

EU Network Code Implementation in GB

Frequently Asked Questions

Version 2

nationalgrid

1. Introduction

This “*Frequently Asked Questions*” document has arisen from consultations with Shippers and is designed to be a resource for Shippers seeking information on the various processes affected by the European Network Codes.

Please note that this is a live document and the questions contained herein will be updated regularly over the coming months.

Please be advised that this is not a legal document, and where there is any discrepancy between this document and the Uniform Network Code (UNC), Interconnector Agreements (IAs) or Licence, the UNC / IA / Licence will take precedence.

2. Network Codes: Background and Scope of Change

1. Why are EU Network Codes Required?

On the 3rd September 2009 the European Union (EU) Third Package, a suite of legally binding EU legislation on European electricity and gas markets, came into force. The aim of the legislation was to open up the European energy market; part of that legislation was Regulation 715/2009 regarding conditions for access to the natural gas transmission networks.

Within Regulation 715/2009 the European Network of Transmission System Operators (ENTSO-G) was created, and tasked with the creation of Network Codes that would provide common rules across Europe. Areas for the EU Network Codes to cover includes (amongst others):

- Interoperability rules;
- Capacity allocation and congestion management rules;
- Transparency rules;
- Balancing rules including network-related rules on nominations procedure, rules for imbalance charges and rules for operational balancing between transmission system operators' systems;
- Rules regarding harmonised transmission tariff structures.

2. Where are the EU Codes applicable?

Each individual network code will state its scope, but in summary the new rules for capacity allocation, congestion management, nominations and allocations will be applied at all GB Interconnection Points (cross border points or points between adjacent entry/exit systems).

Some changes, such the common EU Gas Day, have been implemented on a UK wide basis.

3. What are the GB Interconnection Points?

For Entry into the NTS the following Interconnection Points are subject to the EU rules.

- Bacton ASEP (up to 31st Oct 2015)

- Bacton IP ASEP (from 1st Nov 2015)
- Moffat ASEP (reverse flow only)

For Exit from the NTS the following Interconnection Points are subject to the EU rules.

- Moffat
- Bacton IUK
- Bacton BBL (reverse flow only)

4. What is meant by 'reverse flow'

Some Interconnectors will only physically flow in one direction. However commercial flow is possible in the reverse direction so long as the 'reverse' nominations do not exceed the 'forward' nominations.

5. How have the EU Codes been applied in GB?

The EU codes have been incorporated into the Uniform Network Code through a number of Code Modifications, and the creation of a new section of the UNC called the European Interconnection Document (EID). A 'legal roadmap' document, found using the following [link](#), summarises the changes made.

6. When are the EU Codes effective from?

The key dates are the 1st Oct 2015 when the Balancing Code becomes effective, the 1st Nov 2015 when the CAM code becomes effective and the 1st Apr 2015 when the Interoperability Code becomes effective. Note the CMP code is already effective and some aspects of the Codes have been implemented early in the UK where appropriate; some further information on implementation is provided in the respective sections on CAM and Balancing below, and explained in detail in the 'legal roadmap' document (see link above).

3. Network Codes: Capacity Allocation Mechanisms (CAM)

7. What are the key features of the CAM Network Code?

The key features of the CAM Network Code include the following:

Capacity Auctions: capacity at interconnection points is to be sold by means of an auction process, with auctions at each interconnection point taking place simultaneously across Europe in accordance with a harmonised auction calendar. The auction calendar is [published](#) by ENTSOG each year.

Standardised Capacity Products: a suite of 'standard capacity products' is to be offered at all interconnection points in the form of annual (up to 15 years ahead), quarterly, monthly, day ahead and within-day capacity products.

Bundled Capacity: the Regulation requires capacity at each side of an Interconnection Point (e.g. NTS Exit Capacity & IUK Entry Capacity) to be offered as a single ‘bundled’ product allocated to a single Shipper in a single transaction.

Note that the shippers still holds 2 separate debts and 2 separate T&Cs with the 2 relevant TSOs. Shippers may also choose to Voluntarily Bundle capacity where they already hold unbundled capacity on both sides of the IP.

Capacity Booking Platform: Capacity at interconnection points will be offered on PRISMA, which is a ‘joint web-based booking platform’.

Gas Day: The gas day across Europe is being harmonised such that the gas day will be 05:00 to 05:00 (local time) as opposed to the current gas day of 06:00 to 06:00.

8. When will the changes come into effect?

Gas days from 1st Nov 2015 are governed by the new capacity rules for IPs. This includes transactions completed before 1st Nov 2015 if the relevant transaction period is for gas days on or after 1st Nov 2015.

However please note that the Gas Day change will be effective earlier on 1st Oct 2015.

9. What are the key dates to be aware of for booking capacity?

The first PRISMA auction under the new CAM arrangements will be the day ahead firm auction at 15.30 GMT/ 16.30 CET on the 31st October for gas day 1st November (for 30 minutes). Thereafter the first of each auction process will be as per the table below.

Auction Process	1 st Date of Process	Capacity Period
Annual Yearly Auctions	March 2016	Gas Years 2016/17 to 2030/31
Annual Quarterly Auctions	June 2016	Quarters in Gas Year 2016/17
Rolling Monthly Auctions	Nov 15	December 2015
Rolling Day Ahead Auctions (firm and interruptible)	31 Oct 2015 Firm 15:30 (GMT) Interruptible 16:30 (GMT)	1 November 2015
Within Day Auctions	31 October 2015 D-1 18:00 (GMT)	1 November 2015

ENTSOG will publish an Auction Calendar containing a table of all relevant timings for auctions, including starting dates and EU standard capacity products by January of every calendar year for auctions taking place during the period March until February of the following calendar year.

Note there are no further auctions under the existing capacity regime (as outlined in the Transportation Principle Documents) for gas days after 1st November 2015. The last auctions, for gas days up to the 31st October 2015, will be as per the table below.

Auction/Application Process	Date of Process	Capacity Period
RMTnTSEC NTS Entry Capacity	September 2015	October 2015
Daily (including Within Day) NTS Capacity Auctions	October 2015	31 st October 2015

10. Where do I find Auction prices and available capacity?

Prices and available capacity will be published on PRISMA

11. Will National Grid offer unbundled capacity?

The TSO with greater available firm capacity may offer the excess capacity as unbundled capacity in an auction. (Note: there are some restrictions on TSOs offering unbundled capacity in the long term).

The quantity of bundled and unbundled capacity available at each IP will be published via PRISMA in line with the timetable specified in the auction calendar.

Interruptible capacity is not subject to bundling and will continue to be offered as unbundled (in the day ahead auction).

12. How do I acquire capacity at an Interconnection Point?

Capacity can only be acquired via the Joint Booking Platform. The Joint Booking Platform for GB, as agreed with adjacent TSOs, is PRISMA. Please see the next section of the Q&A for further details about PRISMA.

13. How do I trade IP capacity?

IP Capacity can only be traded via PRISMA (note: non-IP capacity will still be traded on Gemini). Transfers should be marked as bundled (2 TSOs) or unbundled (1 TSO). Bundled capacity transfers will require the approval of both TSOs. Transfers shall be “Transfer of Use” and not “assignment”. Transfer should be completed using the OTC method on PRISMA. IUK are not using PRISMA for transfers, so transfers of NG-IUK bundled capacity should be submitted separately on both PRISMA (as unbundled) and the IUK system.

14. Is there an assignment process for IP capacity?

The general rule is that there is no assignment process available for IP capacity. However there is a transition rule that will allow assignment of historical Exit capacity for a limited time.

The assignment process will continue for historical Exit capacity (i.e. Exit capacity purchased in non-CAM auctions) until Users no longer hold any Enduring Annual Exit Capacity.

15. I hold Enduring Annual Exit Capacity at an IP. Is there any impact upon this?

In accordance with Modification 500 then Enduring Annual Exit Capacity will be end dated on the 30th Sep 2020. While a User still holds Enduring Annual Exit Capacity then they can continue to make use of the Reduction process and the Assignment process for Exit Capacity. (Note these processes are completed on the Gemini system and not through PRISMA).

3.1.PRISMA

16. What is PRISMA?

PRISMA is a company set up by a group of European TSO's on 1 January 2013 to provide a Capacity Booking Platform for use at Interconnection Points and designed to meet the requirements of the CAM Network Code.

17. What contractual relationship will a Shipper have with PRISMA?

A Shipper is required to accept the PRISMA General Terms and Conditions (GTC's) to be able to use the platform. The GTC's define the terms of use of the platform for Shippers and their users. When a Shipper buys capacity on PRISMA, it enters into a contractual relationship with the TSO via the UNC (as is currently the case when capacity is booked by a Shipper on Gemini)

18. What contractual relationship will a TSO have with PRISMA?

National Grid is both a customer (via a standard service agreement) and a shareholder of PRISMA.

19. Is PRISMA regulated?

PRISMA is not directly regulated; however it is indirectly regulated as the TSOs who own PRISMA are regulated.

20. How much will it cost a Shipper to register with PRISMA?

The cost of operating PRISMA is paid by the TSOs, and shippers can register, purchase and trade capacity with no payment to the platform. However, there may be shipper payment required for optional services such as use of web based services (based on pass through costs).

21. How do I register on PRISMA?

A shipper can commence the registration process directly on PRISMA. Each individual person within a company needs to register separately with PRISMA, and they will receive an individual security key fob. Each individual request will also be validated by the relevant TSO(s). The lifecycle team (Xoserve) will manage this process on behalf of National Grid and will be able to assist shippers in the process. The lifecycle team can be contacted at customerlifecycle.spa@xoserve.com

Please note the following points required to complete PRISMA registration successfully.

- The shipper needs to acquire an Energy Identification Code (EIC)
- The shipper needs to hold a GB gas shipper licence
- The shipper needs to register a Local Security Officer (LSO) contact with the Lifecycle team. The LSO will be contacted to verify individual User registrations from each shipper.

22. What is an EIC / how do I acquire an EIC?

An Energy Identification Code (EIC) is a coding scheme centrally managed by ENTSO-E. It provides market participants with a single identifying code that can be used EU wide. The EIC is used by PRISMA (and the TSOs using PRISMA) to identify market participants, and therefore it is necessary to obtain an EIC to register on PRISMA.

Xoserve have taken on the role of a local issuing office for EICs, and so GB shippers can contact the lifecycle team at Xoserve to obtain an EIC. Please use the following [link](#) for further information.

23. What functions will PRISMA perform at an Interconnection Point?

PRISMA will perform the following functions at Interconnection Points:

- Regarding Auctions:
 - o Publishing of auction information to the market;
 - o Running of the auctions;
 - Open/close bid windows;
 - Accept/reject bids;
 - Allocate capacity;
 - o Publish auction results to the market;
- Facilitate the trading of bundled/unbundled capacity;
- Facilitate the offer to Surrender capacity.

24. Will PRISMA invoice a Shipper for Capacity allocated to it in an auction?

No. PRISMA will not issue invoices and no payments are due to PRISMA. PRISMA is simply the platform on which TSOs sell their capacity. The TSO (or TSOs) remain the parties who will issue invoices and who are payable in respect of capacity allocated to Shippers on PRISMA.

25. Will a Shipper be required to post financial security with PRISMA?

Shippers will not have to post financial security directly with PRISMA. Shippers will be required to post financial security with their own TSO (as they do currently) and may then use that credit to take part in PRISMA auctions.

26. Will PRISMA manage nominations at the Interconnection Points?

No. PRISMA will not manage nominations at the Interconnection Points. PRISMA is for capacity only. However, a live PRISMA account is required to enable transfer of the users EIC code to be updated with in Gemini this then allows the user to complete nomination process with in Gemini.

27. Can a Shipper appoint an agent to participate in auctions on its behalf?

Yes. A Shipper may nominate multiple 'users' on PRISMA who are authorised by the Shipper to participate in auctions on behalf of the Shipper. As part of the PRISMA registration process the Transporter will seek confirmation from the Shipper that each user is authorised on its behalf.

28. Is the PRISMA auction the only way of buying Capacity at Interconnection Points?

For gas days 1st Nov 2015 onwards the only way to buy Capacity at Interconnection Points will be via the PRISMA Platform. This is a requirement of the CAM Network Code.

29. Is it possible to assign different users in an organisation different levels of access on PRISMA?

No. Each user will have the same form of access, there is no option for restricted usage or 'super users'.

30. What are the contingency arrangements for PRISMA?

National Grid will follow standard PRISMA arrangements.

For long term auctions, then the auction will be held as soon as reasonably possible once the platform is back online. The market will be kept informed of any change in dates of the auction process.

For short term auctions then auctions are not rescheduled. The auctions will re-commence 3 hours after the platform is brought back on line.

Additionally then National Grid has its own specific arrangements as follows. Where within day auctions are not held:

- a) so that 6 consecutive auctions are missed; or
 - b) any number of auctions are missed if it includes the last auction of the day
- then Overrun charges will be suspended for that day.

31. What if I have a PRISMA query eg I am unable to submit a capacity bid

Contact PRISMA

- email: platform@prisma-capacity.eu
- Web: www.prisma-capacity.eu
- Phone: +49 341 69 92 990 – 69
- Fax: +49 341 69 92 990 - 99

4. Network Codes: CMP

32. what CMP mechanisms will be in place at the IP?

The following mechanisms will be applied at UK Interconnection Points by National Grid.

- **Oversubscription & Buyback** – TSOs are incentivised to offer capacity over and above technical capacity, at risk of buyback.
- **Surrender**. Shippers may offer to surrender unwanted capacity back to the market, to be re-allocated in standard auctions.
- **Long Term Use it or Lose it**. The Regulator may, under certain circumstances, direct a shipper's capacity to be re-offered to the market.

5. Network Codes: Balancing

33. What are the main changes to the nominations process?

The principle changes to the nominations process at Interconnection Points are as follows:

**** An active PRISMA account is required.** At the point of approval within PRISMA the users EIC Code would have been transferred across to the GEMINI system to allow access for the user to complete the nominations process.

- **Submission of Nominations / Renominations** - The deadlines by which nominations and renominations must be submitted by Shippers are harmonised across Europe
- **Processing of Nominations / Renominations** - The manner in which nominations at Interconnection Points are processed and by which parties is harmonised across Europe

34. When will the changes to the nominations process come into effect?

With effect from gas flow day 1 October 2015 subject to the transitional terms notified by National Grid. The only exception to this is the availability of Single Sided Nominations at the BBL Interconnection Point which can only be submitted in respect of gas flow day 1st November 2015 onwards. For the avoidance of doubt, double sided nominations at the BBL Interconnection Point can be submitted in respect of gas flow day 1st October 2015 onwards.

35. How will nomination / renomination submission windows change?

The principle changes to the nominations process at Interconnection Points are as follows

Step		Now	From gas flow day 1 October 2015
Nomination (input)	deadline	14:30 D-1	13:00 D-1
Nomination (output)	deadline	13:00 D-1	13:00 D-1
Renomination opens	Window	15:00 D-1	15:00 D-1
Renomination closes	Window	04:00 D (2 hrs before end of current gas day 06:00)	02:00 D (3 hrs before end of gas day 05:00 from 1 st Oct 2015)

36. Will the Moffat and Bacton Agents continue?

No. The Agents will not operate after gas day 30 September 2015. From gas flow day 1 October 2015, the adjacent TSOs at the relevant Interconnection Points will process nominations and the definitive nomination quantity (the 'Confirmed Quantity') will in most operational circumstances equal the shipper's allocation.

37. The CAM Network Code permits use of 'single' nomination at an Interconnection Point. Does this mean that I cannot engage a counterparty at the Interconnection Points as per existing arrangements?

There will be two distinct nomination types possible at an Interconnection Point:

(a) **Single Sided Nomination (SSN)** - a nomination submitted by a single Shipper, such single nomination constituting an exit nomination from one system and an entry nomination to the adjacent system.

(b) **Double Sided Nomination (DSN)** - a pair of nominations submitted by two counterparties, one at each side of the Interconnection Point.

38. Do nominations require details of my counterparties on the other side of the IP when submitting a nomination?

Yes. When submitting a nomination, a shipper's counterparty EIC must be valid in order that the counterparty can be selected. There will not be an opportunity to manually type in an EIC for a counterparty Shipper. Note that at Moffat, separate nominations are required for intended flow to Northern Ireland (PTL as the TSO) and the Republic of Ireland (GNI as the TSO).

39. Do I need to hold NTS Capacity in order to submit a nomination?

A shipper can nominate without having NTS capacity booked, with the knowledge that this may expose it to Overrun charges if there is no capacity entitlement. NTS Capacity will be made available on PRISMA as per the arrangements introduced by UNC Modification 0500. However to be able to nominate in GEMINI, a shipper must have an active account within PRISMA, following approval the shippers EIC Code will be transferred from PRISMA to GEMINI to allow shippers to undertake the nomination process at IPs.

40. Where should I submit my Interconnection Point nominations?

(a) **Single Sided Nomination** - nominations will be submitted to National Grid on Gemini. The nomination will then be processed jointly by the adjacent TSOs.

(b) **Double Sided Nomination** – the National Grid User's nomination will be submitted to National Grid on Gemini. The corresponding nomination will be submitted by the User Counterparty to the adjacent TSO. The nominations will then be processed jointly by the adjacent TSOs.

41. How long after I submit a nomination, will I see the results of the matching?

Not later than 2 hours after the end of the hour in which a Shipper has submitted a nomination.

42. I hold unbundled capacity on both sides of the IP. Is it mandatory to submit a double sided nomination in this instance?

No. There is no direct link between capacity type and nomination type i.e. single sided nominations are not exclusively used in situations where a Shipper holds bundled capacity nor are double sided nominations exclusively used in situations where a Shipper holds unbundled capacity.

The purpose of a double sided nomination is to facilitate a scenario where two *different* parties hold capacity at each side of an IP. In the situation described above, the *same* party holds the unbundled capacity on both sides and therefore a single sided nomination will suffice, although it should be noted that it is also possible to submit a double sided nomination in this scenario.

43. I hold bundled capacity at the IP. Is it mandatory to submit a single sided nomination in this instance?

No. It is also possible to submit a double sided nomination in this scenario.

44. What is the Nomination Cycle?

The 'Nomination Cycle' is the 2 hour period for processing nominations and confirmation of quantities by the TSO (for flows on Gas Day D, that is 13:00 D-1 to 15:00 D-1, so D-1 nominations have to be submitted by 13:00 on D-1)

Renominations also have a 2 hour cycle, with the cycle starting at the first hour bar following submission of a renomination (i.e. 16:00 on D-1).

45. Is it possible to submit a combination of single sided and double sided nominations in a given nomination cycle?

Yes, however the governing principle is that only one Confirmed Quantity (CQ) may be determined per unique 'Shipper pair' in a given nomination cycle.

6. How does Nominations and Capacity Interaction work?

In respect of National Grid's Transmission System:

- Shippers need to be registered on both sides of the IP to purchase a bundled capacity product on PRISMA;
- In order to determine potential User exposure to overrun charges, National Grid will compare a User's aggregate allocation ("Confirmed Quantities" under normal operating conditions) position for a day against its aggregate capacity entitlement for a day (i.e. regardless of whether it is Bundled, Unbundled or under pre November 2015 'legacy' arrangements) on a day. This is consistent with existing overrun charge derivation.
 - In light of this National Grid will not be validating individual nominations against individual capacity products.
- On this basis, some or all of a IP bundled capacity entitlement may 'cover' the flow notified to National Grid in a Double Sided Nomination with a different User as the Counterparty on the other side of the IP.

- For example assume for a day 'User X' has procured 100 units of bundled capacity at an IP (only), then submits a double sided nomination for 100 units with a different counterparty ('User Y') on the other side of the IP.
- From National Grid's perspective User X has sufficient National Grid capacity to cover its allocation however it is important to note that User Y cannot use the other half of the User X bundle to 'cover' its allocations on the other side of the IP.

Our adjacent TSO's (BBL and IUK) and linked transporters (Gas Networks Ireland and PTL) have confirmed that in the above scenario,

- (a) they will likewise allow some or all of a IP bundled capacity entitlement to 'cover' flows notified to them in a Double Sided Nomination with a different User as the Counterparty on the other side of the IP; and
- (b) the residual 100 units of User X capacity with the adjacent TSO would remain available for 'use' by User X to flow in to (or out of) the adjacent TSO's network.

However additional National Grid exit (or entry) capacity entitlement would be required to avoid overrun charges in respect of the National Grid system.

7. Contingency arrangements for new EU Nomination Matching Process at IPs

46. In the event we have to call, to go to contingency due to a Gemini issue generally or we have an issue with the new nomination matching process, please find attached the pro-forma that will be required to be filled out in order to keep the process going. This is a temporary process via this message to cover us for the first month of use in case there are any teething issues with the process. Should there be a requirement to use this form an ANS message will be sent to the community.

This process will at a future date be added to the usual Gemini Contingency area on the national Grid Website, this is just a temporary placement to ensure we have the process covered and a message will be sent to inform you of this.

This can be found at the following location in the <http://www2.nationalgrid.com/UK/Industry-information/Europe/> under nominations TAB.

Any questions or queries can be sent to Box.GasOps.BusinessC@nationalgrid.com

Shipper Form:



Copy of Shipper
Form.xlsx