Representation

Draft Modification Report

0461 - Changing the UNC Gas Day to Align with the Gas Day in EU Network Codes

Consultation close out date: 27 January 2014

Respond to: enquiries@gasgovernance.co.uk

Organisation: National Grid NTS

Representative: Hayley Burden

Date of Representation: 27 January 2014

Do you support or oppose implementation?

Support/~~Qualified Support/Neutral/Not in Support/Comments~~* *delete as appropriate*

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

As proposer of this Modification, National Grid NTS supports implementation.

The Capacity Allocation Mechanism (CAM) Regulation specifies a standardised Gas Day across EU member states to operate from 05:00-05:00, with a seasonal adjustment for daylight saving. Currently the GB Gas Day operates from 06:00-06:00, with an equivalent seasonal adjustment. The rules now contained within the CAM Regulation supersede any prevailing GB legislation, and require National Grid NTS as the Transmission System Operator (TSO) to implement these rules by the specified implementation date (1st November 2015).

Modification 0461 was raised to achieve legal compliance with the Gas Day requirements specified in the CAM Regulation. Other EU codes, such as the Network Code on Gas Balancing of Transmission Networks, also include references to the gas Day and therefore this proposal also facilitates compliance with these codes. We believe Modification 0461 does achieve legal compliance with the EU Regulation, and meets Relevant Objective (g), which is the fundamental reason why the Modification was raised.

A number of processes specified within the UNC are operated throughout the Gas Day (D) or the Day before the gas Day (D-1). Many of these have documented timings in the UNC. The timings relating to these processes have been reviewed to assess whether they can continue at their current time as part of this proposal. The Modification proposes to only change those times that cannot operate at their existing time, which we believe is both an economic and efficient approach. However, National Grid NTS acknowledges the significant consequential impact changing the gas day has on all Users, and on other parties who are not bound by the UNC.

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Modification Panel Members have indicated that it would be particularly helpful if the following question could be addressed in responses:

Q1: Please provide views on the time constraints of the process and effort required to implement this modification.

The delivery timeline for this proposal, as indicated in the High Level Estimate provided by the Transporters Agent, suggests implementation of this Modification is achievable by 1st November 2015. However, the UNC is only one aspect of the GB gas regulatory regime that requires change as a result of the revised Gas Day time. As part of the development of this proposal our stakeholders have told us that the change to the gas Day time will impact numerous IT systems, business processes, gas metering functions, contracts, licences and agreements. Many of these are interlinked but fall outside of the proposed changes to the UNC.

As a result of Modification 0461 the UK Link system suite (including Gemini) will require changing. This system interacts with iGMS (Integrated Gas Management System), as well as a number of other systems. iGMS enables National Grid NTS to manage the physical flows of gas through the transmission network via the Gas National Control Centre. It has in excess of 20 other system interfaces, and many of these link to other systems which themselves have numerous interfaces and dependencies, e.g. Distribution Network Control System (DNCS). To test these numerous interfaces we believe will require significant time, effort and co-ordination, and will be critical to the success of implementing Modification 0461.

Other GB stakeholders have told us that they will also need time to be ready to implement their own system changes within the same timescales proposed in Modification 0461. From industry discussions we are aware that the lead time to implement all the changes as a result of the new Gas Day time, as well as a suite of other EU and GB industry changes (e.g. Project Nexus), is a challenge for our customers and stakeholders. We recognise that these combined changes, place demands on both human and financial resources, and therefore increases the risk of non-delivery for Modification 0461.

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

As previously highlighted we have been made aware by our stakeholders that there are a proposed number of industry impacts caused by the Gas Day changing that fall outside of the UNC changes. We believe, however, that the impacts on the UNC and associated documents have been thoroughly reviewed as part of the workgroup and we have not identified any new or additional issues.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

We consider that Modification 0461 meets Relevant Objective (g). The European Commission (EC) has approved the CAM Regulation, which (as it has now become part of EU law) now supersedes existing GB legislation. Contained within this Regulation is the obligation to operate a standardised Gas Day from 05:00 to 05:00. To comply with this legislative requirement, Modification 0461 amends the GB Gas Day to the

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Gas Day time specified in the Regulation, thereby meeting this Relevant Objective.

Impacts and Costs:

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

Due to the short lead time available in order for Great Britain to comply with the CAM Regulation the IT design analysis phase related to this change has already commenced, and the UK Link (inc Gemini) costs to implement Modification 0461 have been estimated to be in the region of £0.5 million. We acknowledge that this analysis is being done with a level of risk; however, this is unavoidable due to the nature of the fixed date for compliance with the EU Regulation.

The costs for the Modification 0461 changes to UK Link (inc. Gemini) do not on their own look sizeable. However, caution must again be applied in this instance. If approved, the UK Link changes will trigger a range of other system changes (e.g. iGMS) with associated costs.

Implementation:

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

Due to the fixed date of 1st November 2015 required by the CAM Regulation, National Grid NTS suggests that implementation must be on or before this date if Great Britain is to achieve legal compliance. We do not currently foresee any ability to extend this date, therefore a preferred lead time cannot be suggested.

The Modification proposes that a practical and logical date for implementation would be 1st October 2015 which would coincide with the start of the Gas Year but this date is dependent on further systems analysis. This date also corresponds with the date that other EU codes (e.g. Network Code on Gas Balancing of Transmission Networks) are expected to come into effect.

To assist with implementation, the Modification proposes that implementation is initiated on the Gas Day of 30th September 2015, in order for the Gas Day on 1st October 2015 to commence at 05:00. This would mean the Gas Day for 30th September 2015 is a 23 hour Day, operating from 06:00 to 05:00. It is also proposed that historical data prior to 1st October 2015 will be retained on a 06:00 to 06:00 basis.

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 the Modification proposal.

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.

N/A

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