

## **Consultation Report for GNI (UK) – PTL – NGG Tripartite Agreement**

### **Summary**

This document constitutes the Consultation Report in respect of the GNI (UK) – PTL – NGG Tripartite Agreement.

There were no consultation responses submitted in respect of this agreement. The next steps will be for GNI (UK) and PTL to seek approval for the implementation of the Agreements from the Regulators (CER, NIAUR and Ofgem) supported by National Grid.

At the industry engagement session on 14<sup>th</sup> July a number of questions were raised around the arrangements for capacity, nominations and allocations (including the utilisation of an operational balancing account (OBA)) and the TSOs have provided the answers within this document. The questions raised were related to the booking of bundled and unbundled capacity, the type of nomination and the possibility of overbooking capacity and Shippers potentially incurring overrun charges.

A survey was carried out after the GB engagement session with 6 responses received – the TSOs would like to thank those stakeholders that responded. The majority of responses were in agreement that most stakeholders understood how the arrangements would work in future at the Moffat Interconnection Point (IP).

### **Consultation Details**

Dates of Consultation: 08/07/2015 - 05/08/2015

Number of responses received: Zero

## Table of Responses

None received

### Industry Engagement Q & A Sessions 14<sup>th</sup> July 2015

The following questions were raised in the session:

#### Moffat Arrangements

1. Will left over capacity be released as unbundled after bundled capacity?
  - a. CAM Article 19 directs that as much as possible is sold as bundled capacity.
2. How much capacity is there?
  - a. This is the technical capacity which is limited to year ahead. Where unbundled capacity can be made available subject to CAM rules however bundled capacity has priority as per CAM.
3. For bundled capacity do you need to be a Shipper on either side?
  - a. Yes, Shippers need to be registered on both sides. Capacity available will be placed in the appropriate auctions so Users can see the available quantities. See TSO websites for information <http://www2.nationalgrid.com/UK/Industry-information/Gas-transmission-system-operations/Capacity/Exit-capacity-publication/>.
4. Do you need to be a Shipper on both sides for unbundled capacity and trading at the NBP?
  - a. It is the regulators' aim to move to a bundled capacity world at IPs. The provision of unbundled capacity at IPs will continue during the transition. However, the GB capacity entitlement and allocation must be allocated to the same Shipper to avoid exposure to overrun charges. The capacity, nominations and allocation arrangements apply at Interconnection Points only so prevailing arrangements at the NBP are unaffected.
5. Can capacity be transferred between bundled and unbundled?
  - a. No, bundled capacity will be used first and then unbundled is offered. However, if there is insufficient total capacity for the nominated quantity then an overrun charge may apply. NGG will not check whether there is enough capacity compared to a nomination.
6. Is there an unbundled interruptible capacity product for Ireland?
  - a. There are no interruptible products available; however there are flexible contracts up to 2023. For NGG day ahead interruptible product will continue to be available.

7. Will Shippers incur overrun charges for allocation if the nominations and capacity do not match?
  - a. NGG will not check whether you have sufficient capacity available and if the nomination quantity exceeds a Shipper's capacity entitlement then overrun charges may apply.
8. Is there a warning message if the nomination exceeds the capacity?
  - a. No, Shippers should manage their own undertakings.
9. Will Shippers use Edigas format?
  - a. Currently INT Code mandates nomination communications between TSOs and Shippers in the Edigas format over the Internet from 1<sup>st</sup> May 2016. NGG is currently consulting with its Shippers on the technical solution it proposes to employ. NGG also intends to consult with its Shippers and seek Ofgem approval to permit continued use of the IX route into Gemini for Shipper nominations beyond 1<sup>st</sup> May 2016.
10. Will there be more data required in the new GEMINI screens?
  - a. Yes e.g. identity of the nomination counterparty. User trials begin in August, more information is available on the Joint Office website. <http://www.gasgovernance.co.uk/sites/default/files/General%20Update%20Phase%20202.pdf>
11. What happens to nominations which do not match?
  - a. Under normal operating conditions the lesser of rule will apply and the lower of the Processed Quantities will prevail.
12. How do you nominate bundled and unbundled capacity on the same day; is it as either single or double sided nominations? Will separate nominations be needed for each counterparty?
  - a. Where it is the same User at either side of the IP either a double sided or single nomination can be used. If there are different User at each side of the IP a double sided nomination should be used.
13. Who will match the nominations; is it GNI (UK) or PTL/GNI?
  - a. GNI (UK) is the matching TSO. GNI (UK) will pass nomination data onto PTL and GNI to enable matching to take place.
14. Do single sided nominations need to specify PTL or GNI?
  - a. Yes, all nominations at Moffat require this information. There is a specific field requiring the Shipper to specify the counterparty Users TSO.
15. What is the Steering Tolerance?
  - a. The Steering Tolerance is 3.25 GWh however, the TSOs will be aiming to keep the prevailing OBA balance as close to zero as possible.
16. Will there be any difference in the way GNI and PTL derive allocations on a Proportional Allocation Day?
  - a. GNI and PTL will apply the same methodology which is currently used.
17. What will change for Shippers when an Exceptional Event occurs?
  - a. The matching rule changes and one of the conditions to implement proportional allocation would be satisfied.
18. When will the Regulator approve GB to Ireland reference conditions remaining at 15/15?

a. Each TSO will communicate the outcome of its request to its regulator once a reply has been received.

19. Can you transfer the title of gas? Yes, currently this is possible however will not be in the future when all capacity is bundled.

## Survey Responses - Moffat Engagement Meeting

Question 1 - Was it made clear how the EU Codes affect the Moffat Interconnection Agreement and why the Tripartite Agreements are needed?		
Answer Options	Response Percent	Response Count
Yes	83.3%	5
No	0.0%	0
Partially	16.7%	1
Other (please specify)		0

**Analysis** – Majority of respondents understood the interaction between the EU Codes and the Agreements.

Question 2 - Do you understand the principles of the OBA arrangements?		
Answer Options	Response Percent	Response Count
Yes	100.0%	6
No	0.0%	0
Other (please specify)		0

**Analysis** – The arrangements were fully understood by all survey participants.

Question 3 - Was it made clear when Proportional Allocation will apply and how it will work?		
Answer Options	Response Percent	Response Count
Yes	75.0%	3
No	25.0%	1
Other (please specify)		2
<b>Comment</b>		

Operationally the 3.25 GWh limit would cause a breach approx once every two years based on historic experience, explanation did not explain this or just when discretionary decisions may be applied

**Analysis** – Majority understood proportional allocation principles. The comment received on the likelihood of a proportional allocation; both National Grid and GNI (UK) have not operated an OBA previously and at this point are unable to derive this until the OBA commences. Another TSO has been operating an OBA for several years and has not implemented proportional allocation on a single day.

**Question 4 - Was the consultation process adequately explained?**

Answer Options	Response Percent	Response Count
Yes	100.0%	6
No	0.0%	0
Other (please specify)		0

**Analysis** – All respondents fully understood the consultation process.

**Question 5 - Was there anything you thought would be covered that wasn't?**

Answer Options	Response Count
	2
<b>Comment</b> Operationally the Shippers raised some good questions about single/double sided processes (can they be used interchangeably), these are the real worked issues Shippers will encounter	
No	

**Analysis** – The feedback highlighted the value of Shipper discussions. An example has been provided for the capacity and nominations issues that were identified at the meeting.

<b>Question 6 - Did this event meet your expectations?</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Yes	100.0%	6
No	0.0%	0
If not why not?		0

**Analysis** – All respondees agreed that the event met their expectations.

<b>Question 7 - Was it made clear how the Moffat arrangements will work from 1st October 2015?</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Yes	33.3%	2
No	0.0%	0
Partially	66.7%	4
Other (please specify)		2
<b>Comment</b>		
We need to consider all operational issues that may arise - legacy Shippers with single sided Noms interacting with newly registered Shippers		
Given the process is yet to complete that was never really possible		

**Analysis** – The response to this question was split with 2 people advising that they had received all the information they needed whereas 4 people said that they were not completely sure of the future arrangements for Moffat. The comment (above) on the relationships between Shippers (legacy and new) related to single sided nominations (SSN) is incorrect as a SSN is the same Shipper either side of the flange. The relationship exists between a legacy and new Shipper will only occur for a double sided nomination.

**Question 8 - What else could we do to aid your understanding of the changes to the IA?**

Answer Options	Response Count
	0

**Analysis** – No comments received for anything that could have further aided understanding.

**Question 9 - Do you intend to submit a consultation response?**

Answer Options	Response Percent	Response Count
Yes	33.3%	1
No	66.7%	2
Other (please specify)		3
<b>Comments</b>		
Possibly		
Possibly		
Probably		

**Analysis** - Only 1 person agreed that would submit a consultation response and 3 said they might.

**Question 10 - Please supply any other feedback related to the IA consultation sessions?**

Answer Options	Response Count
	1
<b>Comment</b>	
Discussion of the Moffat details have lagged considerably behind those for IUK and BBL and some of the debate on Tuesday about, for example, use of capacity and flexibility of single/double sided nominations against that capacity highlights that an earlier discussion would have been helpful	



**Analysis** - The feedback mentioned that it would have been useful to have the Moffat presentation on the same day as the BBL and IUK meetings. It was not possible to plan all of the meetings to occur within the same day due to continuing negotiations. The agreements were presented to the industry as soon as it was practical to do so.