

UNC Draft Modification Report	At what stage is this document in the process?
<h1 data-bbox="134 322 657 414">UNC 0798:</h1> <h2 data-bbox="134 450 1024 589">Enablement of Exit Assignment process at Interconnectors</h2>	<div data-bbox="1214 322 1477 636"> <div data-bbox="1214 322 1477 394">01 Modification</div> <div data-bbox="1214 398 1477 470">02 Workgroup Report</div> <div data-bbox="1214 474 1477 546">03 Draft Modification Report</div> <div data-bbox="1214 551 1477 636">04 Final Modification Report</div> </div>
<p>Purpose of Modification:</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>Next Steps:</p> <p>This Draft Modification Report is issued for consultation responses at the request of the Panel. All parties are invited to consider whether they wish to submit views regarding this Modification. The close-out date for responses is 11 March 2022, which should be sent to enquiries@gasgovernance.co.uk. A response template, which you may wish to use, is at www.gasgovernance.co.uk/0798.</p> <p>The Panel will consider the responses and agree whether or not this Modification should be made.</p>	
<p>Impacted Parties:</p> <p>High: N/A</p> <p>Low: N/A</p> <p>None: All Users</p>	
<p>Impacted Codes:</p> <p>Uniform Network Code (UNC)</p> <p>European Interconnection Document (EID)</p>	

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

Authority Direction

Panel 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

This Modification should:

- be considered a material change and not subject to Self-Governance.
- proceed to Consultation.

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

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 (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	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 0798 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 0755 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 0755 (in April 2022).

9 Legal Text

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 TDP Section B.

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) TDP Section B

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)~~

All Workgroup Participants agreed that the legal text meets the intent of the solution.

10 Recommendations

Panel's Recommendation to Interested Parties

The Panel have recommended that this report is issued to consultation and all parties should consider whether they wish to submit views regarding this Modification.