

MODIFICATION 0597 - EXPLANATORY TABLE

Uniform Network Code – European Interconnection Document

Notes

1. The table is based on the legal drafting for Modification 0597 submitted by National Grid NTS to the Joint Office of Gas Transporters.
2. Modification 0597 relates to the rules for the release of incremental capacity at Interconnection Points.
3. Modification 0597 will introduce a new Section E into the European Interconnection Document.
4. Modification 0597 is made for purposes of compliance with Commission Regulation (EU) establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and repealing Commission Regulation EU No 984/2013. The EU Capacity Allocation Mechanisms (CAM) code is currently being amended to introduce a process for acquiring incremental capacity at Interconnection Points.
5. The process set out in the amended CAM code will be reflected in the GB network codes via the European Interconnection Document to ensure compliance with the amended CAM code and to provide clarity on how the EU wide process fits in with the existing GB commercial framework.
6. The changes proposed in EID Section E will also require (i) amendments to TPD Section B, paragraphs 2.1.5(c) and 3.1.6(b)(ii); and (ii) amendments to the existing calculation of the PARCA Security Amount in TPD Section Y, paragraph 46. An explanation of each of these amendments is set out below.

INSERTION OF A NEW SECTION E INTO EUROPEAN INTERCONNECTION DOCUMENT

Section	Explanation
Modification 0597: Legal Text	
INSERTION OF a new Section E into the European Interconnection Document	
New paragraph 1.1	This paragraph stipulates that Section E will provide the framework and rules to enable the release of incremental capacity at Interconnection Points.
New paragraph 1.2	This paragraph defines terms that are not otherwise defined in the UNC or the Amended CAM Code.
New paragraph 1.3	The TPD applies to the European Interconnection Document, including the new Section E. This paragraph provides that if there is any inconsistency between the provisions of TPD Section B and Section Y in relation to the release of incremental capacity at Interconnection Points, the provisions of Section E will prevail to the extent of such inconsistency.
New paragraph 2	<p>Paragraph 2 deals with the demand assessment phase of the incremental capacity process and sets out rules to clarify how a party can signal interest in incremental capacity to National Grid NTS.</p> <p>Paragraph 2.1 contemplates a biennial demand assessment process linked to start of the Annual Yearly Auctions, except in respect of the 2017 demand assessment window which is linked to the date of entry into force of the Amended CAM Code. Key principles under the demand indication process include:</p> <ul style="list-style-type: none"> • any interested party can submit a demand indication regardless of whether such party is a User; • demand indications are non-binding and shall include certain specified information; • demand indications will be included in a demand assessment report; and • the demand assessment report will take into account certain specified criteria and contain certain specified information. <p>Paragraph 2.2 sets out rules in relation to an ad-hoc process where demand indications are received outside of the biennial demand assessment process set out in paragraph 2.1.</p>
New paragraph 3	Following an expression of demand for incremental capacity as per paragraph 2, National Grid NTS shall conduct technical

Section	Explanation
	studies to evaluate how the capacity can be delivered. National Grid NTS and relevant Adjacent TSO(s) shall jointly consult on its proposals.
New paragraph 4	<p>Following the consultation in paragraph 3, National Grid NTS and the relevant Adjacent TSO(s) shall finalise and submit a project proposal to the Authority and any other relevant national regulatory authorities.</p> <p>Upon publication of the Authority and any other relevant national regulatory authorities' decision on the incremental capacity project, National Grid NTS and the relevant Adjacent TSO(s) will prepare and publish, jointly, a notice of such decision.</p>
New paragraph 5	<p>After approval of the project proposal contemplated in paragraph 4 by the Authority and any other relevant national regulatory authorities, capacity will be allocated via an alternative allocation mechanism proposed under the approved project proposal.</p> <p>The provisions contained in each allocation section of the relevant approved project proposal will be treated as incorporated into and forming part of the Code, and binding pursuant to Section E.</p>
New paragraph 6	<p>This paragraph deals with the demand application fee, including:</p> <ul style="list-style-type: none"> • the amount of the fee, which shall be equal in value to the PARCA Application Fee; and • the circumstances under which National Grid NTS is obliged to repay the application fee.
New paragraph 7	<p>This paragraph sets out rules in relation to the interaction of the binding phase of the incremental capacity process in Section E with other long term allocation processes, including circumstances where:</p> <ul style="list-style-type: none"> • there is an overlap; • the binding application phase begins while there is another long term allocation process under way; and • the binding application phase begins while there is no other long term allocation process under way but is not completed by the time that another long term allocation process starts.

AMENDMENTS TO TPD SECTION B

Section	Explanation
Modification 0597: Legal Text	
AMENDMENTS TO TPD Section B	
Amendments to TPD Section B, paragraphs 2.1.5(c) and 3.1.6(b)(ii)	These amendments clarify that available capacity for entry/exit processes in TPD Section B is subject to EID Section E, paragraph 7.1.4, which provides that if the binding application phase of the incremental capacity process begins while there is no other long term allocation process under way but is not completed by the time that another long term allocation process starts, then unsold capacity shall not be included in the other long term allocation process if it has been identified by National Grid NTS as substitutable capacity that could potentially be reserved through the incremental capacity project.

AMENDMENTS TO TPD SECTION Y

Section	Explanation
Modification 0597: Legal Text	
AMENDMENTS TO TPD Section Y	
Amendments to TPD Section Y, paragraph 46	These amendments provide for the PARCA Security Amount calculation to be amended so that the weighted average price of capacity (for entry and for exit) takes account of Interconnection Point capacity made available pursuant to the processes set out under the European Interconnection Document.