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Date: 18 September 2015

Dear Nicola

Reference Conditions at the Moffat Interconnection Point

We are writing in response to your letter dated 3 August 2015 relating to Article 13(3) of the European Network Code on Interoperability and Data Exchange Rules (INT) and its application in respect of the Moffat Interconnection Point (IP).

INT was approved by Member State representatives at its second comitology meeting on 4 November 2014 and adopted by the European Commission on 30 April 2015.¹ Transmission System Operators (TSOs) are required to be compliant with the code by 1 May 2016 although we understand National Grid Gas plc (NGG) intends to implement some aspects of the code from 1 October 2015.

Background

The measurement of a quantity of gas is sensitive to several factors. One of these is temperature. In order to get consistency, measurements are corrected using constant reference temperatures. This provides a consistent approach to calculating volume and calorific value (which is in turn used to derive energy). The Uniform Network Code also recognises that energy figures such as capacity bookings, nominations and allocations can be quoted at a particular reference condition.

Article 13(2) of the INT sets out harmonised reference conditions to be used when calculating volume and calorific value at IPs. These are 0°C for volume and 25°C for calorific value (hereafter referred to as '0/25'). The Great Britain (GB) regime currently uses reference conditions of 15°C for both volume and calorific value (hereafter referred to as '15/15'). The regimes in Ireland and Northern Ireland also currently operate at 15/15.

Article 13(3) of the INT allows, in cases where one Member State is connected to only one other Member State, adjacent TSOs and the parties they communicate with to continue to use other reference conditions for data exchange in connection with Regulation (EC) No 715/2009 (the Gas Regulation), subject to the approval of their national regulatory authorities (NRA).²

¹ 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.

² 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: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0036:0054:en:PDF>. INT

The Authority³ is the NRA for GB and has the power to approve any agreement that NGG, as the GB TSO, may enter into with adjacent TSOs (and the parties they communicate with) to continue to use other reference conditions for data exchange in connection with the Gas Regulation.

Your request

You have asked for our approval pursuant to Article 13(3) of INT for NGG to continue using reference conditions of 15/15 for capacity booking, nominations and allocations in respect of the Moffat IP between GB and Ireland.

You have noted that each of the relevant adjacent TSOs invited their shippers to register any objections to continue using the 15/15 reference conditions for capacity booking, nominations and allocations in respect of the Moffat IP. You confirmed that no such objections were received.

Our decision

Having considered your request we give our approval for NGG to continue to use reference conditions of 15/15 for data exchange in connection with Regulation (EC) No 715/2009 (namely capacity booking, nominations and allocations). We understand that the relevant Regulatory Authorities in Ireland and Northern Ireland intend to give the corresponding approvals for their relevant TSOs.

We may review and amend this decision should this be needed in order to comply with the Gas Regulation, with the INT or with any relevant legally binding decision of the Agency for the Cooperation of Energy Regulators or of the European Commission. We may also review and amend this decision should any of the relevant TSOs wish to use 0/25 reference conditions or if we consider it necessary to address an interoperability issue in the future.

If you wish to discuss the contents of this letter, please contact David McCrone in the first instance (0141 341 3993 or david.mccrone@ofgem.gov.uk).

Yours sincerely,

Rob Mills

Head of Gas Transmission

Duly authorised on behalf of the Authority

³ The terms "the Authority" "we", "us" and "our" are used interchangeably in this letter. The Authority is the Gas and Electricity Markets Authority. Ofgem is the office of the authority.