

UNC Modification		At what stage is this document in the process?
<h1>UNC 0720:</h1> <h2>Amendments to the Agreed Target Quantity at the Moffat Interconnection Point</h2>		<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid green; background-color: #00a651; color: white; padding: 2px 5px; border-radius: 4px;">01 Modification</div> <div style="border: 1px solid #0070c0; background-color: #e6f2ff; padding: 2px 5px; border-radius: 4px;">02 Workgroup Report</div> <div style="border: 1px solid #9933cc; background-color: #f2e6ff; padding: 2px 5px; border-radius: 4px;">03 Draft Modification Report</div> <div style="border: 1px solid #ff9900; background-color: #fff2e6; padding: 2px 5px; border-radius: 4px;">04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>This Modification seeks to change the definition of Agreed Target Quantity in the Interconnection Agreement between National Grid Gas plc and GNI (UK) Ltd.</p>		
	<p>The Proposer recommends that this Modification should be:</p> <ul style="list-style-type: none"> subject to self-governance assessed by a workgroup. <p>This modification will be presented by the Proposer to the Panel on 19 March 2020. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>	
	<p>High Impact: n/a</p>	
	<p>Medium Impact: National Grid Gas Transmission, GNI (UK), Shippers</p>	
	<p>Low Impact: n/a</p>	

Contents	
1 Summary	3
2 Governance	4
3 Why Change?	4
4 Code Specific Matters	4
5 Solution	4
6 Impacts & Other Considerations	5
7 Relevant Objectives	6
8 Implementation	6
9 Legal Text	7
10 Recommendations	7

Timetable	
The Proposer recommends the following timetable:	
Initial consideration by Workgroup	02 April 2020
Workgroup Report presented to Panel	16 July 2020
Draft Modification Report issued for consultation	16 July 2020
Consultation Close-out for representations	07 Aug 2020
Final Modification Report available for Panel	13 July 2020
Modification Panel decision	20 Aug 2020

Any questions?

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1 Summary

What

National Grid's National Control Centre are observing large late in the day changes to the rates and End of Day quantities to be offtaken at the Moffat interconnector (as notified to National Grid by GNI (UK) via Exit Flow Profiles). This is understood to be due to issues with the mechanism used to calculate the Agreed Target Quantity (ATQ). Currently, Exit Flow Profiles sent to National Grid by GNI (UK) contain an End of Day quantity based purely on the aggregation of the prevailing net shipper nominations for the island of Ireland, Stranraer, and any Operational Balancing Account (OBA) Cumulative Steering Difference (CSD) correction. This is defined as the 'Agreed Target Quantity'.

GNI (UK) is bound by the Interconnection Agreement (IA) to notify National Grid of an ATQ that shall be obtained from the aggregate net confirmed nomination quantities. However, since the introduction of the EU Network Code on Balancing and the Corrib field coming online, GNI (UK) are experiencing issues with this mechanism within day. Shippers are understating volumes at the beginning of the day, and accurate (higher) nominations are not being provided until later in the day. National Grid and GNI (UK) wish to enable GNI (UK) to provide an ATQ which more accurately predicts End of Day quantities earlier in the Gas Day.

Why

Late notification of changes to flow cause operational balancing issues for both National Grid and GNI (UK). This could lead to inefficient compressor usage by both National Grid and GNI as well as the possibility of the system operators taking residual balancing actions that may not be needed. The shipper community is also affected as late notification of changes to flow can cause inaccuracies in the Predicted Closing Linepack (PCLP) published by National Grid. As the only available linepack forecast made available externally by National Grid, inaccuracies have the potential to have a material impact on market prices and trading behaviour. National Grid is of the opinion that making this change to the IA would have a positive impact on all of these issues.

How

This Modification proposes changes to ~~both~~ the Interconnection Agreement between National Grid and GNI (UK) ~~and the tripartite agreement between National Grid, GNI (UK) and GNI~~ at the Moffat interconnector, which will provide a change in the way in which the ATQ is calculated. This change will aim to provide ~~all parties~~ with a much more accurate representation of End of Day quantities earlier in the Gas Day.

The current methodology states that GNI(UK) must submit an ATQ which is equal to the aggregate net of shipper nominations plus a Cumulative Steering Difference Correction (CSDC). The proposed change ~~to the ATQ calculation~~ is to ~~add in an additional GNI forward flow quantity calculated with reference to~~ the aggregate exit demand within GNI's system (including Virtual Reverse Flow) ~~minus~~ the anticipated entry quantities at other entry points, ~~(these are currently Bellanaboy (Corrib) and Inch, but there may be more in due course).~~

For the avoidance of doubt this Modification does not seek to make any changes to the way in which the Steering Difference and Operational Balancing Account are managed. In accordance with the EU Interoperability Code, GNI (UK) and National Grid would seek to maintain an OBA balance that is as close to zero as possible.

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2 Governance

Self-Governance

This Modification should provide incremental benefit through improved quality of information. However, the issue is limited to a single point (Moffat Interconnection Point) and so it is not considered to have a material enough impact upon the operation of the market to warrant an Authority decision.

Requested Next Steps

This Modification should:

- subject to self-governance
- be assessed by a workgroup

3 Why Change?

As per the Interconnection Agreement between GNI (UK) and National Grid, and the tripartite agreement between National Grid, GNI (UK) and GNI, GNI (UK) currently provide National Grid with flow notifications for Moffat which are obtained using aggregate net shipper nominations.

Shippers in Ireland are reluctant to nominate high volumes at Moffat towards the beginning of the gas day as they would only have limited ability to revise down their nominations later on. The low nominations earlier in the Gas Day and the large upward renominations that GNI (UK) are experiencing late in the Gas Day, generate unreliable End of Day estimates early in the day. The uncertainty created by inaccuracies in End of Day Quantities submitted to National Grid, may result in inefficient use of compression, and impair efficient balancing resulting in an increased cost to Industry. There is also an impact on the accuracy of the PCLP, which as the only available linepack forecast made available externally by National Grid, can have significant impact on market prices and trading behaviour.

By continuing to accept these faults with the current mechanism for calculating End of Day quantities we are missing an opportunity to improve the economic and efficient operation of the NTS.

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4 Code Specific Matters

Reference Documents

UNC EID (European Interconnection Document)

UNC TPD (Transportation Principal Document)

EU Interoperability Network Code

5 Solution

To help resolve the issue, GNI (UK) and National Grid wish to amend the IA, and National Grid, GNI (UK) and GNI wish to amend the tripartite agreement, to change the way in which Exit Flow Profiles are calculated. The proposed solution is to re-define the ATQ to include and additional flow quantity submitted by GNI. The

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additional flow quantity will be determined by GNI with reference to the aggregate exit demands within GNI's system (including Virtual Reverse Flow) minus the anticipated entry quantities at entry points other than Moffat. (This currently includes Bellanaboy (Corrib) and Inch).

Analysis carried out by GNI demonstrates this change would result in a more accurate estimation of Moffat demand earlier in the gas day. GNI (UK) would re-align the Agreed Target Quantity with the Aggregate Net Nominations i.e. revert to the current method for determining the ATQ, at midnight, such as there is no expected impact on the OBA at the end of the day.

This UNC Modification seeks to implement the new methodology by revising the wording in the Moffat IA and tripartite as per UNC European Interconnector Document (EID), Section A section 4, which states 'Relevant Interconnection Provisions' will not be amended other than with approval from shippers / pursuant to a Code Modification.

The wording in the IA annex H and the Tripartite annex B shall be amended as per the appendix to this document.

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6 Impacts & Other Considerations

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

None

Consumer Impacts

This Modification aims to both improve data provision for the shipper community and the efficient commercial operation of the NTS, this may benefit a range of gas market stakeholders, including consumers.

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Deleted: Under this approach, the ATQ for Moffat IP will differ significantly from the sum of the Entry Confirmed Quantities, early on in the gas day, reducing as the gas day progresses, and aiming for them to be equal for the last hour of matching. ¶ There is also a sub-option that the newly proposed mechanism could be used until a certain point in the Gas Day after which the previous mechanism would be reverted to, therefore eliminating the possibility of any impact on the OBA. This switch could happen as an immediate switch at a specific time, or on a more gradual scale, with the current and new mechanisms both being used with different weightings across a period of several hours.¶

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Cross Code Impacts

None

EU Code Impacts

COMMISSION REGULATION (EU) 2015/703 establishing a network code on interoperability and data exchange rules Article 4, paragraph 2 states:

Before concluding or amending an interconnection agreement which contains the rules referred to in Article 3 (c) rules for the matching process; (d) rules for the allocation of gas quantities; (e) communication procedures in case of exceptional events; transmission system operators shall invite network users to comment on the proposed text of those rules at least two months before the agreement is concluded or amended. The transmission system operators shall take the network users' comments into account when concluding or amending their interconnection agreement.

Users are invited to comment throughout the Modification process.

Central Systems Impacts

None

7 Relevant Objectives

Impact of the modification on the Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	Positive
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.	Positive
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.	None

The implementation of this proposal will better facilitate the relevant objectives of the UNC:

a) efficient and economic operation of the pipeline system:

The increased accuracy of End of Day quantities earlier in the gas day could result in improved balancing, more efficient use of compression and improved data provision to industry via a more accurate PCLP figure. These factors all contribute to a more efficient and economic operation of the pipeline system.

b ii) efficient and economic operation of the pipeline system of one or more relevant gas transporters

As Moffat Interconnector connects the Transmission Systems operated by National Grid and GNI, the benefits outlined in the paragraph above will be consistent across both systems.

8 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

9 Legal Text

This Modification requires no changes to UNC text. However, to enact these changes, amendments will be made to the Moffat Interconnection Agreement between GNI (UK) and National Grid, ~~and also to the Tripartite agreement between National Grid, GNI(UK) and GNI.~~

~~The proposed amendments to the Interconnection Agreement and the Tripartite agreement are added as appendices to this document.~~

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10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that self-governance procedures should apply
- ~~Refer this Modification proposal to a Workgroup for assessment.~~

11 Appendices

[Changes to Interconnection Agreement : ANNEX H – Operational Balancing Account and Allocation Principles'](#)



[ANNEX H -
Operational Balancing](#)

[Changes to Tripartite Agreement: 'ANNEX B – Nominations \(tripartite\)'](#)



[ANNEX B -
Nominations \(Triparti](#)

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