on 25th June to discuss Mod and Legal Text. Workgroup report expected for consideration at the July Panel. 18th July Panel meeting decision whether Mod issued for consultation.	1st October 2013 (Fixed)
Capacity Allocation Mechanism (CAM)	CAM approved for EU Wide Implementation at relevant EU IPs 1st November 2015	1 November 2015 (Fixed)
Gas Balancing	ACER have approved the code 20th March with comitology due to start in July 2013.	Feb 2015/Feb 2016 (subject to NRA approval for additional 12 months to implement) Estimated Q4 2015 (Estimated)
Interoperability	ENTSOG plans to publish a revised version of the draft Code on 9th July, triggering a two week period during which stakeholders have a final opportunity to express views. ENTSOG will then further refine the text prior to submission of the draft Code to ACER for which the deadline is 11th September 2013.	Q4 2015 (Estimated)
Tariffs	Final FGs extended until Q4 2013 to allow more consideration of Cost Allocation methodology. ACER consultation on Cost Allocation methodology section of FGs expected mid July to mid September with stakeholder workshop anticipated in early September [3 rd , 4 th or 5 th].	Estimated earliest mid January 2017
Incremental Capacity	CEER-ACER joint workshop held 3 June (Brussels) to discuss their Blueprint for Incremental Capacity. Closing date for receiving written stakeholder feedback was 17 June. NG response provided on 17th.	TBC

Future EU Updates

- Timetable aims to highlight the key items (consultations, workshops, decisions, etc.) National Grid NTS expect to cover via this agenda item in the forthcoming months

Topic	TX Workgroup
<ul style="list-style-type: none">• Interoperability Code implementation - NG NTS initial thoughts	August 2013