

National Grid Gas plc, all holders of a gas transporter licence, the UNC panel, the Joint Office of Gas Transporters and interested parties

01 November 2017

Dear Stakeholders

**Consultation on proposals to implement aspects of Regulation (EU) 2017/460<sup>1</sup>, the European Network Code on harmonised transmission tariff structures for gas (TAR NC)**

**Summary**

We<sup>2</sup> are consulting on proposals relating to the implementation of TAR NC in GB. We are proposing to make National Grid Gas plc (NGG) responsible for certain tasks arising under TAR NC, and to direct a timetable for undertaking them. We think our proposals will minimise duplication of work and ensure legally binding deadlines of the European Commission (EC) can be met. They will also ensure that industry proposals for amendments to the GB gas transmission charging regime are subject to broad industry scrutiny and TAR NC compliant.

Subject to consultation responses, we propose to modify the gas transporter licence ("the licence") and to issue a direction to NGG. Our proposed direction will specify the tasks we will require NGG to undertake and when they should be undertaken.

In this consultation, we seek your views, on or before 6 November 2017, on the following:

1. our proposal to make NGG responsible for undertaking certain tasks arising under TAR NC and to direct a timetable for their completion (further details are provided in Annex 1);
2. our proposal to align and extend the scope of the consultations required under TAR NC and industry procedures;
3. our proposal to change the licence, detailed in Annex 2;
4. our proposed direction to NGG, detailed in Annex 3.

We are including draft licence text in Annex 2 to this letter to show our proposed changes and invite your comments on our amendments. We are also including our draft direction, pursuant to the proposed Licence change in Annex 3, to show how we would make NGG responsible for performing certain tasks.

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<sup>1</sup> Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0460&from=EN>

<sup>2</sup> The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably. Ofgem is the Office of the Gas and Electricity Markets Authority. We are the National Regulatory Authority (NRA) in GB.

Subject to responses we receive, we propose to follow this consultation with a statutory consultation on our proposed licence change.

## 1. Introduction

### **Context**

TAR NC was published in the Official Journal of the European Union on 16 March 2017. Its objectives are to contribute to market integration, to enhance security of supply and to promote interconnection between gas networks. Central to the requirements of TAR NC is the implementation of a transparent reference price methodology (RPM) for accessing transmission networks. TAR NC requires member states to implement the RPM no later than 31 May 2019 following a stakeholder consultation and National Regulatory Authority (NRA)<sup>2</sup> approval of implementation proposals. TAR NC article 26 details the requirements of the stakeholder consultation (hereafter referred to as “the final article 26 consultation”).

In GB, we anticipate that the requirements of TAR NC will be largely implemented through changes to the Uniform Network Code (UNC), the contractual framework for GB’s gas industry. NGG, GB’s gas transmission system operator (TSO), has already raised UNC modification proposal 0621 (UNC0621). Its purpose is “to amend the Gas Transmission Charging regime in order to better meet the relevant charging objectives and customer/stakeholder provided objectives for Gas Transmission Transportation charges and to deliver compliance with relevant EU codes (notably the EU Tariff Code)”.<sup>3</sup> We consider UNC0621 to be a modification proposal that falls within the scope of paragraph 15CE(a) of Standard Special Condition A11 of the Licence.<sup>4</sup> Accordingly, we may direct that UNC0621 proceed in accordance with a timetable set by us.<sup>5</sup> The UNC makes provision for the modification proposal to proceed on the basis of that timetable.<sup>6</sup> We consider it likely that alternative modification proposals to UNC0621 will be raised.<sup>7</sup> Current timeframes indicate that UNC0621 is scheduled for industry consultation in late 2017, ahead of being submitted to us for a decision in spring 2018.

### **Proposal**

TAR NC presents a number of tasks where the NRA of a member state has discretion over whether it, or the TSO, should undertake that task. These tasks include the final article 26 consultation, plus a number of other assessment, adjustment, publication and consultation requirements. We have also identified other tasks that we think NGG should undertake to implement TAR NC.

This consultation sets out our proposals for these tasks and how we propose to implement them through a direction to NGG. Our proposal includes a timetable for these tasks, and also proposes to align the stakeholder consultations required for UNC0621 and TAR NC by using a single consultation document that satisfies the requirements of both. We think our proposals will contribute to a smooth transition from current to future gas transmission charging arrangements whilst ensuring industry proposed amendments to the GB gas transmission charging regime continue to be subject to broad industry scrutiny and are compliant with TAR NC.

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<sup>3</sup> Further details are available at <https://www.gasgovernance.co.uk/0621/>. UNC0621 was raised subsequent to our request that industry develop UNC modification proposals to implement changes to the gas transmission charging regime and TAR NC – see <https://www.ofgem.gov.uk/publications-and-updates/gas-transmission-charging-review-confirmation-policy-view-and-next-steps> and <https://www.ofgem.gov.uk/publications-and-updates/open-letter-european-union-network-code-harmonised-transmission-tariff-structures-gas-tar-nc> for further information.

<sup>4</sup> A modification proposal falls within the scope of paragraph 15CE(a) of Standard Special Condition A11 where: (a) the Authority reasonably considers the modifications are necessary to comply with or implement the Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency; and/or (b) the modification proposal is in respect of a significant code review.

<sup>5</sup> See paragraph 12.5.2 of UNC Modification Rules available at the following URL: <https://www.gasgovernance.co.uk/general>

<sup>6</sup> See paragraph 12.5.3 of UNC Modification Rules.

<sup>7</sup> For further details on alternative modification proposals, see paragraph 6.4 of UNC Modification Rules

## **2. TAR NC implementation – our proposal**

### ***Instances where the NRA must decide whether it, or the TSO, undertakes a task***

Annex 1, Table 1 summarises nine instances where TAR NC gives the NRA discretion over whether it, or the TSO, should undertake a particular task. We think that NGG is best placed to undertake six of these tasks and we propose to make it responsible for undertaking them. Our proposal includes making NGG responsible for the final article 26 consultation. For the remaining three tasks, we have not made a decision at this time. Further details on our proposals, including our reasoning, are given in Table 1.

### ***Extending the scope of the final article 26 consultation***

TAR NC article 28(1) requires us to conduct a consultation with the NRAs of directly connected member states and the relevant stakeholders on discounts, multipliers and seasonal factors at interconnection points. We think that the interconnectedness of the matters addressed in TAR NC article 28(1) and those addressed in TAR NC article 26 warrants their consideration alongside one another so that context is not lost. Furthermore, we think that “the relevant stakeholders” should include UNC signatories. Consequently, we propose that NGG extend the scope of the final article 26 consultation work which we are proposing it undertakes, to include the TAR NC article 28(1) matters (hereafter referred to as “the extended final article 26 consultation”). For the avoidance of doubt, we will take steps to ensure that the NRAs of directly connected member states are appropriately consulted.

### ***Aligning the consultations required under TAR NC and UNC***

#### *Consultation options*

Given the interdependency of the requirements of TAR NC and UNC0621, we propose that the stakeholder consultation processes of each are aligned. We think this approach will minimise the duplication of work and will ensure that legally binding deadlines of the European Commission (EC) are met. Moreover, it will enable the findings of the extended final article 26 consultation to inform our thinking on UNC0621, and vice versa. This will enable us to make a single decision that meets the TAR NC article 27 requirement for a “motivated decision”, and the Authority decision requirements of the UNC (subject to any requirement for us to undertake an impact assessment).

We have considered an alternative approach to run the UNC and TAR NC processes consecutively. We envisage that this approach could require us to make a “minded-to” decision on UNC0621, inclusive of any alternative modification proposals that may have been raised. Should we issue a minded to decision to approve one of these proposals, this would result in just one of the modification proposals being taken forward to the final article 26 consultation. This approach has also been given consideration by stakeholders at their industry forum.<sup>8</sup>

Our view is that it would be inappropriate for us to issue a minded to decision without first taking into account the wider views of ACER<sup>9</sup> and other stakeholders. We also think that running the consultations consecutively would be unnecessarily time consuming. Consequently, we do not support this approach.

#### *Our proposal*

To facilitate alignment of the consultation processes, we propose that the UNC0621 industry consultation, which is required under UNC modification rules, and the extended final article 26 consultation, are carried out using a single consultation document. We propose that this document shall be the UNC0621 draft modification report (“DMR”), including any alternative modification proposals that may arise.<sup>10</sup> The consultation

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<sup>8</sup> The Joint Office of Gas Transporters’ National Transmission System Charging Methodology Forum (NTS CMF): <https://www.gasgovernance.co.uk/ntscmf>

<sup>9</sup> ACER is the Agency for the Cooperation of the Energy Regulators.

<sup>10</sup> Under UNC modification rules, an industry “workgroup”, made up of gas shipper and transporter representatives, develops a draft modification report (“DMR”) which is submitted to UNC panel for consideration.

document shall be of sufficient scope that it simultaneously satisfies the requirements of the UNC, TAR NC article 26 and TAR NC article 28(1).

We propose that NGG makes reasonable endeavours to ensure that the respective UNC621 and extended final article 26 consultations are carried out simultaneously. We anticipate that this will require the cooperation of the Joint Office of Gas Transporters (JO), who administer the UNC. We recommend that NGG complete the article 26 consultation using the TAR NC article 26(5) consultation template and append this to the consultation.

By proposing that the extended final article 26 consultation is carried out using the UNC0621 DMR, our proposal will ensure that UNC0621 considers all those matters which are addressed in TAR NC articles 26 and TAR NC article 28(1). Accordingly, any direction we make for the timetabling of UNC0621 will apply equally to the components of the extended article 26 consultation that we are proposing NGG to undertake.

To ensure that TAR NC implementation proceeds in a timely manner, we propose that NGG uses reasonable endeavours to ensure that the UNC0621 workgroup submits its DMR to the UNC panel in sufficient time for consideration at its March 2018 (or earlier) meeting. We also propose that these consultations commence no later than 2 April 2018 and remain open for at least two months but no longer than three months. The UNC Panel, which determines the terms of reference for UNC0621, will also be required to comply with our proposal.<sup>11</sup>

We note that version 1.0 of the UNC0621 modification schedules a DMR submission date of December 2017. Our proposed timetable will allow sufficient time for other mandatory tasks to take place ahead of the May 2019 RPM implementation date, whilst providing additional time for UNC0621 workgroup to develop the DMR. Annex 1, Table 2 gives further details on these proposals.

### ***Implementing our proposed decisions***

We propose to issue NGG with a direction that specifies the tasks we require it to undertake and when they should be undertaken. As noted earlier, for some of these tasks, the Licence already makes provision for us to issue a direction, ie those relating to the timetabling of UNC0621.<sup>4</sup> For other tasks, such as directing that NGG undertake the final article 26 consultation, no such provision exists. We therefore propose to make changes to the Licence to enable us to issue a direction which addresses all the matters detailed in Annex 1. Our proposed Licence changes are contained within Annex 2.

Annex 2 details the changes which we are proposing to make to Standard Special Condition A5, which deals with charging methodology obligations. Our proposed changes will enable us to issue a direction which relates to the implementation of and/or compliance with legally binding decision of the EC and/or the Agency.<sup>12</sup> We note that this licence change will apply to licensed gas transporters on both the transmission and distribution networks. However, we propose to address the subsequent direction to NGG alone.

Annex 3 contains a draft direction that sets out the specific tasks we require NGG to undertake, and when they should be undertaken.

### **3. Your views**

We seek your views on the following:

1. our proposal to make NGG responsible for undertaking certain tasks arising under TAR NC and to direct a timetable for their completion. Further details are provided in Annex 1;
2. our proposal to align and extend the scope of the consultations required under TAR NC and industry procedures;

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<sup>11</sup> Paragraph 9(j) of Standard Special Condition A11 requires that the UNC shall provide for compliance by the licensee and (where applicable) the panel with any direction(s) issued by us which sets a timetable in respect of certain modification proposals.

<sup>12</sup> "The Agency" is the Agency for the Cooperation of the Energy Regulators (ACER).

3. our proposal to change the licence, detailed in Annex 2;
4. our proposed direction to NGG, detailed in Annex 3.

#### **4. How to respond to this consultation**

Please send your response to this consultation on or before 6 November 2017, preferably by email, to [Gas.TransmissionResponse@ofgem.gov.uk](mailto:Gas.TransmissionResponse@ofgem.gov.uk), or in writing to:

David Reilly,  
Gas Systems,  
Ofgem,  
9 Millbank  
London SW1P 3GE

Unless you mark your response confidential, we'll publish it on our website, [www.ofgem.gov.uk](http://www.ofgem.gov.uk), and put it in our library. You can ask us to keep your response confidential, and we'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004. If you want us to keep your response confidential, you should clearly mark your response to that effect and include reasons.

If the information you give in your response contains personal data under the Data Protection Act 1998, the Gas and Electricity Markets Authority will be the data controller. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. If you are including any confidential material in your response, please put it in the appendices.

We prefer to receive responses in an electronic form so we can place them on our website.

#### **Next steps**

The responses to this consultation will inform the decisions we shall make on our proposals. We aim to provide an update on our decisions by 15 November 2017. Subject to the responses we receive, we propose to follow this consultation with a statutory consultation on our proposed Licence change.

If you have any queries regarding this letter, please contact David Reilly at [david.reilly@ofgem.gov.uk](mailto:david.reilly@ofgem.gov.uk) or on 020 3263 9648.

Yours faithfully

Cathryn Scott  
**Partner, Energy Systems, Ofgem**

## Annex 1: Tasks required by TAR NC – our proposed decision on who should perform and complete these tasks

**Table 1:** Instances where TAR NC requires that the NRA must decide whether it, or the TSO, undertakes a certain task.

TAR NC reference	Summary of task	Proposal	Reasons
1. Article 5(1), refers to Article 26	Perform cost allocation assessments and publish them as part of the final article 26 consultation.	We propose to direct that NGG includes the cost allocation assessments in the final article 26 consultation document. <sup>13</sup>	We consider NGG to be best placed to access the information on its cost drivers and sources of revenues at its various entry/exit points.
2. Article 6(4)(b) and (c)	Make adjustments to the application of the reference price methodology by equalisation and/or rescaling.	We do not propose to issue a direction on these matters at this time.	<p>We propose deferring a decision on these matters until such time as we receive a proposal on equalisation and/or rescaling. Such a proposal might be integral to UNC0621, made through a subsequent UNC modification proposals, or not made at all.</p> <p>If UNC0621 does contain such proposals, our decision on these matters would be integral to our wider decision on the modification. If it does not, any subsequent proposal on equalisation and/or rescaling would have to be made via the UNC modification process and would, in any case, be subject to our approval.</p>

<sup>13</sup> Pursuant to paragraph 7B of Standard Special Condition A5 of the modified License.

3. Article 10(2)(b)	Carry out an impact assessment and cost benefit analysis prior to the implementation of intermediate steps which allow for different reference price methodologies to be applied separately by each TSO within entry-exit systems within a Member State where more than one TSO is active and an entry-exit system merger is planned.	We do not propose to issue a direction on these matters at this time.	<p>These tasks should be undertaken if the NRA decides on intermediate steps which allow for different reference price methodologies to be applied.</p> <p>Since there is only one TSO active within GB, this decision need not be made at this time. However, we make provision within our proposed licence change to issue such a direction at a later date should circumstances change.</p>
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<p>4. Article 10(7)</p>	<p>Conduct the final consultation referred to in TAR NC article 26.</p> <p><u>NOTE:</u> TAR NC article 10(7) provides clarity for the decision required under TAR NC article 26 for instances where more than one TSO is active in a member state. In these instances, the final consultation should be conducted by all TSOs, jointly or by the NRA<sup>14</sup>. Also, if either:</p> <ul style="list-style-type: none"> <li>a) the same reference price methodology is applied separately by each TSO within an entry-exit system; or</li> <li>b) different reference price methodologies are applied separately by each TSO within an entry-exit system,</li> </ul> <p>the consultation should be conducted by each TSO separately, or by the NRA, as decided by the NRA.</p>	<p>We do not propose to issue a direction on these matters at this time.</p>	<p>This decision need only be taken if more than one TSO is active in a member state.</p> <p>Since there is only one TSO active within GB, this decision does not need to be made at this time.</p>
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<sup>14</sup> TAR NC is silent on whether this is an NRA decision – we have adopted the position that it is an NRA decision.



5. Article 26(1) <sup>15</sup>	Carry out one or more consultations.	<p>We propose to direct NGG to carry out the final article 26 consultation, and to launch it at the same time as the UNC0621 industry consultation.</p> <p>We also propose to direct that the consultation shall commence no later than 2 April 2018 and shall remain open for at least two months but no longer than three months. We anticipate that this will require coordination with the Joint Office of Gas Transporters (JO), who administer the UNC.<sup>13</sup></p>	<p>NGG will be consulting on related matters as part of the UNC0621 modification process. It is therefore more efficient for it to undertake this task.</p> <p>Further, it already has a licence requirement to undertake many of the tasks required under TAR NC article 26, eg to produce indicative tariffs and tariff forecasts, to make a tariff model available etc.</p> <p>By directing that the consultations run simultaneously from 2 April 2018, we aim to minimise the duplication of work and ensure legally binding deadlines of the European Commission (EC) are met.</p>
6. Article 26(3)	Publish the consultation responses and their summary from the consultation referred to in TAR NC article 26.	We propose to direct NGG to publish the consultation responses and their summary within 1 month following the end of the final article 26 consultation. <sup>13</sup>	Since we propose that NGG carry out the final article 26 consultation, it follows that NGG should also publish the consultation responses and their summary.
7. Article 27(1)	Forward the final consultation documents referred to in TAR NC article 26 to ACER.	We propose to direct NGG to forward the final consultation documents to ACER upon launching the final consultation. <sup>13</sup>	Since we propose that NGG carry out the consultation required by Article 26, it follows that NGG should also forward the final consultation documents to ACER.
8. Article 29	Publish specified information relating to capacity auction reserve prices before the annual yearly capacity auction.	We propose to direct NGG to publish the specified information no later than 30 days before the annual yearly capacity auction. <sup>13</sup>	The Gas Transporters Licence already requires NGG to publish some of this information. Further, NGG is best placed to make an assessment of probability of interruption. It is therefore more efficient for NGG to publish this information.

<sup>15</sup> TAR NC article 6(1) includes an NRA decision which we consider to be included in our article 26(1) decision; namely, who shall undertake the consultation(s) on the reference price methodology to be applied. Consequently, we do not propose to make a separate decision on article 6(1).

9. Article 30(1)(2) and (3)	Publish specified information relating to the technical, financial and other characteristics of the transmission system before the tariff period.	We propose to direct NGG to publish the specified information no later than 30 days before the tariff period. <sup>13</sup>	The Gas Transporters Licence already requires NGG to publish certain of this information. Further, NGG is best placed to access certain of this information, eg technical capacity and forecast contracted capacity at entry/exit points, pipeline specifications etc. It is therefore more efficient for NGG to publish this information.
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**Table 2:** Additional requirements arising from the implementation of TAR-NC.

<b>TAR NC reference</b>	<b>Summary of task</b>	<b>Proposal</b>	<b>Reasons</b>
1. No TAR NC reference but related to article 26(1)	Enable TAR NC implementation to proceed in a timely manner by ensuring the UNC0621 draft modification report (DMR) is available for use as the final article 26 consultation document when required.	We propose to direct that NGG shall use reasonable endeavours to ensure that the UNC0621 DMR is submitted to the UNC panel in sufficient time for consideration at its March 2018 (or earlier) meeting. <sup>11</sup>	We are proposing that the UNC0621 industry consultation and the extended final article 26 consultation are carried out using the UNC0621 DMR. We think the consultations should commence no later than 2 April 2018.  Our proposed timetable will allow sufficient time for other mandatory tasks to take place ahead of the May 2019 RPM implementation date whilst providing additional time for UNC workgroup to develop the DMR - we note that version 1.0 of the UNC0621 modification schedules a DMR submission date of December 2017.
2. No TAR NC reference but related to article 26(1)	Use the UNC0621 DMR as the consultation document for the final article 26 consultation.	We propose to direct that NGG shall use the UNC0621 DMR as the consultation document for the extended final article 26 consultation. <sup>13</sup>	Our proposal that the UNC0621 DMR is used as the consultation document for the extended final article 26 consultation will ensure that UNC0621 addresses all those TAR NC matters that must be implemented through the UNC. It will also

			ensure that any timetable we direct for the progression of UNC0621 will apply equally to the components of the extended final article 26 consultation.
3. No TAR NC reference but related to article 26(1)	Enable TAR NC implementation to proceed in a timely manner by launching the UNC0621 industry consultation at the same time as the final article 26 consultation.	<p>We propose to direct that NGG shall use reasonable endeavours to ensure that the UNC0621 industry consultation is launched at the same time as the final article 26 consultation. We anticipate that this will require the cooperation of the Joint Office of Gas Transporters (JO), who administer the UNC.</p> <p>We also propose to direct that NGG shall use reasonable endeavours to ensure that the UNC0621 industry consultation shall commence no later than 2 April 2018 and shall remain open for at least two months but no longer than three months. The UNC Panel, which determines the terms of reference for UNC0621, will also be required to comply with our proposal.<sup>11</sup></p>	<p>By directing that the consultations run simultaneously from 2 April 2018, we aim to minimise the duplication of work and ensure legally binding deadlines of the European Commission (EC) are met.</p> <p>We consider 2-3 months to be sufficient time for stakeholders to submit their responses.</p>
4. Article 27(5)	Repeat the procedure which includes the final article 26 consultation at least every five years.	This decision need not be taken at this time. Consequently, we make no proposal on these matters at this time.	We think it is too early to determine when this procedure should be repeated and defer our decision until a later date.

5. Article 28(1)	Include the matters mentioned in article 28(1) of TAR NC in the final article 26 consultation.	We propose to direct that NGG widen the scope of the final article 26 consultation to include the matters mentioned in TAR NC article 28(1). <sup>13</sup>	<p>Article 28(1) of TAR NC requires the NRA to consult with NRAs of all directly connected member states and the relevant stakeholder on various matters at interconnection points. We think the importance of these matters warrants wider stakeholder consultation.</p> <p>By directing that the matters mentioned in article 28(1) of TAR NC are included in the final article 26 consultation, NGG will be required to include these matters in UNC0621, since we are proposing elsewhere that the article 26 consultation is carried out using the UNC0621 DMR. Consequently, they will be subject to UNC0621 industry consultation.</p> <p>For the avoidance of doubt, this proposed direction will not replace our responsibility to consult under article 28(1) of TAR NC.</p>
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## **Annex 2: Proposed Licence change to Standard Special Condition A5 (7) of the gas transporter licence.**

New text is shown in double underline and deleted text as strike through.

### **Standard Special Condition A5: Obligations as Regard Charging Methodology**

7A. The licensee shall comply with any direction given from time to time by the Authority requiring the licensee -

- (a) subject to paragraphs 8 and 9 to publish such information as may be specified or described in the direction -
  - (i) as to any of the costs incurred by the licensee in its transportation business, or
  - (ii) relating to the charging methodology as modified from time to time in accordance with paragraph 1; and
- (b) to do so in such form and manner and with such frequency as may be so specified.

7B. Where the Authority reasonably considers it would better facilitate the implementation of, and/or compliance with the Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency, the licensee shall comply with any direction given from time to time by the Authority requiring the licensee-

- (a) to complete assessments and analysis; and to publish and consult on such information, and with such parties, as may be specified or described in the direction;
- (b) to do so in such form, manner and timeframe and with such frequency as may be so specified in the direction.

8. The licensee shall not be required by paragraph 7A and paragraph 7B to publish any information or any document which it could not be compelled to give in evidence or produce in civil proceedings before the court.

9. In publishing any information in pursuance of paragraph 7A and paragraph 7B the licensee shall have regard to the need for excluding, so far as is practicable, any matter which relates to the affairs of any person where the publication of that matter would or might seriously and prejudicially affect his interests.

## **Annex 3: Draft proposed direction to NGG pursuant to a modified gas transporter licence**

**To: National Grid Gas plc**

**Direction issued pursuant to paragraph 7B of Standard Special Condition A5 (Obligations as regard Charging Methodology) (“SSC A5”) and paragraphs 9(i) and 9(j) of Standard Special Condition A11 (Network Code and Uniform Network Code) (“SSC A11”) of the Gas Transporter License (the “License”) granted under section 7 of the Gas Act 1986 (the “Act”)**

### **Whereas -**

1. National Grid Gas plc holds a licence granted, or treated as granted, under section 7 of the Act and is subject to the conditions contained in the Licence.
2. Paragraph 7B of SSC A5 of the Licence provides for the Gas and Electricity Markets Authority (‘the Authority’) to give directions in respect of the Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency.
3. Paragraphs 9(i) and 9(j) of SSC A11 of the Licence provide for the Gas and Electricity Markets Authority (‘the Authority’) to give directions in respect of proposals that fall within the scope of paragraph 15CE(a) of SSC A11 of the licence.
4. Regulation (EU) 2017/460, which was published in the Official Journal of the European Union on 16 March 2017, places legally binding obligations on member states of the European Union; and
5. The licensee has made a UNC modification proposal (UNC0621) that falls within the scope of paragraph 15CE(a) of SSC A11 of the licence.
6. The Authority has consulted on a proposed direction to the Licensee in respect of the matters addressed in paragraphs 4 and 5 above.

### **Now therefore –**

In accordance with the powers contained in paragraph 7B of SSC A5 of the Licence and paragraphs 9(i) and 9(j) of SSC A11 of the Licence, the Authority hereby directs that the Licensee undertakes the tasks set out in Appendix 1 to this direction.

This document constitutes notice of the reasons for the direction as required by section 38A of the Act.

## Appendix 1 to the Authority's Direction dated dd/mm/yyyy

### Tasks to be undertaken by the Licensee. All references made to TAR NC are to Regulation (EU) 2017/460

Task	Direction
1.	We direct that the Licensee shall use reasonable endeavours to ensure that the UNC0621 draft modification report is submitted to the UNC panel in sufficient time for consideration at its March 2018 (or earlier) meeting.
2.	We direct that the Licensee shall use reasonable endeavours to ensure that the UNC0621 industry consultation is launched at the same time as the consultation referred to in Task 3. We direct that this shall commence no later than 2 April 2018 and remain open for at least two months but no longer than three months.
3.	We direct that the Licensee shall undertake the final consultation referred to in TAR NC article 26 and shall use the UNC0621 draft modification report as the consultation document. We direct that this shall commence no later than 2 April 2018 and remain open for at least two months but no longer than three months.
4.	We direct that the Licensee shall perform the cost allocation assessments referred to in TAR NC article 5(1) and publish them as part of the consultation referred to in Task 3.
5.	We direct that the Licensee shall publish the matters referred to in Article 28(1) as part of the consultation referred to in Task 3.
6.	We direct that the Licensee shall publish the responses and their summary from the consultation referred to in Task 3 no later than 1 month following the end of the consultation.
7.	We direct that the Licensee shall forward the final consultation documents referred to in Task 3 onto ACER upon launching the consultation. <sup>1</sup>
8.	We direct that the Licensee shall publish the information referred to in TAR NC article 29, relating to capacity auction reserve prices, before the annual yearly capacity auction.
9.	We direct that the Licensee shall publish the information referred to in TAR NC article 30(1), (2) and (3), relating to the technical, financial and other characteristics of the transmission system, before the tariff period.

<sup>1</sup> ACER is the Agency for the Cooperation of the Energy Regulators.