

Representation

Draft Modification Report

0485 - Introduction of the Long-term use-it-or-lose-it mechanism to facilitate compliance with EU Congestion Management Procedures

Consultation close out date: 10 July 2014
Respond to: enquiries@gasgovernance.co.uk
Organisation: National Grid NTS
Representative: Colin Hamilton
Date of Representation: 10 July 2014

Do you support or oppose implementation?

Support

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

On 24 August 2012 the European Commission adopted rules to reduce congestion in European gas transmission pipelines; this has been identified as an obstacle to a well functioning, open and integrated gas market across the European Union. The rules amend the existing Annex I to the Gas Regulation (EC) no.715/2009 and require a number of Congestion Management Procedures to be implemented. This includes the requirement to have a long-term use-it-or-lose-it (LTUIOLI) mechanism to be available from 1 October 2014. As proposer, National Grid NTS believes that implementation of this Modification will facilitate compliance with the Regulation.

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

There are no additional issues that we believe should be recorded.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

National Grid NTS agrees that implementation of modification 0485 would better facilitate the achievement of relevant objective (g) as implementation of this Modification will introduce elements of the Congestion Management Procedures (CMP) required under Gas Regulation (EC) no. 715/2009. Implementation would, therefore, directly facilitate the Relevant Objective regarding compliance with the Regulation.

Impacts and Costs:

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

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On implementation of this Modification National Grid NTS will be required to operate a number of new manual processes combined with existing system functionality, which may result in additional administrative costs. However as these processes are only to be applied at a small number of Entry and Exit points and are not scalable to all points, these costs are not expected to be excessive.

Implementation:

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

An implementation date of 1 October 2014 is required to be compliant with the Regulation, to implement the Modification for the 1 October 2014 will require a minimum lead time of 1 business day. Dependent upon when a decision to implement is made i.e. after the 1 October 2014, a minimum lead time of 1 business day may also be sufficient, however a 2 month lead time will be required to apply the CMP withdrawal processes to the existing AMSEC auction and NTS Exit (Flat) Capacity Application processes to ensure that appropriate industry notifications can be issued. The first potential application of the new process will be for the February 2015 AMSEC auction.

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.

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.

National Grid NTS would also like to highlight that although the Modification is intended to facilitate compliance with the 1st October 2014 deadline as specified under CMP, we expect to revisit these processes through the development and implementation of the Capacity Allocation Mechanism (CAM) European Network Code requirements.