



Appendix 6 EU Activity

6.1 Our activity to date

In chapter 2.3 we discussed the European Union (EU) Third Package of EU legislation which was introduced in 2009. Over the last five years, we have been working with the European Network of Transmission System Operators for Gas (ENTSO-G), EU Commission, European Regulators, Ofgem, other Transmission System Operators (TSOs) and our customers to enable the development of the Capacity Allocation Mechanism (CAM) and Balancing (BAL) EU Codes.

We have influenced the EU Code developments and supported the industry and our customers, through a process of extensive dialogue with market participants, stakeholder working sessions, technical workshops and a number of consultations.

We have changed our current contractual arrangements at Bacton (connecting to Belgium and Holland) and at Moffat (connecting Northern and Southern Ireland to the UK) to ensure we comply with the new legislation.

On the 1 October 2015 the UK market will align to the EU standard gas day of 5am – 5am. We have changed a number of internal processes in preparation for the gas day change.

To date, the modifications proposed to implement the EU Codes and Guidelines are:

- a 0449 (Introduction of Interconnection Points and new processes and transparency requirements to facilitate compliance with the EU Congestion Management Procedures). Implemented with effect from 06:00 on 1 October 2013; it is superseded by text introduced under 0500
- b 0461 (Changing the UNC Gas Day to Align with Gas Day under EU Network Codes). Implemented with effect from 05:00 on 1 October 2015
- c 0485 (Introduction of Long-term use-it-or-lose-it mechanism to facilitate compliance with EU Congestion Management Procedures). Implemented with effect from 06:00 on 30 September 2014; it is superseded by text introduced under 0500
- d 0489 (EU Gas Balancing Code – Information Provision changes required to align the UNC with the EU Code). Implemented with effect from 05:00 on 1 October 2015
- e 0493 (EU Gas Balancing Code Daily Nominations at Interconnection Points (IP)). Implemented with effect from 06:00 on 19 June 2015

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- f** 0494 (Imbalance Charge amendments required to align the UNC with the Network Code on Gas Balancing of Transmission Networks). Implemented with effect from 05:00 on 1 October 2015
 - g** 0500 (EU Capacity Regulations Capacity Allocation Mechanisms with Congestion Management Procedures). Implemented with effect from 06:00 on 19 June 2015
 - h** 0501V (Treatment of Existing Entry Capacity Rights at the Bacton ASEP to comply with EU Capacity Regulations). Implemented with effect from 06:00 on 21 July 2015. The process established by this modification (for allocation of capacity held by shippers between the new ASEPs at Bacton) was completed on 28 August 2015
 - i** 0510V (Reform of Gas Allocation Regime at GB Interconnection Points). To be implemented with effect from 05:00 on 1 October 2015
 - j** 0519 (Harmonisation of Reference Conditions at Interconnection Points). To be implemented with effect from 05:00 on 1 October 2015
 - k** 0525 (Enabling EU compliant Interconnection Agreements). To be implemented with effect from 05:00 on 1 October 2015
 - l** 0546S (Reduction of the Minimum Eligible Quantity (100,000kWh) for European IP capacity)
 - m** 0547S (Corrections to the EID arising from implementation of Modifications 0493/0500).



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6.2 Our future activity

As part of our obligations under Article 6 (Capacity calculation and maximisation) and Article 11(8) of the CAM Code, we have agreed to meet with other European Transmission System Operators (TSO) at least once a year to discuss the amount of Available IP Capacity (and any additional capacity) that will be offered in the upcoming annual yearly capacity auction. The aim of this is to allow all TSOs to jointly analyse the technical capacities in each System and maximise the bundled capacity available. Our analysis will include a detailed comparison with our connecting TSOs of:

- technical capacity in each system; and
- available IP capacity in each system.

Any differences will be noted and quantified with the reasons where possible. The analysis will take account of assumptions made in the EU-wide 10 year development plan, existing national investment plans, relevant obligations under the applicable national laws, and any relevant contractual obligations.

We will assess all relevant parameters, including but not limited to: pressure commitments, relevant supply and demand scenarios, and calorific values. Any options for adjusting these parameters will be discussed with other TSOs. We will also consider information that our customers (gas shippers) may provide regarding expected future flows. We will consider our regulatory regime and obligations as part of this process.

Once the analysis is complete (including a cost benefit analysis), we will identify if there is an opportunity to increase available IP Capacity. Where we propose an increase to available IP Capacity, we will consider what impact this action may have on:

- the timescales required for its increase
- any increased costs and if the regulatory regime(s) will allow for the recovery of these costs (especially if there are any cross-subsidies between TSOs)
- other points on either System and stakeholders (including terminal operators, Shippers, other TSOs).

6.2.1 Future activity on Codes & Guidelines

We have a programme of changes planned for delivery on 1 May 2016 which will include the following:

- Delivery of Modification 0519 (Harmonisation of Reference Conditions at Interconnection Points) change to the Gemini system to manage the impact of different reference conditions for shipper nominations and allocations at the Bacton interconnection points
- Delivery of a new data exchange solution in line with Interoperability Code requirements to enable shippers to submit nominations and receive confirmed quantities at interconnection points in Edigas format over the internet
- Disapplication of scheduling charges in respect of interconnection points, as implemented by Modification 0510V (Reform of Gas Allocation Regime at GB Interconnection Points)
- Enable delivery of additional transparency requirements in respect of capacity data and hourly flow at interconnection points
- Amendments to functionality in Gemini to allow it to send within-day capacity and tariff values to PRISMA.

6.2.2 2016 onwards

An EU-wide Network Code on Harmonised Transmission Tariff Structures for Gas;

- Amendment proposal to the Network Code on Capacity Allocations Mechanisms on Incremental Capacity. This will be an amendment to Commission Regulation (EU) No 984/2013 which aims to introduce a process for the release of incremental capacity at interconnection points.

Both are expected to go through the formal comitology process in 2016 and be adopted by the European Commission by December 2016. The timescales for their implementation shall be agreed during comitology. Comitology in the European Union refers to a process by which EU law is modified or adjusted and takes place within "comitology committees" chaired by the European Commission.