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| Modification proposals: | **Uniform Network Code (UNC) Modification 0500: EU Capacity Regulations – Capacity Allocation Mechanisms with Congestion Management Procedures and Uniform Network Code (UNC) Modification 0493: EU Gas Balancing Code - Daily Nominations at Interconnection Points (IP)** | | |
| Decision: | The Authority[1] directs these modifications be made[2] | | |
| Target audience: | UNC Panel, Parties to the UNC and other interested parties | | |
| Date of publication: | 16 June 2015 | Implementation dates: | UNC0500: to be confirmed by the Joint Office<br>UNC0493: to be confirmed by the Joint Office |

## Background

The final report of the European Commission's sector inquiry into competition in gas and electricity markets (published in January 2007) noted (amongst other things) the lack of effective competition in European markets.[3]

In response, a suite of legally binding European Union (EU) legislation, referred to as the Third Package, on European electricity and gas markets was introduced and adopted on 13 July 2009.[4] The Third Package was transposed into law in Great Britain (GB) by regulations that came into force on 10 November 2011.

The Third Package creates a new legal framework to promote cross-border trade. It requires a number of legally binding Guidelines and 'Network Codes' to be established and implemented.[5] Taken together, these aim to promote liquidity, improve integration between Member States' gas markets and promote the efficient use of interconnectors to ensure that gas flows according to price signals, ie to where it is valued most.[6] These EU legislative requirements take priority over GB domestic legislation and associated regulations and codes, including the Uniform Network Code (UNC). There are four such European Network Codes (ENCs) relevant to this decision letter which are described in more detail in the annex to this decision, namely:

- Capacity Allocation Mechanisms in Gas Transmission Systems (CAM)
- Congestion Management Procedures (CMP)[7]

[1] References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.
[2] This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.
[3] Inquiry pursuant to Article 17 of Regulation (EC) No 1/2003 into the European gas and electricity sectors (Final Report): http://ec.europa.eu/competition/sectors/energy/2005_inquiry/index_en.html.
[4] In relation to gas, the Third Package includes Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (the "Gas Directive") and Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005 (the "Gas Regulation").
[5] See Article 6 (Establishment of network codes) of the Gas Regulation which sets out the process for establishing EU-wide network codes for gas.
[6] See Article 8(6) of the Gas Regulation for the areas required to be covered by network codes.
[7] CMP is a Guideline and not a formal network code. However we have referred to it using the same abbreviation of 'ENCs' throughout this letter for brevity.

- Gas Balancing of Transmission Networks (BAL)
- Interoperability and Data Exchange (INT).

**Modification proposals UNC500 and UNC493**

National Grid Gas plc (NGG) raised UNC493 in April 2014 to facilitate compliance with BAL via implementation of new rules regarding daily nominations at interconnection points (IPs).

NGG proposed UNC500 in May 2014 to facilitate compliance with CAM via implementation of new rules on capacity products and the allocation of these at IPs whilst maintaining compliance with the guidelines on CMPs.

Together, UNC500 and UNC493 propose the introduction of a new section into the UNC called the European Interconnection Document (EID). The EID sets out the specific arrangements at IPs where they differ from the rest of the UNC. UNC500 and UNC493 jointly propose drafting for three sections of the proposed EID.

- Section A sets out the general arrangements for the whole EID and would be implemented via both UNC500 and UNC493.
- Section B sets out the arrangements for capacity (and its allocation) and would be implemented via UNC500 only.
- Section C sets out the arrangements for nominations and would be implemented via UNC493 only.

Current and any future IPs would be bound by the proposed rules.

**Modification proposal UNC500**

The main features of UNC500 include:

- NGG capacity at IPs
  - can be expressed in either kWh/hour or kWh/day
  - can be sold with durations of a year, a quarter, a month, a day or the remainder of a day
  - can be sold as 'bundled' or 'unbundled' (where the amount of NGG IP capacity exceeds that made available by the Adjacent TSO) in separate auctions simultaneously[8]
  - is sold via the PRISMA auction platform[9]
- The amount of firm capacity that NGG will make available via PRISMA is:
  - *Baseline capacity[10] – capacity withheld for short-term auctions[11] – baseline capacity sold + capacity surrendered + capacity released via long-term Use-It-Or-Lose-It (UIOLI) + additional capacity[12]*

[8] Currently to transport gas across an interconnection point between TSOs requires shippers to buy exit capacity from one TSO and entry capacity to the next TSO. Bundled capacity products means that shippers will buy the various capacity products to transport across an interconnection point in a single transaction. There will continue to be individual contracts with each TSO on either side of the interconnection point, in the case of NGG this will be the UNC. Unbundled capacity is capacity on only one side of the IP.
[9] PRISMA is a web based auction platform for the sale of capacity at IPs. It is jointly owned by the TSOs who post capacity available for auction to the platform. Shippers then bid for this capacity in line with the CAM auction calendar. PRISMA also facilitates secondary trading of capacity between shippers.
[10] As set out in Special Condition 5F: Part G of NGG's NTS transporter licence.
[11] Ten per cent of capacity will be held back for sale in auctions that are one to five years in advance. Twenty per cent of capacity will be held back for sale in auctions that are six to fifteen years in advance.

- A summary of PRISMA arrangements such that PRISMA will:
  - offer firm NGG capacity at IPs bundled with that of Adjacent Transmission System Operators (TSOs), where possible, otherwise NGG capacity will be offered by PRISMA as unbundled
  - offer interruptible IP capacity as unbundled only
  - offer yearly, quarterly and monthly IP capacity in an ascending clock auction[13]
  - offer daily and remainder of the day IP capacity in a uniform price auction[14]
  - allocate firm capacity in the following order: unsold baseline, surrendered capacity, capacity withdrawn as a result of long-term UIOLI and additional capacity
- Where NGG receives surrendered IP capacity as part of a bundle then it offers this to PRISMA alongside all other capacity and capacity is allocated in the standard order[15]
- If PRISMA is not available for certain prescribed periods then overrun charges do not apply for that gas day[16]
- A process for shippers to voluntarily bundle their unbundled NGG IP capacity with that of an adjacent TSO
- In terms of secondary trading of NGG IP capacity (transfers), bundled capacity can only be re-sold on the secondary market as bundled capacity
- Clarification that the relevant reserve price charges to be used in the various auctions run by PRISMA are set out in Section Y of the UNC
- Capacity withdrawn from users as a result of long-term UIOLI is offered for re-sale via PRISMA. If capacity is withdrawn as a result of long-term UIOLI from more than one shipper then the capacity that is actually needed to meet demand and is re-allocated will be taken from the shippers on a pro-rata basis. No payment from NGG will be due to shippers for any units of withdrawn capacity that are not successfully re-sold on PRISMA. The amount NGG pays to shippers that have had their withdrawn capacity successfully re-sold is the lesser of (i) the price the withdrawn capacity is resold for or (ii) the average price paid by the shipper for their capacity that was withdrawn.

NGG considers that these changes are necessary to facilitate compliance with CAM and so facilitates the achievement of UNC relevant objective (g) and UNC relevant charging methodology objective (e).[17]

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[12] Additional capacity is capacity NGG makes available in addition to its baseline capacity and capacity re-offered to the market following surrender or withdrawal of capacity via long-term UIOLI.
[13] Ascending clock auctions work by offering all capacity at a minimum (or reserve) price. If all capacity offered is not demanded at the reserve price the auction closes and the clearing price is the reserve price. If more capacity is demanded than offered then the auction continues by seeking new bids at higher prices until demand is less than supply.
[14] Uniform price auctions work by PRISMA receiving volume and price bids for available capacity. Capacity is then allocated in order of bid price with the highest bid price allocated first.
[15] This could mean that if NGG capacity is surrendered as part of a bundle and there is more unsold baseline NGG capacity offered than the adjacent TSO then, on allocating the capacity, NGG may have to allocate the unsold baseline before it is surrendered which could result in the TSOs 'breaking' the bundle.
[16] Overrun charges are applied if a shipper's gas flow exceeds their capacity entitlement for a gas day. If PRISMA is not available such that for a particular gas day either: (i) no within-day auctions are held, (ii) shippers are not able to participate in such within-day auctions for six or more consecutive bid windows; or (iii) the last bid window for within-day auctions is not held or shippers are unable to participate in it, then overrun charges do not apply for that gas day.
[17] UNC relevant objective (g) and UNC relevant charging methodology objective (e): 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.

**UNC Panel recommendation on UNC500[18]**

At the UNC Panel meeting on 15 January 2015, the UNC Panel: (i) considered the workgroup report on the modification proposal and the five responses to the industry consultation, which all supported the proposal[19]; and (ii) voted unanimously to recommend implementation of the modification proposal.

**Our decision on UNC500**

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 15 January 2015. We have considered and taken into account the responses to the industry consultation on the modification proposal which are attached to the FMR.[20] We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the UNC;[21] and
- directing that the modification be made is consistent with our principal objective and statutory duties.[22]

**Reasons for our decision on UNC500**

All five respondents to the industry consultation expressed support for implementing the proposed modification. In general, their views were that it better facilitated relevant objective (g) and relevant charging methodology objective (e) of the UNC. We have set out our views below on which UNC relevant objectives and relevant charging methodology objectives we consider are impacted. We consider that the modification proposal is neutral in relation to the other relevant objectives.

*Relevant objective (a) the efficient and economic operation of the pipe-line system to which this licence relates*

In the event that PRISMA is not available for shippers to buy NGG capacity on the gas day, shippers may decide not to flow gas at IPs to avoid high overrun charges. NGG proposes, via UNC500, arrangements such that, in certain circumstances, if PRISMA is not available on the gas day it will not apply overrun charges.[23] This will encourage the continuous flow of gas at IPs.

Two of the respondents to the industry consultation noted that if NGG capacity has been surrendered by a shipper as part of a bundled capacity product with an adjacent TSO then it should be re-allocated in the same bundle as that which was surrendered, ie the surrendering shipper should not be left with unbundled capacity.

[18] The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules.
[19] UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at www.gasgovernance.co.uk.
[20] See footnote 19.
[21] As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, available at: https://epr.ofgem.gov.uk//Content/Documents/Standard%20Special%20Condition%20-%20PART%20A%20Consolidated%20-%20Current%20Version.pdf.
[22] The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Gas Act 1986 as amended.
[23] See footnote 16.

This issue arises from the interaction between CAM and CMP. In the scenario where a shipper surrenders bundled NGG capacity and where there is more unsold NGG capacity offered than capacity offered by the adjacent TSO, then NGG proposes under UNC500 that it may have to allocate the unsold NGG capacity before the surrendered NGG capacity. At the same time, the adjacent TSO may re-allocate its part of the surrendered bundled capacity and effectively the TSOs 'break' the bundle.

We consider that UNC500 does not contradict any requirement set out in CAM and CMP in this regard.[24] Furthermore, shippers have other options available to avoid this situation (by trading capacity in the secondary market) and the end result is that there is no change from the current situation in an unbundled world.[25]

Overall we consider that UNC500 improves the efficient and economic operation of the NTS. This is through the positive impacts from the suspension of overrun charges in certain circumstances when PRISMA is not available. Additionally, UNC500 is neutral with regard to the potential breaking of capacity in bundles in limited scenarios when capacity is surrendered and so this does not affect our assessment against this objective.

*Relevant objective (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*

Four of the five respondents thought that UNC500 furthered relevant objective (g). The main aim of UNC500 is to further compliance with Regulation 984/2013, which establishes CAM. We agree with the respondents that UNC500 furthers this objective though we note that a number of outstanding areas of Regulation 984/2013 will be implemented by other means.

One respondent requested that reserve prices are published two months before the March auction of annual capacity. Reserve prices will be published in line with CAM requirements via PRISMA. For Annual Yearly auctions this is one month in advance of the March auctions. In practice, for entry capacity at IPs, reserve prices will be published six weeks in advance of the March auction of annual capacity on PRISMA and for exit capacity at IPs indicative prices will be published ten months in advance.[26] For exit, this is similar to the current situation where shippers bidding for exit capacity only know final prices for the next year, and subsequent years are at indicative prices only. We note the Network Code on harmonised transmission tariff structures for gas (TAR NC) may affect these timings (particularly at IPs) such that CAM annual auctions may be moved to July

[24] CAM requires that, subject to availability of firm capacity on both sides of the Interconnection Point, the capacity originally allocated as a bundled product can only be resold by shippers as bundled capacity on the secondary market. There is no explicit requirement regarding the surrender of bundled capacity being resold by TSOs as bundled capacity. CMP requires that unsold baseline capacity should be allocated before any surrendered capacity which is what is proposed under UNC500.

[25] A shipper that holds bundled capacity it no longer wants to use has two main options which shippers can choose between. The first is to offer it for sale on the secondary market. The second is to surrender it to the TSOs for re-sale via PRISMA. As shippers no longer wish to use the bundled capacity in the scenario described, then the shippers are able to successfully surrender the capacity to the adjacent TSO whilst keeping their NGG capacity if demand for NGG capacity is not greater than unsold baseline. The end result is no change from the current situation in an unbundled world where the shipper would continue to hold NGG capacity after surrendering it if demand is not greater than unsold baseline capacity.

[26] We understand that entry capacity prices for the IPs will be calculated by NGG at the same time as the long-term auction prices for all other GB entry points in January. This will mean that shippers will see prices for entry capacity at IPs six weeks in advance of the March auction of annual capacity via PRISMA. In the case of exit capacity, shippers will receive indicative prices approximately 10 months before the March auction of annual capacity via PRISMA. However final prices will not be available until the June after the long-term auction. This means that shippers will be bidding for capacity knowing indicative prices only.

to enable firm auction reserve prices to be published (for the upcoming annual capacity product). As this is yet to be decided, it does not impact our decision to approve UNC500.

*Charging methodology objective (e) 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*

The changes UNC500 makes to section Y of the UNC (Charging Methodologies) better facilitates this objective by clarifying the relevant reserve prices to be used in the various auctions run by PRISMA.

**Implementation date for UNC500**

The UNC500 FMR suggests the modification can be implemented any day after the decision is published. We agree this will ensure compliance with CAM in a timely way. This date should be confirmed by the Joint Office of Gas Transporters when publishing the implementation notice.

**Decision notice for UNC500**

In accordance with Standard Special Condition A11 of the Gas Transporters licence, the Authority hereby directs that modification proposal UNC500: *EU Capacity Regulations – Capacity Allocation Mechanisms with Congestion Management Procedures* be made.

**Modification proposal UNC493**

UNC493 proposes new distinct rules for the submission and processing of Daily Nominations and Renominations at IPs. Key aspects of the proposal include:

1. **Introduction of new defined terms relevant to the new process at IPs and necessary to implement BAL**

These include (but are not limited to):

- Adjacent TSO (the operator of a transmission system connected to the NTS at an IP, or such other system as designated by the Authority)
- Initiating Transporter (the TSO receiving a single sided nomination and responsible for forwarding to the Matching Transporter)
- Matching Transporter (the TSO responsible for matching nominations on either side of the IP)
- Matching Procedures and Rules (the rules adopted by TSOs for a particular IP)
- Processed Quantity (the quantity determined by NGG or the Adjacent TSO having received a nomination from a User)
- Confirmed Quantity (the quantity determined by the Matching Transporter having applied the Matching Procedures and Rules)

2. **Establishment of two separate nomination types ('single sided' and 'double sided')**

At present a nomination is submitted by a network user to a TSO to indicate how much gas they intend to put on or take off the system on a given day (this can be amended by submitting a renomination). UNC493 introduces two new types of nomination (and renomination): single sided and double sided. A single sided nomination enables a user

with bundled capacity to submit one nomination to the Initiating Transporter in order to request to offtake gas from a TSO's network and to deliver to an adjacent TSO's network on a gas day at an IP. In the case of a double sided nomination, the user and their counterparty on the other side of the IP (which may or may not be the same user) each submit a nomination to either the Initiating or Matching Transporter dependent on which side of the IP they are.

**3. A new process to enable the 'matching' of User nominations at each side of the IP**

UNC493 states that the initiating transporter receiving a single sided nomination at the start of each hour (the 'hour bar', HB) will forward this to the Matching Transporter by HB+15 minutes. The Initiating Transporter will then forward their Processed Quantity to the Matching Transporter by HB+45 minutes. In the case of double sided nominations, the Initiating Transporter will only forward their Processed Quantity to the Matching Transporter by HB+45 minutes.

The Matching Transporter will undertake the matching process as described by the Matching Procedures and Rules. The Matching Transporter will then send their Processed Quantity as well as the Confirmed ('matched') Quantity to the Initiating Transporter by HB+90 minutes. Both transporters will then communicate the Confirmed Quantity to the User(s) on the relevant side of the IP by HB+120 minutes.

The roles of Initiating and Matching transporter, and the Matching Procedures and Rules, will be set out in the interconnection agreements between adjacent TSOs. UNC493 will also modify the UNC to describe the circumstances in which a user's nomination or renomination may be rejected or revised by NGG.

NGG considers that these changes are necessary to facilitate compliance with BAL and so facilitates the achievement of UNC relevant objective (g).[27]

**UNC Panel recommendation on UNC493[28]**

At the UNC Panel meeting on 20 November 2014, the UNC Panel: (i) considered the workgroup report on the modification proposal and the three responses to the industry consultation, which all supported the proposal; and (ii) voted unanimously to recommend implementation of the modification proposal.

**Our decision on UNC493**

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 20 November 2014. We have considered and taken into account the responses to the industry consultation on the modification proposal which are attached to the FMR.[29] We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the UNC; and
- directing that the modification be made is consistent with our principal objective and statutory duties.

[27] See footnote 17.
[28] See footnote 20.
[29] UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at www.gasgovernance.co.uk

**Reasons for our decision on UNC493**

The three respondents to the industry consultation expressed unanimous support for implementing UNC493 as better facilitating UNC relevant objective (g). We agree and set out our views below. We also consider that the modification proposal is neutral in relation to the other relevant objectives.

*Relevant objective (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*

As noted by the proposer, the UNC Panel and consultation respondents, UNC493 introduces changes which will align the UNC with the new processes required by BAL for Daily Nominations at IPs. It also incorporates relevant rules for the nomination and renomination processes required by CAM and INT. These requirements and rules are contained within relevant legally binding decisions of the European Commission, ie BAL, CAM and INT.

We therefore agree that implementing UNC493 better facilitates relevant objective (g).

One respondent said that they expected the rules for matching nominations to be set out in the interconnection agreements and for these to be transparent to Users. They were concerned that, should Users want to amend these rules in the event they were being adversely affected, they would only be able to do so with the express agreement of the Transporters. We note that this has been discussed further as part of the assessment of UNC modification UNC525 'Enabling EU Compliant Interconnection Agreements'. In particular UNC525 considers how a shipper may raise a notification relating to parts of an interconnection agreement where they are being adversely affected. We think that modification UNC525 is therefore a more appropriate place to address these concerns.

**Implementation date for UNC493**

The UNC493 FMR suggests an implementation date of 1 September 2015 so as to align with the relevant implementation deadline under BAL.[30] However we think there is merit in implementing both modifications at the same time. This will avoid any unnecessary confusion over the introduction of the EID and provide clarity on the new arrangements at IPs once BAL and CAM are effective. An earlier date will still allow shippers the fullest time possible to submit nominations in respect of gas days from 1 October 2015 onwards.

**Decision notice for UNC493**

In accordance with Standard Special Condition A11 of the Gas Transporters licence, the Authority hereby directs that modification proposal UNC493: *EU Gas Balancing Code - Daily Nominations at Interconnection Points (IP)* be made.

[30] This is on the basis that a User can submit a nomination at an IP up to 30 days in advance of BAL taking effect from 1 October 2015.

**Next steps**

One of the respondents to UNC500 noted that the term 'Available Interconnection Point Capacity' is used throughout the legal text although this term is not defined. Furthermore, the legal text for UNC493 refers to the 'Adjacent Rulebook' while the same term in UNC500 is referred to as the 'Adjacent TSO Rulebook'.

We have noted a number of other aspects of the legal text submitted as part of UNC493 and UNC500 which can be improved further. We have raised these with NGG but do not think they are material enough to justify rejecting either UNC493 or UNC500. However, we expect NGG to arrange to clarify these aspects of the legal text going forward.

We note that in December 2014 NGG published an informal consultation on revisions to its Entry Capacity Substitution Methodology Statement (ECS MS) to align it with various UNC modifications that had been proposed (including UNC500). Following our approval of UNC500 we look forward to NGG, after consultation with industry, submitting its ECS MS so that it aligns with the changes made to the UNC as a result of UNC500.[31]

**Paul Branston**
**Associate Partner, Gas Networks**
Signed on behalf of the Authority and authorised for that purpose

[31] One example where alignment is required involves the Planning and Advanced Reservation of Capacity Agreements (PARCA) process for requesting incremental NGG capacity. This is such that, following an application for incremental capacity at an entry point, NGG will hold an ad hoc auction, giving shippers a further opportunity to secure capacity at any points on the NTS which may otherwise have capacity substituted away from them to meet the incremental request. As a result of UNC500, all IP capacity will be auctioned on PRISMA at fixed auction timetables. This raises the question of whether there will be an opportunity for shippers at IPs to prevent capacity at the IP being substituted away. In response to its December 2014 consultation, we note that NGG considers this can be addressed by shippers at IPs by taking out capacity retainers. Capacity retainers are mechanisms that shippers can pay for to avoid capacity being substituted away from an entry or exit point.

**Annex**

As set out in the background to our letter there are four ENCs relevant to this decision.

- Capacity Allocation Mechanisms in Gas Transmission Systems (CAM)
- Congestion Management Procedures (CMP)
- Gas Balancing of Transmission Networks (BAL)
- Interoperability and Data Exchange (INT)

1. CAM was published in the Official Journal of the European Union (OJEU) on 15 October 2013 and applies from 1 November 2015.[32] CAM aims to facilitate equal and transparent access to transmission capacity, achieve effective competition on the wholesale gas market, facilitate a more transparent, efficient and non-discriminatory system of allocation of capacity and avoid foreclosure of downstream supply markets. It does this by introducing standard capacity products (in terms of duration), auctions of bundled capacity products at IPs via a cross-border web-based booking system and coordination of maintenance of pipelines or parts of transmission networks by Transmission System Operators (TSOs) and communication procedures by TSOs.

   NGG is required to make adjustments to the UNC in terms of its capacity product range and to offer its capacity at IPs as part of a bundled capacity product via an EU-based platform to contribute to implementing CAM.

2. CMP aims to tackle contractual congestion, (where gas transportation capacity is fully booked but not fully used).[33] This situation may occur where there is physical capacity to flow more gas, but the right to flow it is tied up and is being hoarded by a network user(s) so that others cannot gain access to it. Contractual congestion results in inefficient use of gas transportation assets and is a barrier to cross border trade. CMP was implemented by NGG in the UNC via UNC449 and UNC485.[34] These aim to enhance the efficient use of transportation capacity by bringing unused capacity back to the market on a firm basis, thereby making it available to market participants who wish to make use of it.

   NGG is required to make adjustments to the CMP arrangements already implemented in order to align with changes being made as a result of CAM.

[32] Commission Regulation (EU) No 984/2013 of 14 October 2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems: http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0984&from=EN.
[33] Commission Decision of 24 August 2012 on amending Annex I to Regulation (EC) No 715/2009 of the European Parliament and of the Council on conditions for access to the natural gas transmission networks: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:231:0016:0020:en:PDF.
[34] UNC449: Introduction of Interconnection Points and new processes and transparency requirements to facilitate compliance with the EU Congestion Management Procedures was approved by Ofgem on 20 September 2013: https://www.ofgem.gov.uk/publications-and-updates/uniform-network-code-unc-449-introduction-interconnection-points-and-new-processes-and-transparency-requirements-facilitate-compliance-eu-congestion-management-proceedings. UNC485: Introduction of long-term use-it-or-lose-it mechanism to facilitate compliance with the EU Congestion management Procedures was approved by Ofgem on 20 August 2014: https://www.ofgem.gov.uk/publications-and-updates/uniform-network-code-unc-485-introduction-long-term-use-it-or-lose-it-mechanism-facilitate-compliance-eu-congestion-management-procedures.

3. BAL was published in the OJEU on 27 March 2014 and applies from 1 October 2015.[35] BAL aims to facilitate cross-border gas trade and the further development of competitive and efficient wholesale gas markets in the EU. The code requires the use of non-discriminatory and transparent balancing systems, which are of particular importance for new market entrants.

   Much of BAL closely reflects the existing GB balancing regime set out in the UNC. However, there are some provisions for which GB is not currently compliant, and so certain changes to the GB balancing regime must be made in order to fully comply with BAL. One area where there are BAL provisions which need to be reflected in the GB regime relates to daily nominations at IPs. The procedures for daily nominations and renominations at IPs described in BAL and other ENCs differ from the prevailing GB arrangements, principally as a result of the need for interaction between the relevant operators of the respective transmission networks at the IP to perform the nomination matching process.

4. INT was published in the OJEU on 1 May 2015 and applies from 1 May 2016.[36] The code covers ways in which network operators manage gas flows across borders, deal with differences in gas quality and exchange data between themselves and market players. INT will require adjacent TSOs to agree interconnection agreements which will, amongst other things, include the rules for matching nominations at either side of an IP.

[35] Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks: http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2014.091.01.0015.01.ENG.
[36] Commission regulation (EU) 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange rules http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1430734293842&uri=OJ:JOL_2015_113_R_0003.