






| UNC Final Modification Report  | At what stage is this document in the process?   |
|--|--|
| <h1 data-bbox="132 320 727 412">UNC 0798S:</h1> <h2 data-bbox="132 450 1023 589">Enablement of Exit Assignment process at Interconnectors</h2>   | <div data-bbox="1212 320 1473 636"> <div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div> </div> |
| <p><b>Purpose of Modification:</b></p> <p>UNC Modification 0755S - <i>Enhancement of Exit Capacity Assignments</i> was approved for implementation on 15 July 2021. That Modification allowed for the application of the Assignment process to Unbundled Capacity at Interconnectors and is due to be implemented in Spring 2022. This Modification amends the European Interconnection Document to remove the barrier between UNC and CAM NC compliance allowing full implementation of UNC 0755S and makes a minor change to clarify the Legal Text.</p> |  |
| <p><b>Next Steps:</b></p> <p>The Panel determined that this Self-Governance Modification should be implemented.</p>  |  |
| <p><b>Impacted Parties:</b></p> <p>High: N/A</p> <p>Low: N/A</p> <p>None: All Users</p>  |  |
| <p><b>Impacted Codes:</b></p> <p>Uniform Network Code (UNC)</p> <p>European Interconnection Document (EID)</p>   |  |

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| <b>Modification timetable:</b>                                  |                                |  <a href="mailto:box.gsoconsultations@nationalgrid.com">box.gsoconsultations@nationalgrid.com</a> |
| Pre-Modification Discussed                                      | 06 January 2022                |  07971500855  |
| New Modification to be considered by Panel                      | 20 January 2022                |  |
| First Workgroup Meeting   | 03 February 2022               | Systems Provider:<br><b>Xoserve</b>  |
| Workgroup Report to be presented to Panel                       | 17 February 2022               |  |
| Draft Modification Report issued for consultation               | 18 February 2022               |  <a href="mailto:UKLink@xoserve.com">UKLink@xoserve.com</a>                                       |
| Consultation Close-out for representations                      | 11 March 2022                  |  |
| Final Modification Report available for Panel (at short notice) | 14 March 2022                  |  |
| Modification Panel recommendation                               | 17 March 2022                  |  |

 Any questions?

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## 1 Summary

### What

The pan European Capacity Allocation Mechanisms Network Code (CAM NC), Article 19 Paragraph 6, allows for unbundled capacity at interconnectors to be traded on secondary markets. Uniform Network Code (UNC) Modification 0755S - Enhancement of Exit Capacity Assignments was implemented with the intent to enable unbundled capacity to be assigned at Exit Points.

Point 6 in the solution states “This functionality will be available at all Exit Points including DN Offtakes, Storage and Interconnectors, however any bundled Capacity would be excluded from this arrangement.”

However, In between these two codes, the European Interconnection Document (EID) currently prevents Assignment of Exit Capacity from taking place at Interconnectors. The intent of this Modification is to remove that barrier.

This Modification also proposes to make a minor change to the Legal Text to clarify the charges payable at an Interconnection point.

### Why

National Grid believes that this change brings the UNC more closely in line with CAM NC and therefore improves compliance and enables a Modification which has already been approved for implementation.

### How

This can be achieved a change to clause 1.8.1 (e) in the EID and by the removal of the text “(which shall, for the avoidance of doubt be at the published Exit Transmission Services rate applicable for each Day during the Assignment Period)” from TDP Section B Paragraph 6.3.3 (c).

## 2 Governance

### Justification for Authority Direction 20 January 2022

On 20 January 2022, when Panel considered this as a new Modification, Panel Members determined that Modification 0798 is likely to have a material effect given the changes to Legal Text reviewed by Panel Members, which were felt to be significant and could change the intent of the original Modification and therefore potentially impacts UNC governance. Modification 0798 will therefore follow Authority Direction procedures.

### Requested Next Steps 20 January 2022

This Modification should:

- Be considered a material change and not subject to Self-Governance.

### Governance Update Following Panel Consideration 17 March 2022

On 17 March 2022, when Panel considered the Final Modification Report for this Modification, Panel Members determined that there were no grounds for Authority Direction and that self-governance procedures were appropriate as this Modification 0798S is unlikely to have a material, adverse effect on competition. The Modification resolves an inconsistency between the approved and updated UNC, the CAM NC and the current EID text.

### 3 Why Change?

National Grid believes this change is required to enable full implementation of UNC Modification 0755S and also brings us more closely in line with CAM NC.

UNC Modification 0755S can still be implemented without this modification, but the functionality will not be made available at Interconnectors until the EID is amended to allow Assignment at Interconnectors.

### 4 Code Specific Matters

#### Reference Documents

Transportation Principle Document: Section B

[https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2020-10/4%20TPD%20Section%20B%20-%20System%20Use%20%26%20Capacity\\_0.pdf](https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2020-10/4%20TPD%20Section%20B%20-%20System%20Use%20%26%20Capacity_0.pdf)

UNC Modification Proposal 0755S

<https://www.gasgovernance.co.uk/0755>

EU Capacity Allocation Mechanism Code

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017R0459>

European Interconnection Document

<https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2021-03/4%20EID%20Section%20B%20-%20Capacity.pdf>

### 5 Solution

This Modification aligns the updated UNC to the CAM NC by removing the barrier placed in the EID. The amendment to clause 1.8.1 (e) in the EID, along with a small change to the UNC to provide additional clarity to the text, do not change the solution implemented as part of UNC Modification 0755S.

The Legal Text is the solution in this instance.

### 6 Impacts & Other Considerations

#### Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No, it does not.

#### Consumer Impacts

There are no impacts beyond those already assessed and approved under UNC Modification 0755S.

#### What is the current consumer experience and what would the new consumer experience be?

This Modification has no impact on consumers save for enabling UNC Modification 0755S.

| Impact of the change on Consumer Benefit Areas: |                   |
|---|-------------------|
| Area  | Identified impact |
| Improved safety and reliability                 | None              |
| Lower bills than would otherwise be the case    | None              |
| Reduced environmental damage                    | None              |
| Improved quality of service                     | None              |
| Benefits for society as a whole                 | None              |

## Cross-Code Impacts

There are no Cross-Code Impacts.

## EU Code Impacts

This Modification will bring the GB market more closely in-line with the CAM NC.

## Central Systems Impacts

There are no Central Systems Impacts.

## Panel Questions

1. *Assess if the removal of legal text (avoidance of doubt statement) is appropriate and if so why, and what are the potential consequences?*

All Workgroup Participants noted that the 'for avoidance of doubt' clause was not necessary in the previous drafting so there is no consequence with its removal. This Modification means that the bracketed clause must be deleted.

2. *Does this impact the governance of the Modification?*

All Workgroup Participants, on the basis of the answer provided above, agreed that the Modification should proceed as Self-Governance.

## Workgroup Impact Assessment

A Workgroup Participant noted that this Modification would result in equal treatment for all Exit points.

Workgroup Participants made no further comments on the other impact statements provided by the Proposer.

## 7 Relevant Objectives

### Impact of the Modification on the Transporters' Relevant Objectives:

| Relevant Objective  | Identified impact |
|---|-------------------|
| a) Efficient and economic operation of the pipe-line system.  | None              |
| b) Coordinated, efficient and economic operation of <ul style="list-style-type: none"> <li>(i) the combined pipe-line system, and/ or</li> <li>(ii) the pipe-line system of one or more other relevant gas transporters.</li> </ul>   | None              |
| c) Efficient discharge of the licensee's obligations.   | None              |
| d) Securing of effective competition: <ul style="list-style-type: none"> <li>(i) between relevant shippers;</li> <li>(ii) between relevant suppliers; and/or</li> <li>(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.</li> </ul> | 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          |

This Modification allows unbundled capacity to be assigned, as allowed by Article 19 paragraph 6 of CAM NC. While UNC Modification 0755S updated Section B of the UNC, clause 1.8.1 (e) in the EID prevents assignment of Exit Capacity at Interconnectors, this Modification brings the GB Market more closely into alignment with the EU.

All Workgroup Participants agreed with the statements.

A Workgroup Participant noted that this Modification would align equal treatment for all Exit points.

## 8 Implementation

Modification 0798S is required to enable full implementation of UNC Modification 0755S - *Amendment to the Requirement to Conduct the Transporting Britain's Energy Consultation*. UNC Modification 0755S can still be implemented without this Modification, but the functionality will not be made available at Interconnectors until the EID is amended to allow Assignment at Interconnectors.

Implementation therefore should be as soon as possible following Authority direction.

All Workgroup Participants felt that this Modification should proceed under Self Governance procedures as the previous Modification 0755S was treated as such and this proposal aligns the treatment for all exit points. All

Workgroup Participants agreed it is important that this Modification is implemented at the same time as Modification 0755S (in April 2022).

## 9 Legal Text

Legal Text has been provided by National Grid NTS and is included below. The Workgroup has considered the Legal Text and is satisfied that it meets the intent of the Solution.

### Text Commentary

The proposal would amend clause 1.8.1 (e) from Section B of the EID and adjust clauses 6.3.3 (c) of the UNC.

### Text

European Interconnector Document (EID)

#### 1.8 Provisions of Transportation Principal Document which do not apply

1.8.1 The following provisions of the Transportation Principal Document do not apply in relation to Interconnection Point Capacity:

- (a) provisions as to the basis on which Users are invited to apply for, may apply for, and are allocated, NTS Entry Capacity or NTS Exit (Flat) Capacity;
- (b) provisions as to the basis on which Users are invited to offer and may offer for surrender NTS Entry Capacity for a calendar month, and on which such offers are accepted;
- (c) provisions as to the publication of information relating to invitations as referred to in paragraphs (a) and (b);
- (d) provisions relating to Code Contingencies affecting the communications for the purposes of the matters referred to in paragraphs (a) and (b);
- (e) provisions as to the assignment (by System Capacity Assignment) ~~of Registered NTS Exit (Flat) Capacity~~ to the extent that those provisions apply to Bundled Firm Interconnection Point Capacity;
- (f) provisions defining terms which are used only in provisions within paragraphs (a), (b), (c), (d) and (e).

Uniform Network Code (UNC)

6.3.3 With effect from the first Day of the Assignment Period (and in respect of each subsequent Day in that Assignment Period):

- (a) the Assignor User shall cease to be liable for Capacity Charges in respect of the Assigned System Capacity;
- (b) the Assignee User shall be liable for Capacity Charges in respect of the Assigned System

Capacity;

- (c) the Capacity Charges payable by the Assignee User shall be the same Capacity Charges that would have otherwise been payable by the Assignor User for the Assigned System Capacity but for the assignment ~~(which shall, for the avoidance of doubt be at the published Exit Transmission Services rate applicable for each Day during the Assignment Period)~~

## 10 Consultations

Panel invited representations from interested parties on 18 February 2022. All representations are encompassed within the Appended Representations section. The following table provides a high-level summary of the representations.

Implementation was unanimously supported in the one representation received.

Representations were received from the following parties:

| Organisation      | Response | Relevant Objectives | Relevant Charging Methodology Objectives |
|-------------------|----------|---------------------|--|
| National Grid NTS | Support  | g) Positive         | Not Applicable                           |

Please note that late submitted representations will not be included or referred to in this Final Modification Report. However, all representations received in response to this consultation (including late submissions) are published in full alongside this Report and will be taken into account when the UNC Modification Panel makes its assessment and recommendation.

## 11 Panel Discussions

The Panel Chair summarised that Modification 0798 would amend the European Interconnection Document to remove the barrier between UNC and CAM NC compliance allowing full implementation of UNC 0755S and make a minor change to the Legal Text to clarify the charges payable at an Interconnection point.

Panel Members considered the one representation noting that implementation was supported with a recommendation for implementation effective in April 2022.

Panel Members agreed that this Modification would allow the treatment at Interconnectors to align with the arrangements introduced under Modification 0755S.

### Governance

Panel Members observed that the Workgroup unanimously agreed that this Modification should be subject to Self-Governance. The single consultation response received contained the same conclusion, that the change is non-material and does not require Authority Direction.

Panel Members briefly discussed the governance for the Modification concluding there were no grounds for Authority Direction and that self-governance procedures were appropriate as this modification is unlikely to have a material, adverse effect on competition. The Modification resolves an inconsistency between the approved and updated UNC, the CAM NC and the current EID text.

### Implementation

Panel Members discussed implementation and agreed with Workgroup Participants that this Modification should be implemented at the same time as Modification 0755S (expected in April 2022) depending on release dates for the systems change.

### Consideration of the Relevant Objectives

Panel Members considered Relevant Objective *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*, agreeing that implementation would have a positive impact because this Modification allows unbundled capacity to be assigned as allowed by Article 19 paragraph 6 of CAM NC. While UNC Modification 0755S updated Section B of the UNC, clause 1.8.1 (e) in the EID prevents assignment of Exit Capacity at Interconnectors, this Modification brings the GB Market more closely into alignment with the EU.

### Determinations

Panel Members voted unanimously (14 out of 14 votes) that Modification 0798 meets the criteria for Self-Governance.

Panel Members voted unanimously that Modification 0798S does not have an SCR impact.

Panel Members voted unanimously that no new issues were identified as part of consultation.

Panel Members voted unanimously that Modification 0798S does not have any cross-code impacts.

Panel Members voted unanimously to implement Modification 0798S.

## 12 Recommendations

### Panel Determination

Panel Members agreed that Modification 0798S should be implemented.

## 13 Appended Representations

Representation - National Grid

## Representation - Draft Modification Report UNC 0798

### Enablement of Exit Assignment process at Interconnectors

**Responses invited by: 5pm on 11 March 2022**

**To:** [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

*Please note submission of your representation confirms your consent for publication/circulation.*

|  |                    |
|--|--------------------|
| <b>Representative:</b>                   | Daniel Hisgett     |
| <b>Organisation:</b>                     | National Grid NTS  |
| <b>Date of Representation:</b>           | 11/03/2022         |
| <b>Support or oppose implementation?</b> | Support            |
| <b>Relevant Objective:</b>               | <b>g)</b> Positive |

**Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)**

As proposer of this Modification National Grid NTS supports its implementation. National Grid believes that this change aligns more closely with CAM NC<sup>i</sup> and therefore improves compliance, furthering Relevant Objective (g). It also enables full implementation of UNC 0755S, a modification which has already been approved via the Self Governance process. Without this modification, UNC 0755S could not be applied to Interconnection Points, one of the key elements of the proposed and approved solution. The adjustment to the European Interconnector Document allows for capacity to be assigned at interconnectors. Both National Grid as the proposer and the Workgroup believes the 'for the avoidance of doubt' line, currently in section B 6.3.3 c, is surplus to requirements as the existing text is already clear.

As the modification has no impact beyond enabling the full implementation of UNC 0755S, a Self-Governance modification which has already been approved, National Grid believe this modification should also be subject to the Self Governance process due to their being no material impacts on aspects described in the Self Governance criteria.

**Implementation:** *What lead-time do you wish to see prior to implementation and why?*

Implementation in-line with UNC Modification 0755S would be appropriate. This is currently on track for implementation late in April 2022 as part of the Gemini Spring '22 release.

**Impacts and Costs:** *What analysis, development and ongoing costs would you face?*

None.

**Legal Text:** *Are you satisfied that the legal text will deliver the intent of the Solution?*

Yes, the legal text will deliver the solution as intended.

**Are there any errors or omissions in this Modification Report that you think should be taken into account?** *Include details of any impacts/costs to your organisation that are directly related to this.*

None.

**Please provide below any additional analysis or information to support your representation**

None Required.

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<sup>i</sup> [EUR-Lex - 32017R0459 - EN - EUR-Lex \(europa.eu\)](#) – Article 19, Paragraph 6