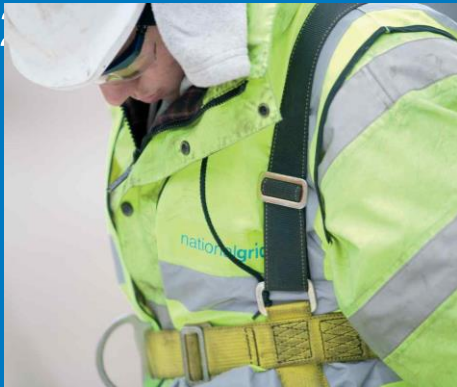


EU Codes



EU Draft Timelines

CAM / TAR Timelines (expected)

- Comitology process:
 - Voting of MS on CAM and TAR 15/16th September
 - European Parliament: Oct – Jan (expected)
 - Publication in EU Journal: Feb 17 (expected)
 - Entering into force: Mid March 17
 - CAM applicable from: 1st April 17
 - TAR applicable from: 1st Oct 17 (part) 31st May 19 (full)

CAM / TAR Codes

- Updated texts to be circulated 1st September

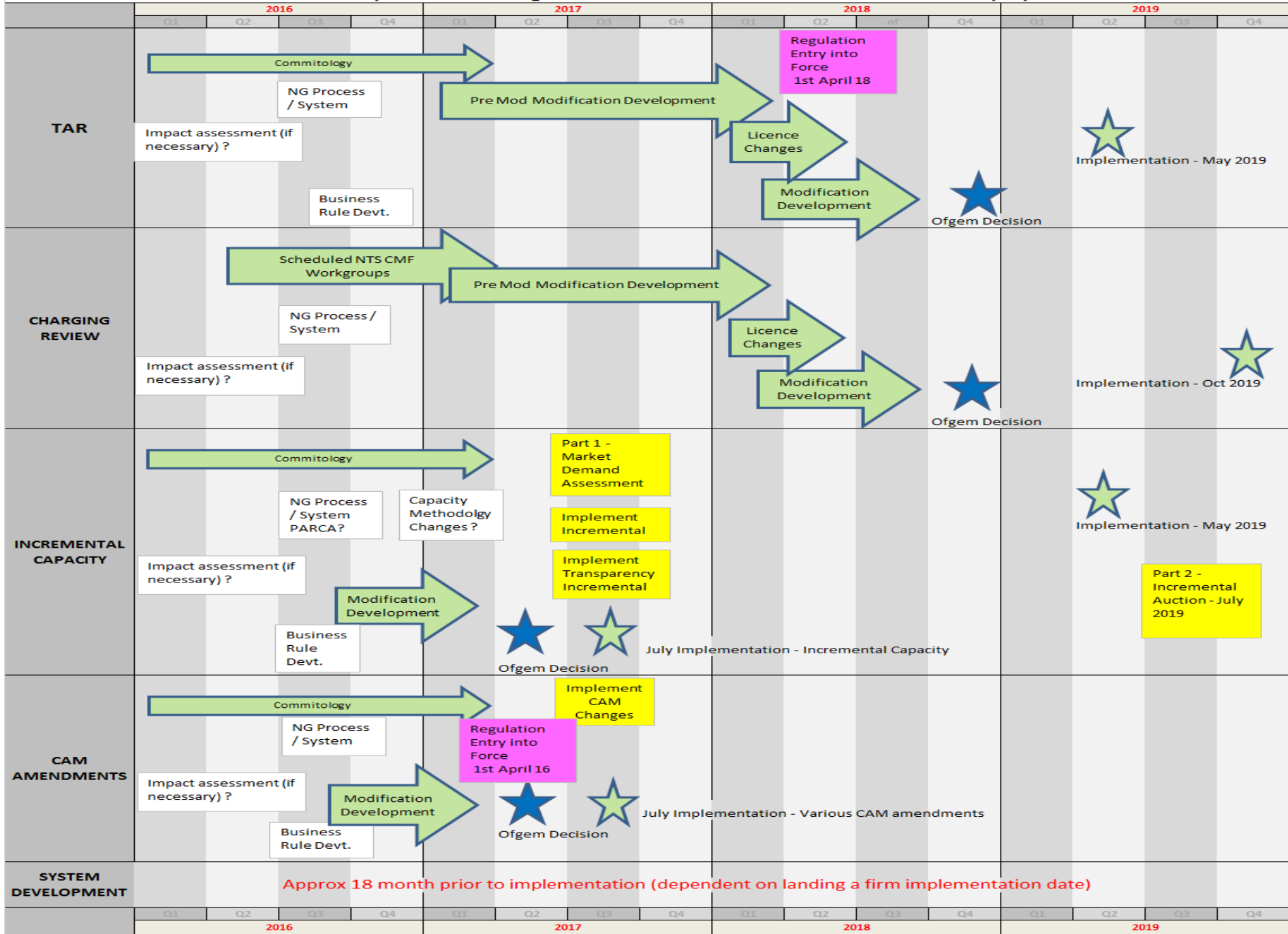
- 2nd Formal comitology meeting 15th-16th September
 - Translated versions
 - Member States to vote
 - No third meeting planned

- EC want this stage complete by Madrid Forum on 6th-7th October

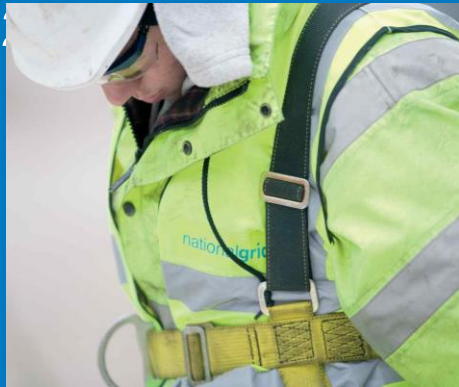
EU CAM & TAR Codes

- Codes now in comitology process
- Text published 17th June 2016 (2 days late)
 - <http://www.gasgovernance.co.uk/Tx/070716>
- 1st Formal comitology meeting 29th-30th June
 - Discussion on English language text
 - Non-voting meeting
- Translation to take place during summer

National Grid - Implementation - High Level View of Potential Timescale - Draft as of 15/06/2016



EU CAM Code



EU CAM Code – update

- **Article 6:** Additional text for TSOs to guarantee the availability of firm capacity available at IPs with priority over other points
- **Article 7a:** Freely allocable and path based firm capacity text deleted
- **Article 8:** (Moved from Art 20a) Capacity created via non-market based procedures and for which the final investment decision has been taken without prior commitments from network users shall be offered and allocated as available standard capacity products as set out in this Regulation
- **Article 12:** Four annual quarterly capacity auctions shall be held during each gas year

EU CAM Code – update

- **Article 20:** Within nine months from the entry into force ENTSOG shall review and create a catalogue of the applicable terms and conditions of the transport contract(s) of the transmission system operators for bundled capacity products, identifying and categorising differences between the existing terms and conditions and the reasons for such differences and publish its findings in a report
- Within three months after the publication of the report any NRA, having due regard to applicable EU and mandatory national legislation, may provide an opinion to ENTSOG and to the Agency indicating the differences which they consider may be addressed through common terms and conditions as well as those that may not be reconciled
- On the basis of the ENTSOG report and any opinions of NRAs, ENTSOG, consulting network users, shall within 12 months after the publication of the report develop and publish a template for common terms and conditions, covering all contractual provisions which are not affected by fundamental differences in principles of national law, for the offer of bundled capacity products.

EU CAM Code – update

- **Article 20:** The Agency, having due regard to the opinions of the NRAs, shall provide an opinion on the common terms and conditions within a further three months. Taking into account the opinion provided by the Agency, ENTSOG shall publish on its website the final template for the common terms and conditions three months after receiving its opinion
- After the publication of the template for common terms and conditions TSOs, subject to the approval of NRA, shall apply the terms and conditions set out in the template when concluding contracts for bundled capacity products.

EU CAM Code – update

- **Article 22:** Immediately after the start of the annual yearly capacity auction at least in each odd-numbered year, TSOs shall co-operate in the processes of assessing market demand for incremental capacity and of conducting technical studies for incremental capacity projects for their joint interconnection points. The first demand assessment shall be conducted in 2017
- **Article 25/26:** TSOs offer the incremental capacity together with the respective available capacity in the annual yearly capacity auction as standard bundled products in ascending clock auctions as a default
- TSOs may apply an alternative allocation mechanism where the demand assessment report, or the consultation indicate that the incremental capacity project fulfils both of the following conditions:
 - (a) it involves more than two entry-exit systems and bids are requested along several interconnection points during the allocation procedure;
 - (b) bids with a duration of more than one year are requested.

EU CAM Code – update

- **Article 22:** In an alternative allocation mechanism network users may submit binding conditional bids for contracting capacity subject to one or more of the following conditions specified by the TSOs in the project proposal
- (a) commitments linking or excluding commitments at other interconnection points;
- (b) commitments across a number of different yearly standard capacity products at an interconnection point;
- (c) commitments conditional on the allocation of a specific or minimum amount of capacity
- The alternative allocation mechanism is subject to approvals by the concerned NRAs
- If either booking duration or bids for higher amounts of capacity are prioritised, national regulatory authorities shall set aside an amount equal to 20% of the technical capacity at each interconnection point

EU CAM Code – update

- **Article 27:** In the case of incremental capacity processes initiated but not completed before the application date of this Regulation, those processes shall continue in accordance with the subsequent phase of the respective incremental capacity process in accordance with Articles 22 to 26
- **Article 28:** TSOs may offer standard capacity products for interruptible capacity of a duration longer than one day if the respective standard capacity product for firm capacity was sold at an auction premium, sold out, or was not available
- Transmission system operators shall only offer a daily capacity product for interruptible capacity in both directions at interconnection points where firm capacity has been offered but was sold out day-ahead.
- **Article 33:** Capacity Booking platforms text deleted
- **Article 36:** Regulation shall apply from 1st April 17.

EU Tariffs Code

EU Tariffs Code – update

- **Article 3:** “alternative transmission tariffs” – this has been removed which makes a discounted capacity tariff for short-haul problematic.
 - “path-based”/ “conditional” capacity removed from the CAM amendment

- **Article 3 & 4:** Transmission services & non-transmission services definitions essentially unchanged
 - GB TO/SO model may largely remain

- **Article 5:** Separate cost allocation tests for capacity and commodity revenues have been retained
 - but NRA just has to justify if tests exceed 10%

EU Tariffs Code – update

- **Article 10:** Discounts now allowed at LNG facilities as well as storage sites
 - Storage to have a discount of 50% or higher
 - Discounts less than 50% allowed where facility connected to 2 or more TSOs in adjacent entry/exit systems
 - Discounts for LNG is entirely up to NRA

- **Article 13:** Multipliers of less than 1 allowed for daily and within-day capacity if “duly justified”

EU Tariffs Code – update

- **Article 38:** Obligation has been removed for ACER to produce “Guidance Document” on regulatory accounting principles to determine the allowed or target revenue.
 - ACER within two years must now simply undertake and publish a report on the different regulatory accounting rules applied across the EU

- **Article 39:** Article on protection of legacy fixed price capacity has been clarified to cover GB case of capacity “bookings” as well as capacity contracts.

EU Tariffs Code – application dates

- **1 October 2017:**
 - Publication requirements
 - Pricing of bundled capacity
 - Clearing & payable price
 - Rules for application of fixed or floating prices

EU Tariffs Code – application dates

- **31 May 2019:**
 - Reference price methodology
 - Discounts for storage & LNG
 - Multipliers and seasonal factors
 - Pricing of interruptible capacity
 - Reconciliation
 - Single regulatory account

EU Tariffs Code – ENTSOG activities

- Transparency requirements
 - The provisional timeline now being developed for new transparency requirements on ENTSOG Transparency Platform.
 - The estimates for each of the phases based on time needed for execution of similar activities related to implementation of ENTSOG TP functionalities
 - Indicative time required = 46 – 50 weeks
 - Deadline 1 October 2017
- ENTSOG updating Recommendation Paper prior to formal comitology meeting

GB Gas Charging Review

- GB Gas Charging Review ongoing via NTSCMF of the Joint Office
- Whole GB review of charging methodology framework addressing
 - How to better reflect current and future use of network
 - EU compliance
 - Shipper concerns
 - Prospective charging methodologies
- Indicative completion spring 2017