



TSO Industry Update Code Progress

14th April 2015

Presentation Structure

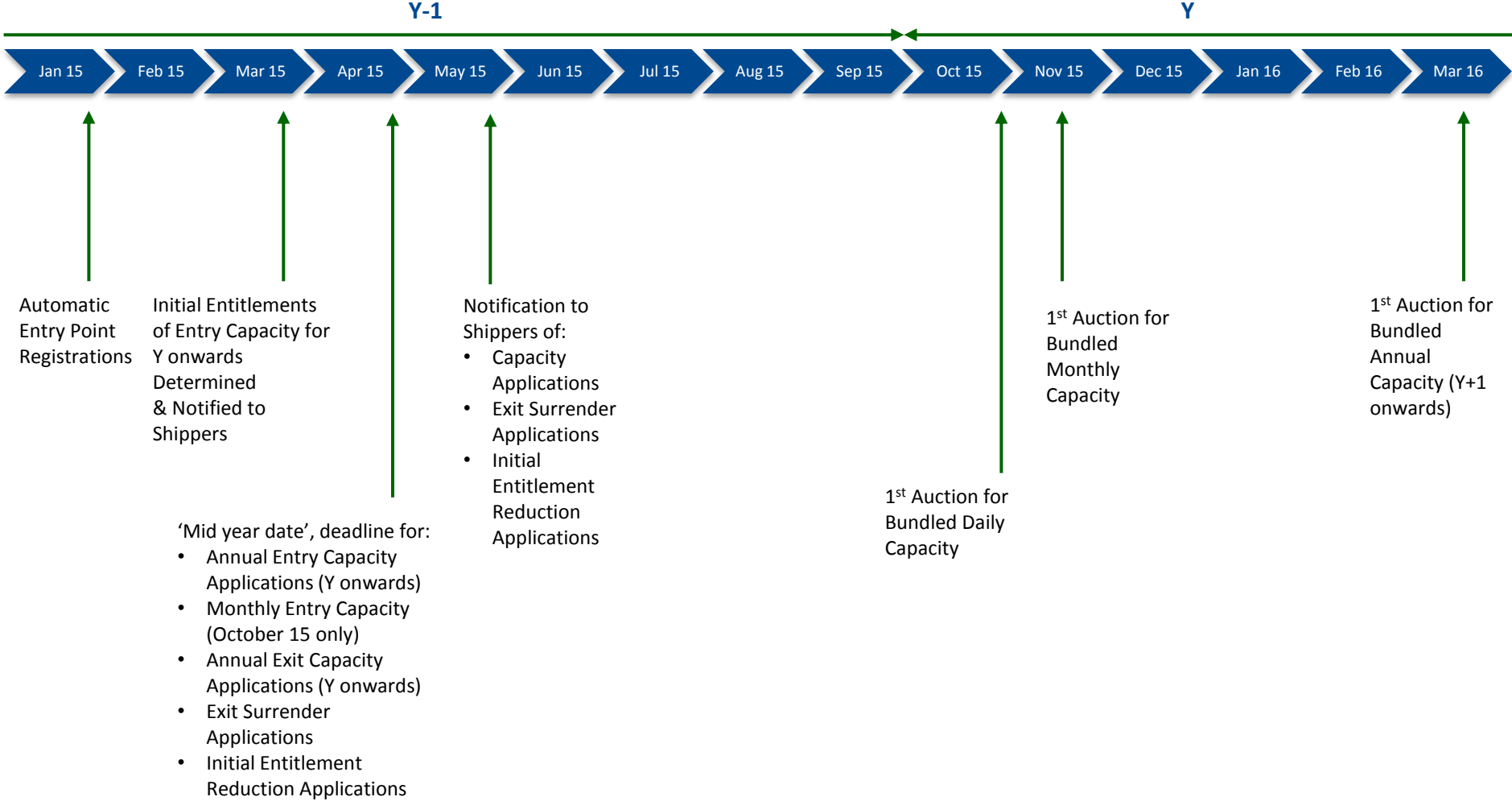
- Mid Year Date Reminder
- Gas Day
- Common Units
- Interim Measures
- REMIT
- CAM and Changes for Entry Exit Code Modification
- Invoicing and Credit Business Rules
- Nominations
- Aligne
- Upcoming Consultations

Mid Year Date Reminder

Mid Year Date Reminder

- Shippers have until **30th April 2015** to submit:
 - Annual Entry Capacity Applications (Y onwards)
 - Monthly Entry Capacity (October 15 only)
 - Annual Exit Capacity Applications (Y onwards)
 - Exit Surrender Applications
 - Initial Entitlement Reduction Application
- It is up to Shippers to decide if they want to book additional Entry Capacity
- TSOs shall notify Shippers of their allocation of Entry Capacity and if applicable, acceptance of a reduction application, by 31st May 2015
- **Reminder: Bundled Capacity Auctions commence on 31st October for gas day 1st November 2015**
 - The appropriate arrangements need to be in place if Shippers wish to obtain this bundled capacity

Timeline



Gas Day

Gas Day

- In January / February ACER held a Public Consultation on the Oil & Gas UK proposal to amend the CAM and Balancing in order to retain the current UK Gas Day for the UK and Ireland by derogating Article 3(7) of the CAM Network code
- ACER looked at the merits of the proposal and found that it fell short, both for substantive and procedural reasons
- Some of the key reasons ACER highlighted:
 - They did not provide a credible cost-benefit analysis
 - The network codes concerned (CAM and BAL) were prepared and discussed for a number of years with the full involvement of stakeholders, including upstream industry representatives
 - The derogation could substantially delay the overall implementation of the NC CAM and BAL in the UK
- The NI, GB and ROI TSOs are planning to proceed with implementation of the change on 1st October 2015

Common Units

EU Interoperability Code: Common Units - Reference Conditions

- In the last NIED meeting, PTL sought agreement from NI Shippers on PTL, Gaslink and National Grid's proposal to continue to use 15/15 reference temperatures in respect of the Moffat IP
- PTL received verbal support during the meeting and two written responses expressing support
- Neither Gaslink or National Grid received any objections to this proposal from their Shippers
- The TSOs therefore consider that the "agreement with counterparties" requirement in the Interoperability Code has been fulfilled
- The TSOs propose to shortly submit a joint letter to the regulators seeking approval to continue with 15/15 conditions at the Moffat IP

Interim Measures

Interim Measures

- In November 2014, the TSOs consulted on adopting an Interim Measures approach to implementing aspects of the EU Balancing Regulation
- Adopting 'Interim Measures' would permit up to five years to achieve compliance
- 'Interim Measures' effectively provides for the phased introduction of market based balancing rules
 - By allowing Shippers to have imbalance tolerances, at least initially
- NI already has an effective means for procuring balancing gas which satisfies the criteria for being an interim measure, relying on 'balancing services' would be the starting point
- The TSOs recommended the Interim Measures approach as the best means of meeting the Balancing Regulation objectives to help develop the traded market and minimise the costs of residual balancing in NI

Interim Measures

- The TSOs received 3 responses, all broadly in support of the proposals
- Post consultation, the TSOs submitted the Interim Measures Report to UR for a decision
- Following an assessment, review of the consultation responses and consultation with the NRAs in adjacent Entry – Exit zones, UR have decided to approve the Interim Measures Report
- ACER and the EU Commission will be notified of this decision
- Business Rules for Balancing and Scheduling for Entry-Exit, and to move towards compliance with the Balancing Regulation, are to be published shortly. These will cover:
 - Aggregate NI Imbalance Position
 - Balancing Tolerances and Charges
 - Scheduling Tolerances and Charges
 - Administration of the Disbursement Account

REMIT

What is REMIT?

- Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency:
 - The prohibition of market abuse/manipulation and trading on inside information
 - The implementation of a transaction and data reporting framework to allow for EU wide market monitoring by ACER.
 - Provision to ensure that where market monitoring indicates potential market abuse, the incidents are investigated and action is taken
- Implementing Acts
 - Adopted 17th December 2014
 - Trigger Market Monitoring at ACER
 - Define the details of reporting

TSO Reporting Obligations

- Reporting Fundamental Data
 - To ACER via Transparency Platform (from 07/10/15):
 - Available and contracted firm capacity
 - Available and contracted interruptible capacity
 - Aggregated day-ahead and the final re-nominations
 - Physical flows
 - Planned and actual interruption of interruptible capacity
 - Planned and unplanned interruptions to firm capacity
 - Directly to ACER (from 07/4/16):
 - For IPs, Exit Points connected to a single customer, for physical and virtual hubs:
 - Day-ahead nomination
 - Final (re)nomination
 - Allocations
 - All data per gas day (or gas hour) / per IP / per shipper / per counterparty

TSO Reporting Obligations

- Publication of Inside Information
- Record of Wholesale Market Transactions
 - Primary Transportation (Capacity) Contracts (07/4/16)
 - Back loading existing contracts
- Balancing Services Contracts (at reasoned request of ACER)
- Aligne is not considered to be an Organised Market Place (VTPs excluded from list of OMPs)
 - PTL will not be providing an Registered Reporting Mechanism facility to the market place
- Aligne being developed with functionality to meet REMIT obligations

CAM and Changes for Entry Exit Code Modification

CAM and Changes for Entry Exit Code Modification

- Final Modification Report was been submitted to UR at the start of April
- The TSOs have proposed a few changes to the legal drafting:
 - Removed the registration requirement that a Shipper must have written confirmation from the downstream transporter of a connected system that the Shipper has entered into an agreement to ship gas on the connected system or written confirmation from a consumer that an agreement to supply is in place
 - Corrected inconsistencies in the Surrender text
 - Added text to clarify that Exit Capacity overruns at BGEP1 would only apply where the sum of all Shippers Allocations at BGEP1 is greater than the sum of the capacity at BGEP1 and BGEP2 held by PNGL on behalf of Shippers
 - Made changes to reflect that trading nominations will be facilitated on Aligne for the whole of NI
 - It may not be possible for Shippers to sign up to PRISMA prior to the 8th May therefore restructured the text to separate:
 - The requirement for the provision of information (which is still required, but by the slightly later date of 22nd May)
 - The requirement to have signed up with PRISMA
 - ENTSOG Auction Calendar changes

Invoicing and Credit Business Rules

Invoicing and Credit Business Rules

- Invoicing and Credit Business Rules are to be published soon
- There are no significant changes from the principles presented at the December workshop
- Recap of key points from that presentation:
 - Credit and invoicing rules will have to be modified as a result of the move to Entry-Exit and the introduction of new products at Entry
 - Shippers will continue to be required to cover for other Shipper defaults
 - No need for changes in relation to credit cover for imbalance charges
 - The level of credit cover shall remain the same:
 - 80% of forecast annual postalised charges (capacity and commodity)
 - 80% of imbalance charges (forecast commodity value)
 - *Requirement reflects Shippers potential exposure to each other*

Invoicing and Credit Business Rules

- Shippers continue to forecast annual capacity and commodity requirements (by June)
 - Breakdown by product
- Credit must be in place in advance of each gas year for products utilised within that gas year
- PRISMA credit checks not required for participation in annual and quarterly capacity auctions
 - But credit still needs to be in place for the capacity which is forecast to be used in the next year (even if was previously booked in an annual auction)
- However, the TSOs will apply credit checks in the PRISMA platform for short term auctions (Monthly and Daily):
 - If total value of a bid > Available Credit, bid will be rejected
 - Shippers will need to make sure they have enough credit to participate in short term auctions
 - Time needed for TSOs to process = 5 business days
 - Revised Credit Limits can't be instantly uploaded to PRISMA
 - Shippers will need to also consider any auction premia they may wish to bid
 - TSO calculations of RLCS will **not** include any premia
 - Shipper responsibility = Shipper protection

Invoicing

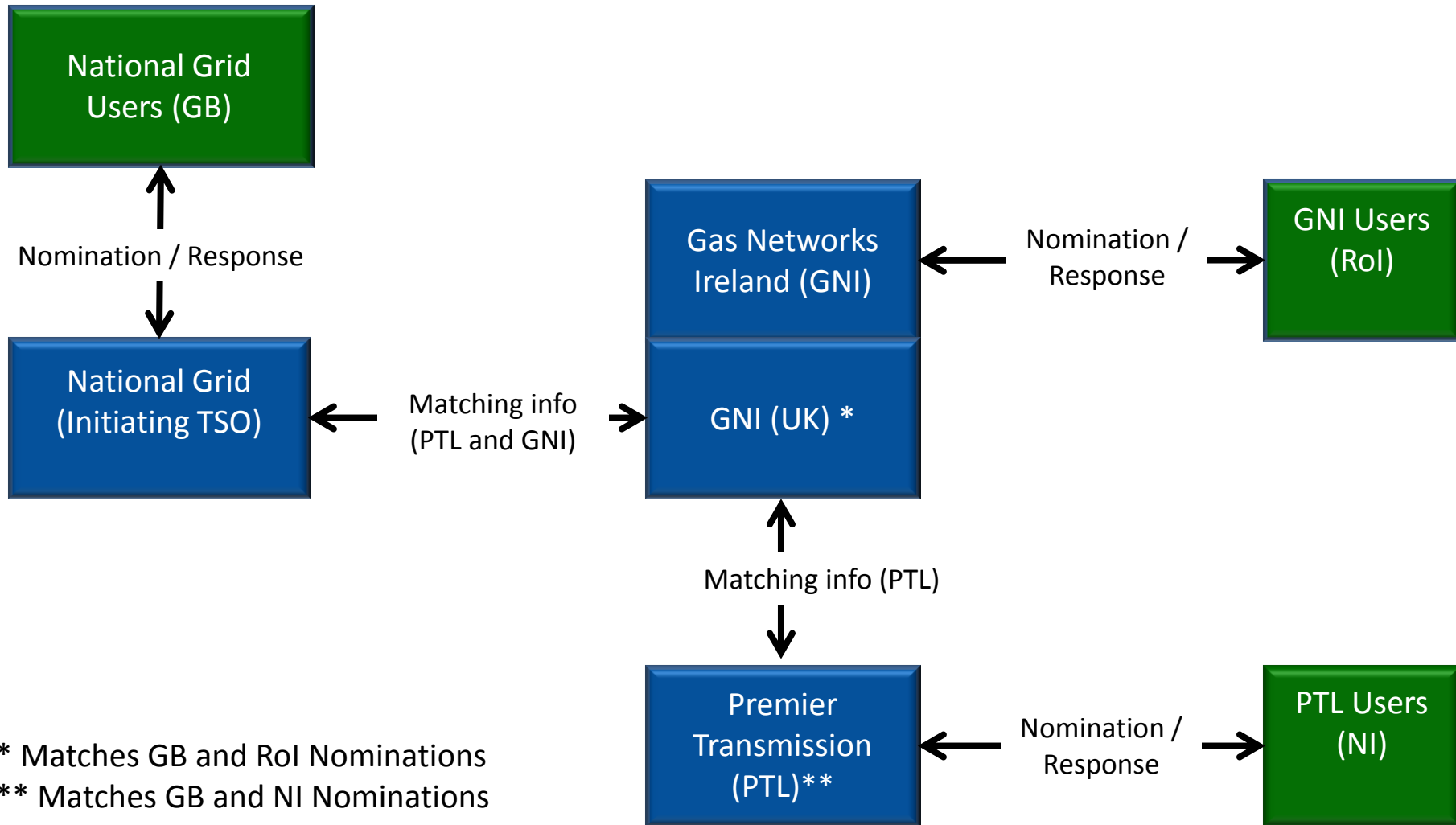
- NI TSOs will continue to invoice monthly for PS Transmission Amounts and Code Charges
 - STC and BB Charges will no longer be applied
 - VRF Charges will be included with PS Transmission Amounts
- Due to the nature of the new Entry-Exit regime each Shipper will have one overall imbalance position instead of one imbalance position per contract path
- Therefore, from October 2015 the PTL and GNI(UK) disbursement accounts will be combined into one NI Disbursement account
 - NB This is in the Balancing Business Rules
- PTL will invoice on behalf of GNI(UK) and BGTL for any code charges which can include:
 - Balancing Charges
 - Scheduling Charges
 - Monies to be charged or credited to such Shippers in respect of the purchase or sale of Balancing Gas
 - Disbursement Amounts
 - Unauthorised Flow Charges / Failure to Interrupt

Nominations

Nominations

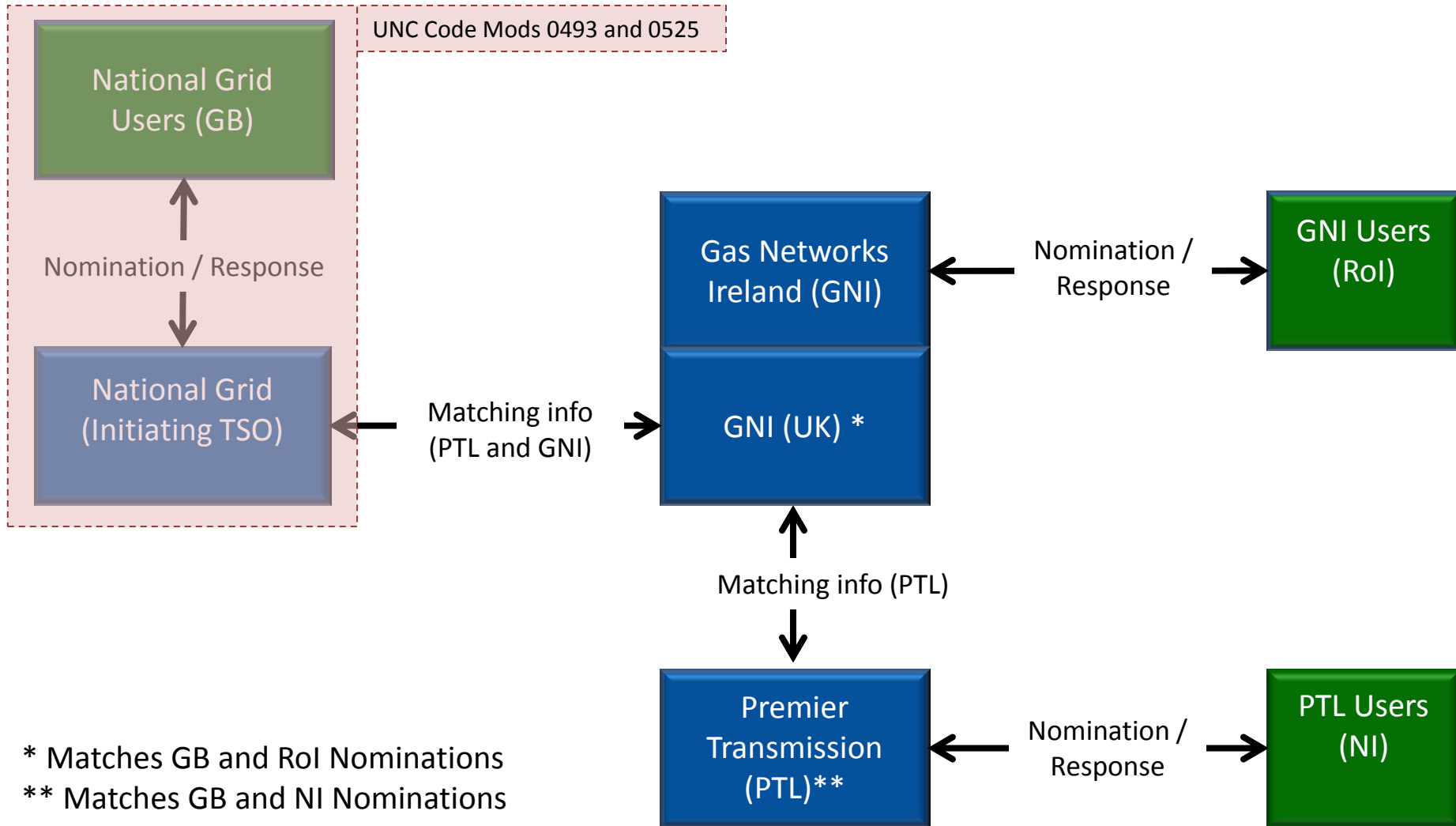
- The Proposed Code Modifications were published in April 2015
- The modifications outline the new rules for Entry and Exit nominations
- One of the most significant changes within the PTL modification is the move to a TSO – TSO matching process from the use of the Moffat Agency matching services
- The TSOs and NRAs have agreed the data flow process in relation to GB/NI and GB/ROI nominations

IP Nominations Matching Data Flow



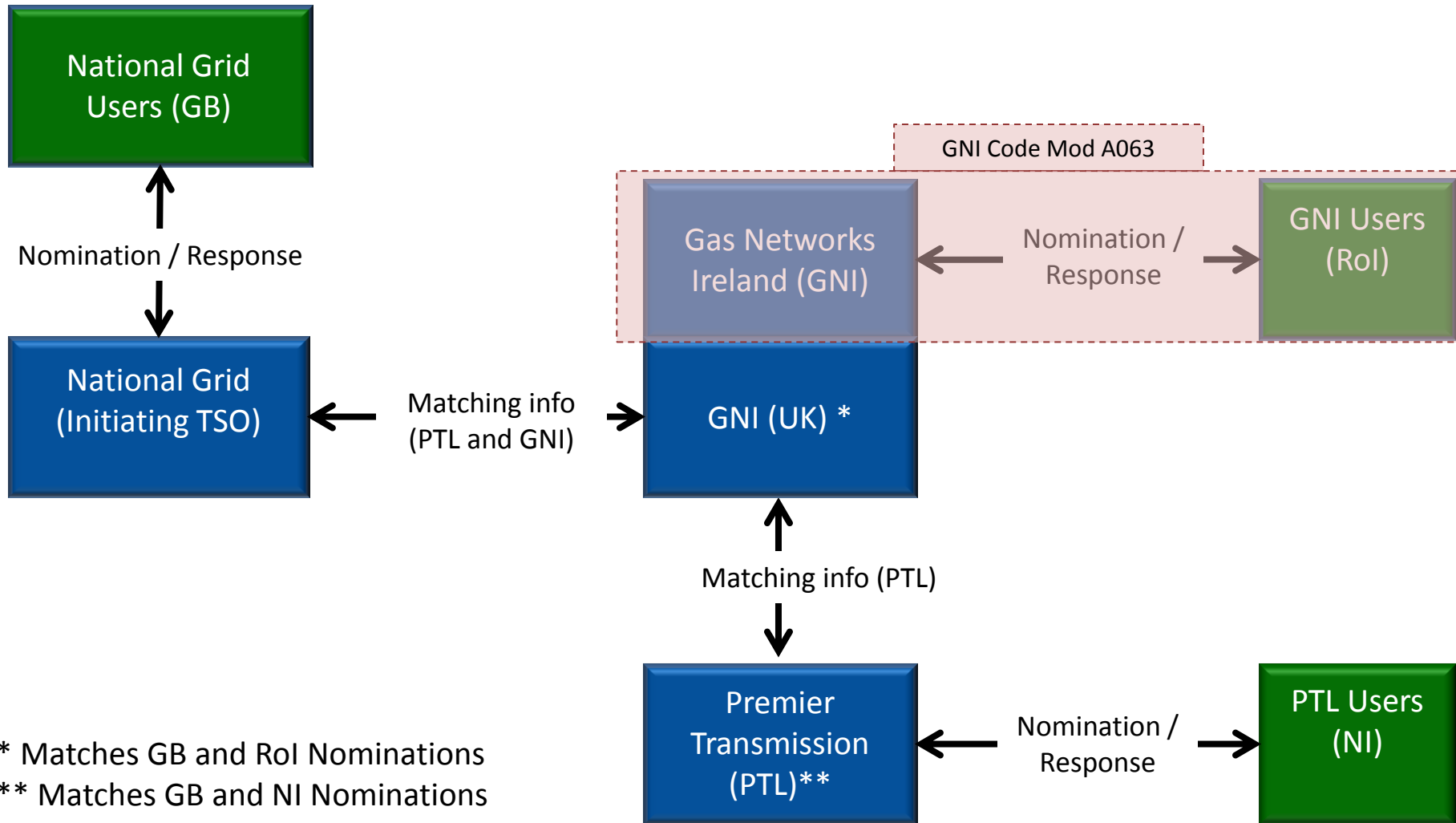
Source: National Grid Gas

Nominations Contractual Framework



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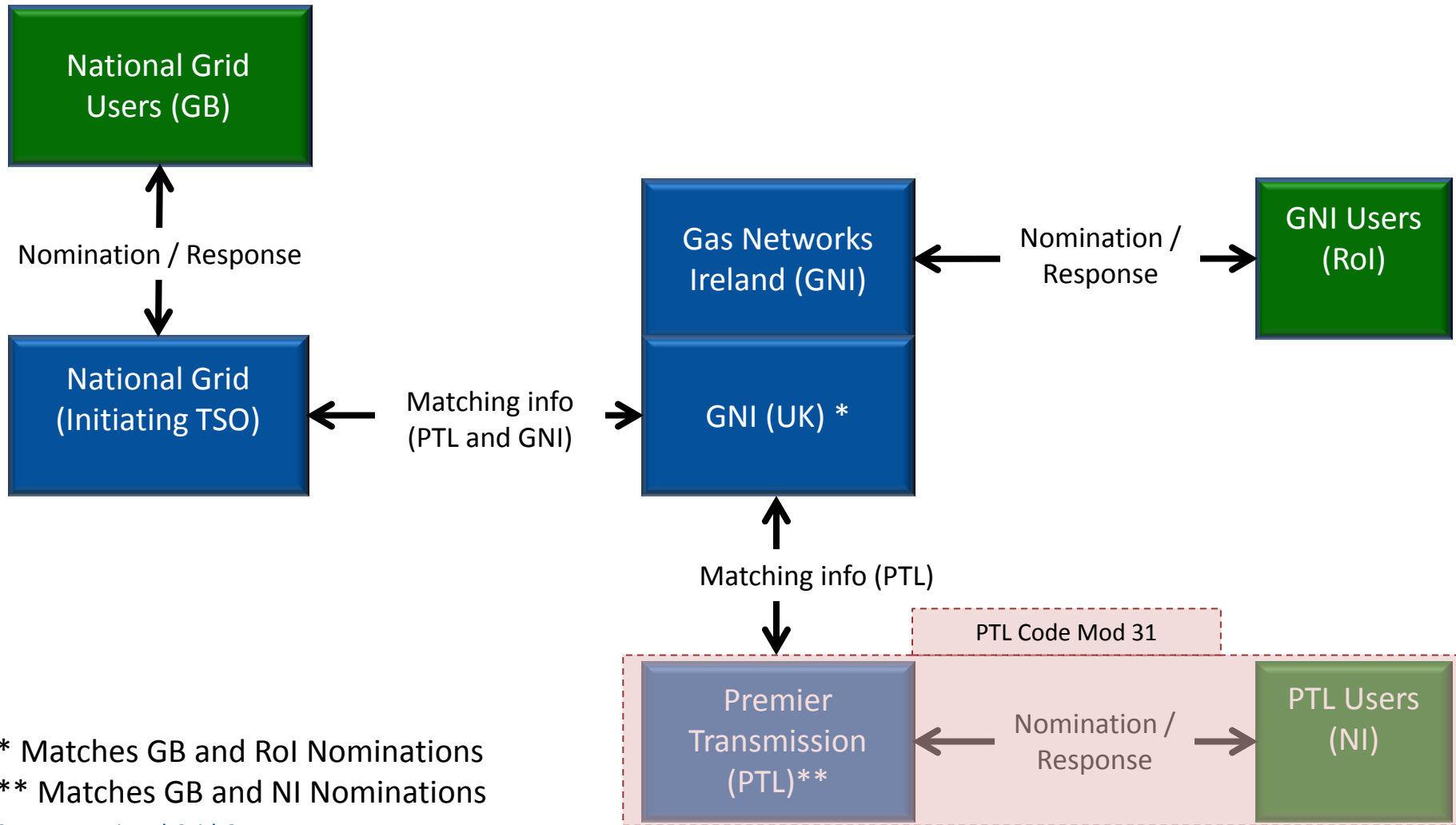
Nominations Contractual Framework



* Matches GB and RoI Nominations
 ** Matches GB and NI Nominations

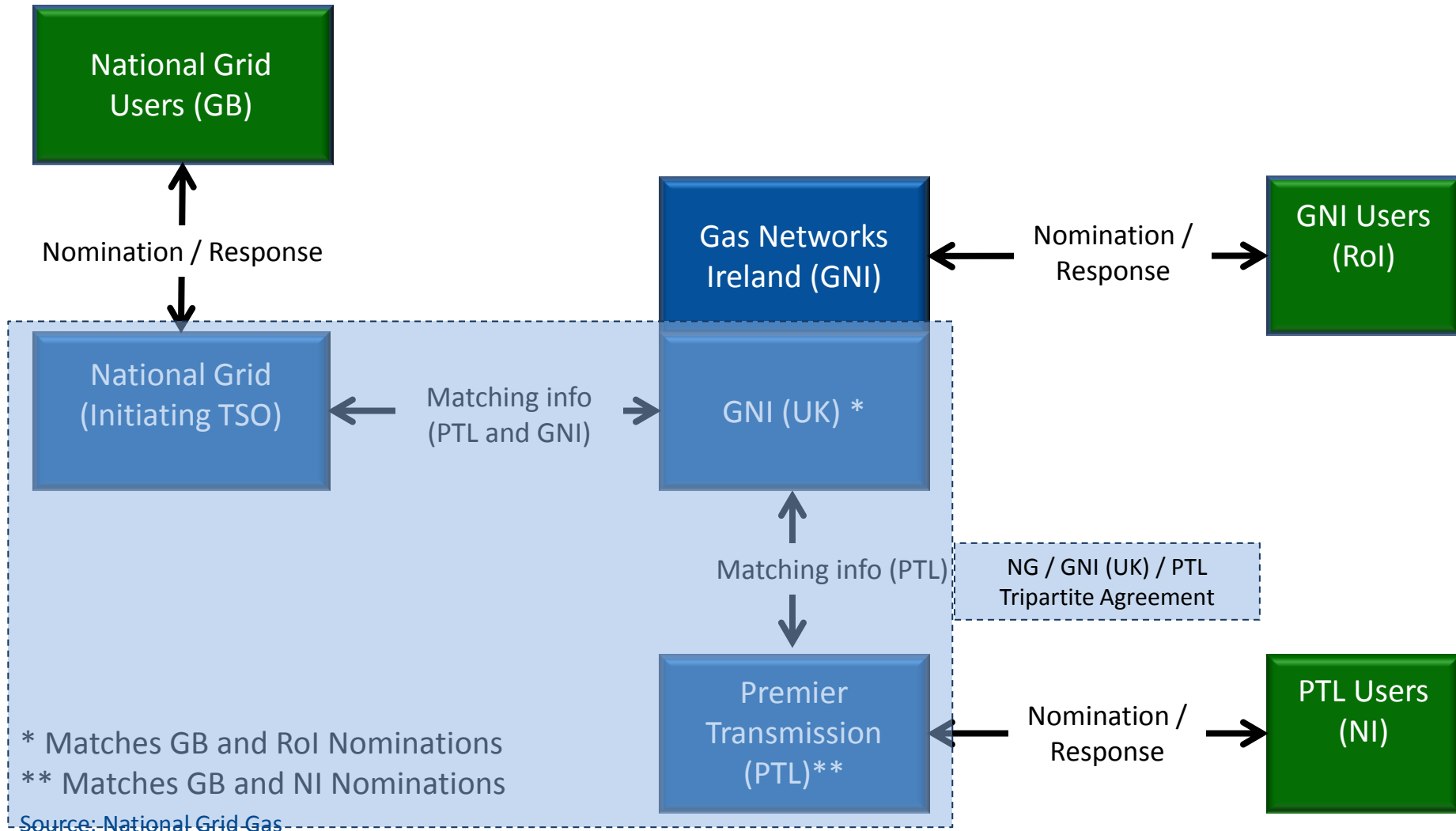
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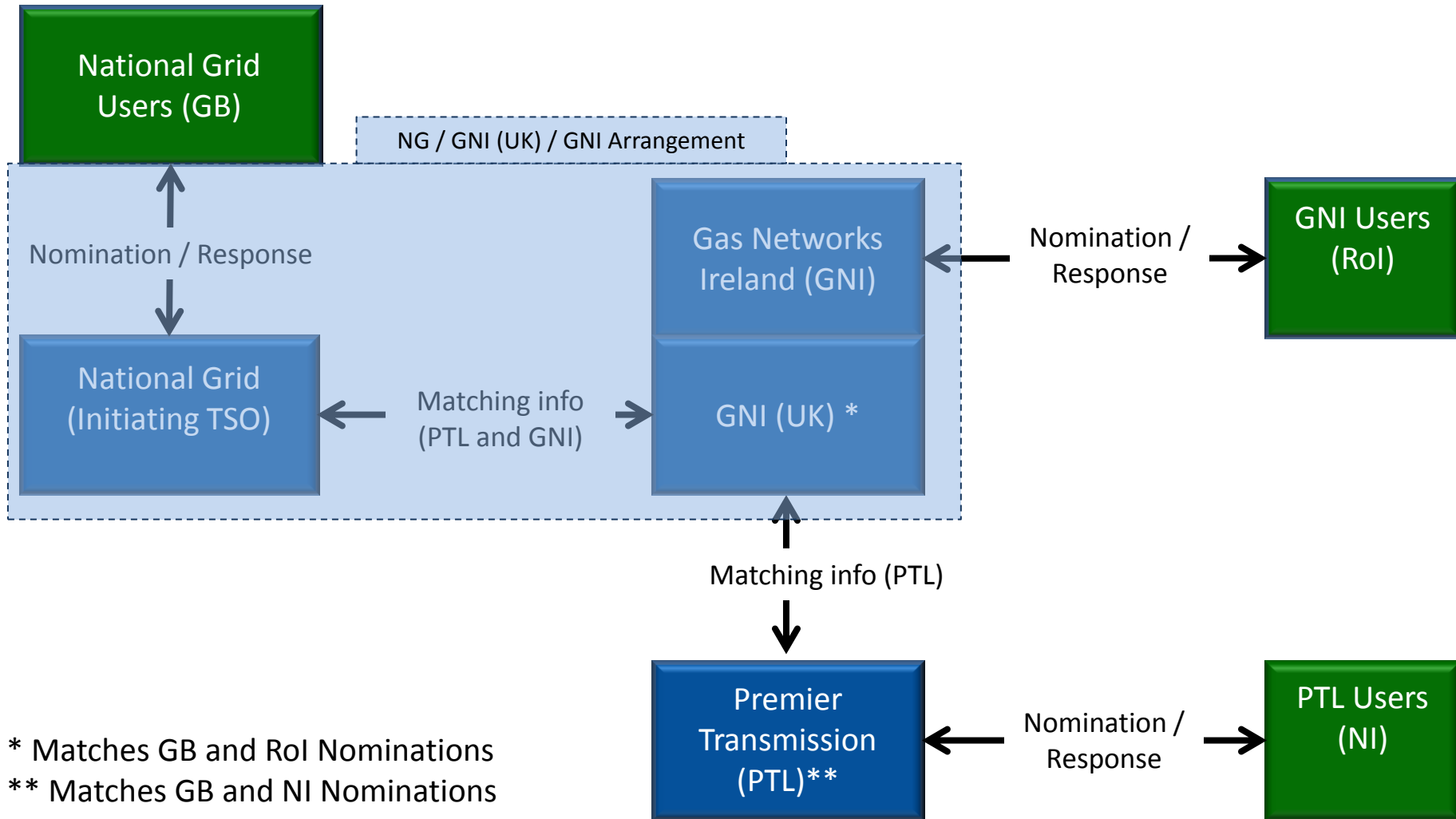


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Moffat Agent Contingency

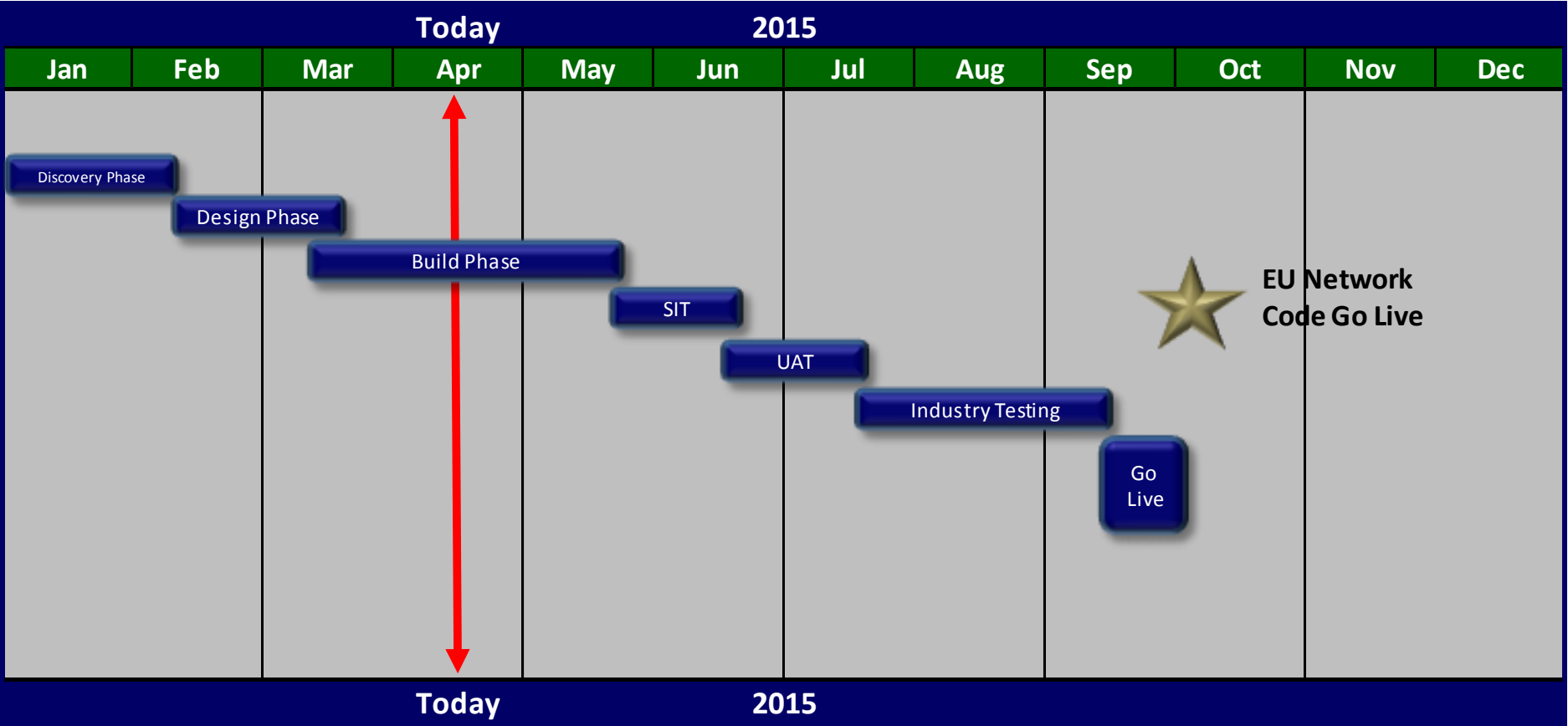
- The working assumption is that the Moffat Agency will cease to handle Nominations and Allocations from Gas Day 30th September
- The new Nominations and Allocations processes are planned to commence on 1st October 2015
- Should the new processes be unavailable on that date, a contingency arrangement has been proposed:
 - The Moffat Agency Agreement will be extended (in advance of 1st October 2015) for a period of [3 months] in the event of the unavailability of the new processes (Nominations and/or Allocations) and systems
- The Moffat Agency is also considering possible Modifications to the Agreements regarding the 23-hour Gas Day on the 30th September and the new Gas Day hours of 5am to 5am for the situation where the Moffat Agency Agreement is extended
- These issues will be discussed at the Moffat Agency Meeting on 22nd April 2015

Moffat Agent Contingency

- Shippers should be aware if this contingency is invoked:
 - Emergency Code Modifications will be required:
 - Recently published Nominations and Allocations Code modifications reflect the new processes
 - There will be costs associated with extending the Moffat Agency Agreement (IT and MAA fees)
 - IT system changes:
 - Full functionality developed during Align Phase 2 will be deployed but will not be fully used
 - Deploy contingency procedures and system changes
- PTL view: Decision required in next month to provide adequate time for implementation of any agreed contingency arrangements

Aligne

High Level Phase 2 Plan



Upcoming Consultations

Upcoming Consultations

Consultations	March 15	April 15	May 15	June 15	July 15	August 15	September 15
Invoicing and Credit Rules Business Rules		█					
Balancing Tolerances Business Rules			█				
CMP Business Rules				█			
Invoicing and Credit Rules Code Modification				█			
Balancing Tolerances Code Modification					█		
CMP Code Modification						█	
BGTL Code Modification						█	
Boilerplate Code Modification							█

Questions?