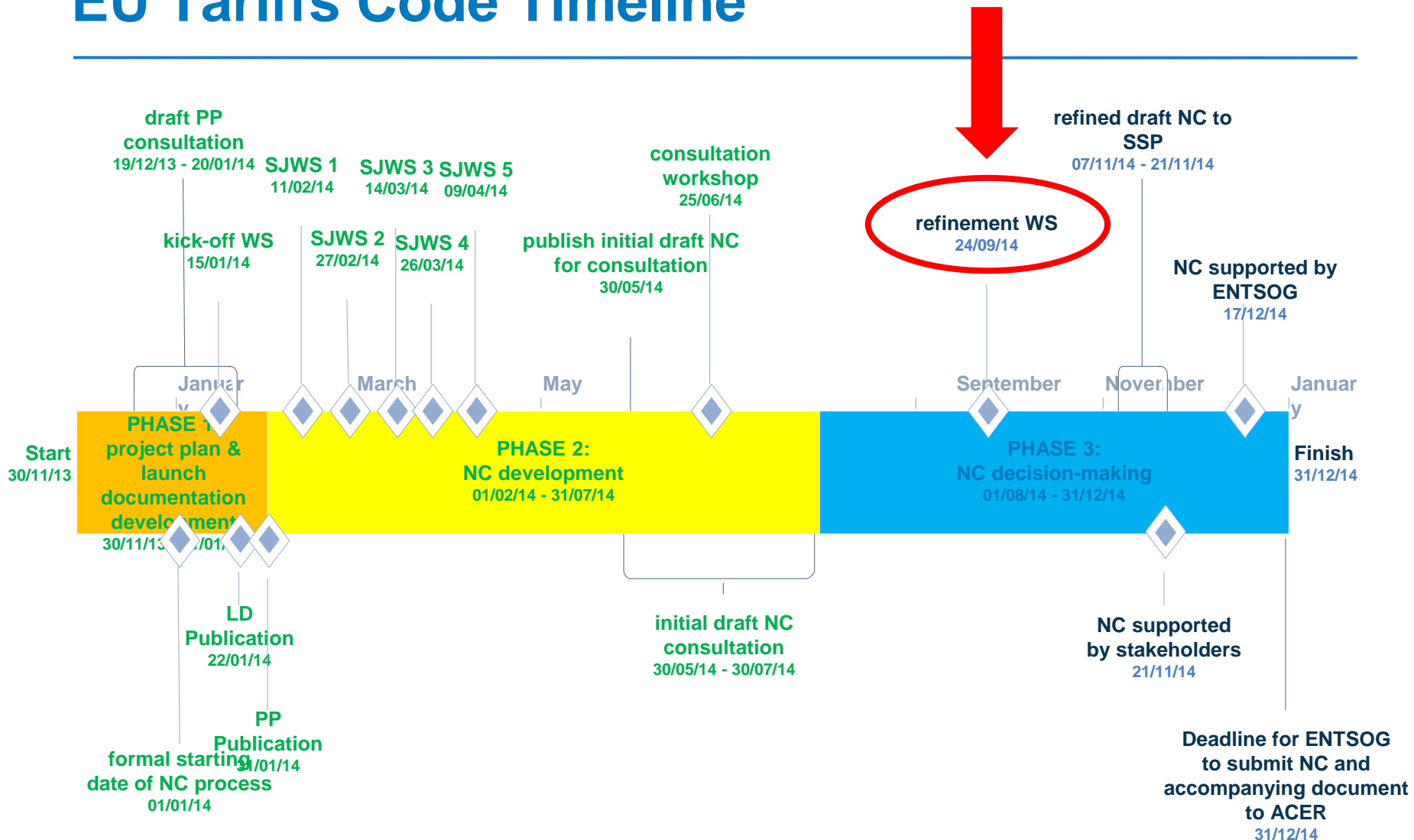


EU Tariffs Code Update

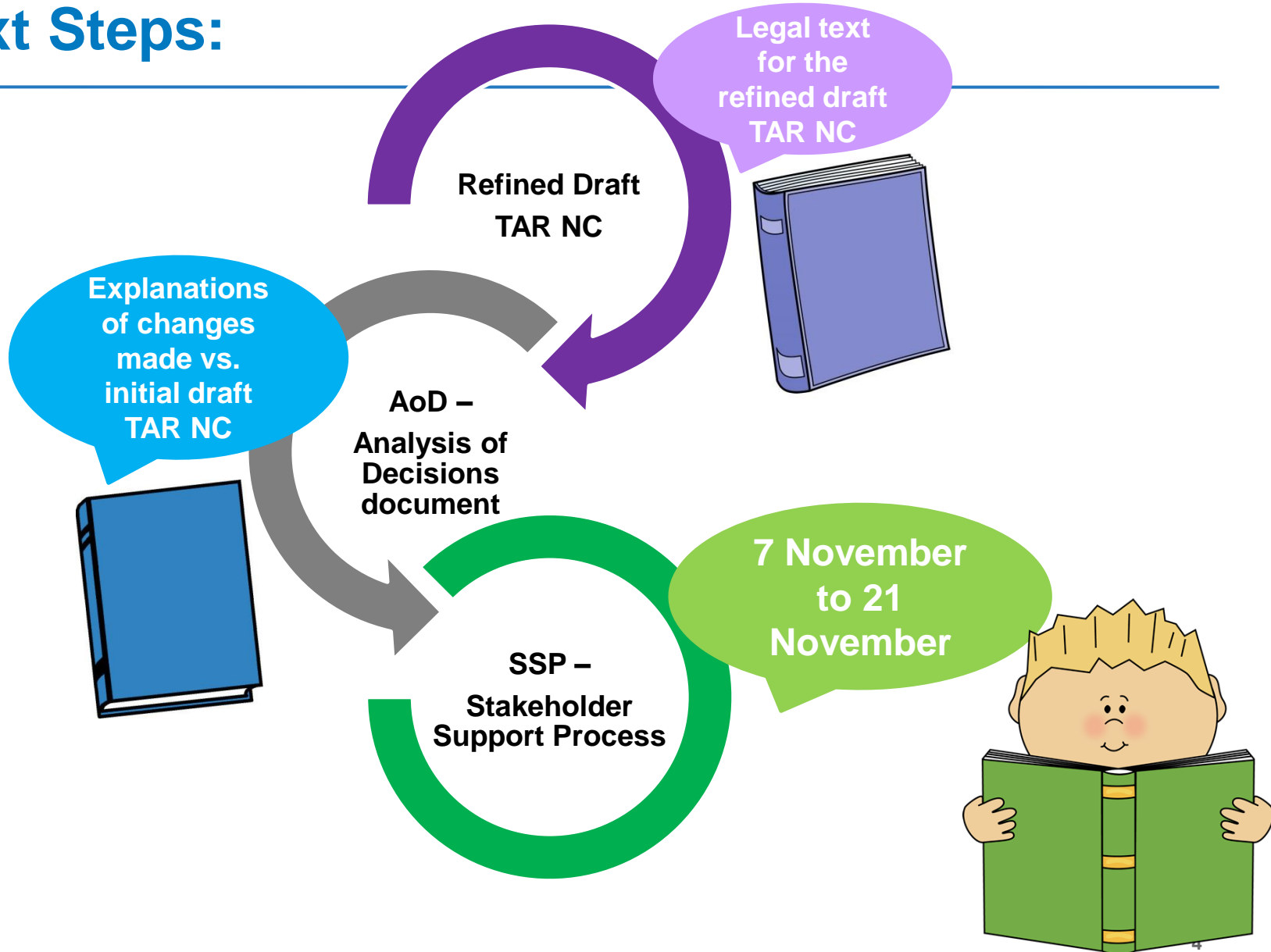
EU Tariffs Code Timeline



EU Tariffs Code Update

- Areas for revision presented at Stakeholder refinement workshop **24th September**
 - Transmission Services Definition
 - Publication Before Annual Auctions
 - Payable Price
 - Multipliers
 - Benchmarking
 - One-off Capacity Reset
- Remainder of the 300+ issues arising from stakeholder consultation to be discussed within ENTSOG until end October.

Next Steps:



Stakeholder Feedback

■ EFET:

- Code needs to be “fit for purpose”: transparency, predictability & certainty
- “Despite a few positive signs there is still a long way to go”
- Want: *ability to fix price for capacity, timely publication of tariffs re auction calendar, one-off capacity reset mechanism, ex-ante discount for interruptible.....*
- Concern that code could be a “hotch-pot of conflicting interests” and too focused on protecting TSO interests
- Is more time required to develop suitable code?

Stakeholder Feedback

■ Eurogas:

- Want focus on transparency, predictability, stability & evolution
- Main concern remains that shippers could be faced with fast increasing tariffs as TSOs seek to cover their asset bases
- Want: *A capacity reset mechanism, Fixed tariffs, Harmonisation of the tariff year, tariffs for the relevant gas year to be known before the auctions, ex-ante discount for interruptible.*

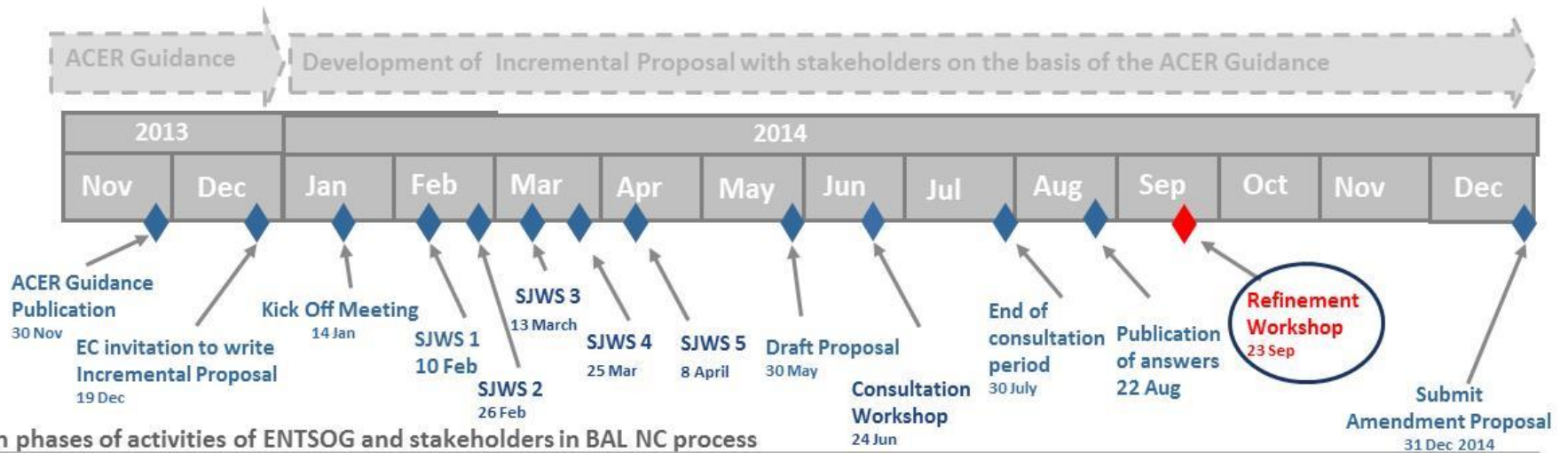
Stakeholder Feedback

■ OGP:

- Appreciate that initial draft NC was delivered on time, despite missing or unclear problem definition, mixed signals on level of harmonisation & stakeholders questioning Framework Guideline
- Problems arise due to missing agreement on problem definition
- If current text adopted might be worse than having no code (most systems seem to comply already!)
- Consider scope reduction or request more time to address real problems (is 12 months enough?)

EU Incremental Amendment Update

EU Incremental Amendment Timeline



Main phases of activities of ENTSOG and stakeholders in BAL NC process



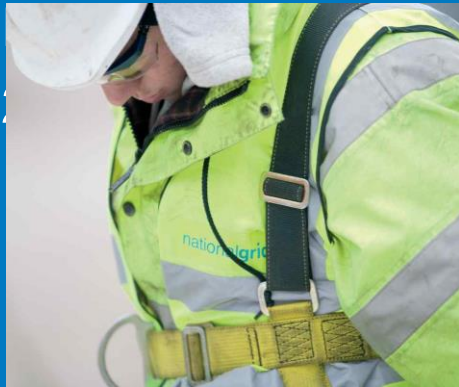
EU Incremental Amendment

- Stakeholder refinement workshop **23th September**.
- Main issues of concern were primarily on the following:
 - The clarity and preciseness of the incremental offer process
 - Shippers want greater frequency for demand assessment (i.e. > 2 years)
 - The conditions and parameters of open season procedures
 - Some concern that defaults to OS if criteria met on one section of incremental route.

EU Incremental Amendment

- How parameters would influence the f-factor
 - How does this work with auction premium to pass test
- How the tariff framework impacts the incremental process
 - Fixed v floating
- **Incremental capacity will be streamlined with an increased focus on consultation as center-piece of the process**

European Code Implementation



der
4



Code Status Update

Code	Current Status	Implementation date
Congestion Management (CMP)	Over Subscription and Buy Back – pre-dates CMP Reg Revised Surrender arrangements (UNC 449) – Implemented LTUIOLI (UNC 485) - Approved	1 st October 2013 1 st Oct 2014 (LTUIOLI)
Capacity Allocation Mechanism (CAM)	CAM approved for EU wide implementation at relevant EU IPs.	1 st November 2015
Gas Balancing (BAL)	BAL approved for EU wide implementation 26 th March 2014 (Commission Regulation (EU) No 312/2014 establishing a Network Code on Gas Balancing of Transmission Networks.)	1 st Oct 2015
Interoperability & Data Exchange (INT)	In comitology, meeting held 10 th July 2014, next meeting scheduled for 1 st and 2 nd October	1 st April 2016 compliance date
Tariffs	Under development at ENTSOG. Code to be submitted to ACER 31 st December 2014.	Estimated earliest mid January 2017. Applicable from October 2017.
Incremental Capacity	Under development. Incremental Capacity to be introduced via combination of new articles in CAM Network Code and via Tariffs Network Code. Code amendment to be submitted 31 st December 2014.	Applicable from March 2017

Phase 2 UNC Modifications

Potential Timescales

EU Network Code	Area of change	Panel Submission	Workgroup Development	UNC Consultation
Gas Balancing (BAL)	Information Provision (489)	March 2014	2 Months	July 2014 <i>Awaiting Decision</i>
	SMP Buy & Sell (494)	April 2014	1 Month	July 2014 <i>Approved (09/14)</i>
	Nomination Process at IP's (493)	April 2014	6 - 9 Months	Nov 2014
Capacity Allocation (CAM)	CAM / CMP Compliant Capacity Auctions (500)	May 2014	6 - 9 Months	Q4 - 2014
	Creation of two ASEPs at Bacton (501/501A)	May 2014	6 - 9 Months	Q4 - 2014
Interoperability & Data Exchange (INT)	OBAs / allocations (510)	August 2014	6 Months	Q1 - 2015
	Interconnection Agreements/Contract Changes (facilitating Modification)	Q1 - 2015	3 Months	Q2 - 2015
	Data Exchange (If required)	Q4 - 2014	3 Months	Q4 - 2014

UNC Mod Development Approach

- UNC Mods developed in “bite sized” chunks
 - 7 UNC mods raised (so far)
- Tried to allow sufficient time for industry discussions
 - Established EU UNC Workgroup
 - 17 industry meetings so far this year
- Consolidated Legal text (where appropriate)
 - Detailed explanatory note

Next steps

- Interoperability Code commitology
- Conclude UNC mod processes
 - Ofgem decisions
- Finalise arrangements with adjacent TSOs
 - NRAs agreement
 - Agree revised Interconnection Agreements
- Complete system build and testing

REMIT WORKSHOP - 24 Oct

- **24 Oct, 10:00 – 12:00 at ENA offices**

Discussion topics:

- NG / Xoserve proposed solution to facilitate shippers reporting of secondary capacity trades
- The future of the NG inside information notifications website <https://www.remit.gb.net/>
- EIC codes – facilitating GB only shippers access to EICs

Register by email: europeanpolicy@nationalgrid.com