

Representation

Draft Modification Report

Modification 0500 - EU Capacity Regulations

Capacity Allocation Mechanisms with Congestion Management Procedures

Consultation close out date: 19th December 2014

Respond to: enquiries@gasgovernance.co.uk

Organisation: National Grid NTS

Representative: Malcolm Montgomery

Date of Representation: 17th December 2014

Do you support or oppose implementation?

Support

Please summarise (in one paragraph) the key reason(s) for your support/opposition.

As the Proposer, National Grid NTS fully supports the implementation of this Modification Proposal. Existing UNC processes relating to capacity arrangements at the Bacton and Moffat GB Interconnection Points (IPs) are not compliant with the Commission Regulation (EU) No. 984/2013 relating to the Capacity Allocation Mechanism Regulation (CAM). This Proposal seeks to ensure that the proposed changes implement UNC capacity arrangements for IPs which are compliant with the aforementioned Regulation. The existing arrangements relating to the EU Congestion Management Procedures (CMP), (as prescribed within the amendment to annex I of Regulation (EC) No. 715/2009) as implemented into the GB regime under Modifications 0449 and 0485, have been incorporated as appropriate within this Modification so that they are consistent with the CAM Regulation.

Are there any new or additional issues that you believe should be recorded in the Modification Report?

No

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

Implementation of this Modification Proposal would better facilitate relevant objective g) and relevant charging objective e).

The introduction of new capacity Allocation Processes, Transfer and Congestion Management rules are required by the EU CAM and CMP Regulations. The consequential changes to the UNC will therefore facilitate compliance with European legislative requirements.

Impacts and Costs:

What analysis, development and ongoing costs would you face if this modification were implemented?

This Modification Proposal is part of a wider suite of UNC changes proposed to achieve compliance with the European Network Codes / Regulations that need to be implemented by late 2015. No specific costs have been identified for this proposal; however National Grid NTS has been allocated funding through the RIIO-T1 price control process for EU market facilitation. National Grid NTS expects to be able to utilise this funding to meet the costs of this EU related change and where this proves insufficient, we anticipate using the mid-point review as the mechanism to address any funding gaps.

Implementation:

What lead-time would you wish to see prior to this modification being implemented, and why?

Compliance with the CAM Regulation is required by 1st Nov 2015. National Grid NTS is seeking to run the first CAM auction as a day-ahead auction on the 31st October for gas flow day 1st Nov 2015*. Other processes such as Surrender, Transfer & Voluntary Bundling may be available earlier (but no later) than this date*, in line with the Transitional Arrangements. An early implementation date will not bring the start date for these processes forwards, as the new processes will not go-live until the date prescribed in the Modification Proposal is reached. For clarity if the Modification Proposal were implemented with an effective date earlier than the 31st October 2015 then no CAM auctions would be held until 31st October (w.e.f Gas Day 1st Nov 2015). National Grid NTS therefore believes that the implementation date can be the same as the approval date of this Modification Proposal (if approved by the Authority).

Legal Text:

Are you satisfied that the legal text will deliver the intent of the modification?

National Grid NTS is satisfied that the Legal Text delivers the intent of this Modification Proposal. As presented and discussed at the Workgroups, implementation of this Proposal would establish a new part of the UNC, the European Interconnection Document (EID) which is intended to contain specific rules related to IPs.

National Grid NTS outlined its rationale for the introduction of the EID¹ in an email issued to the industry (via the Joint Office of Gas Transporters) on 19th September 2014. In summary, this approach has been adopted in order to avoid complicating the existing TPD rules and to ring fence the new rules for Interconnection Points.

Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.

No

¹ This information is available at <http://www.gasgovernance.co.uk/EID>