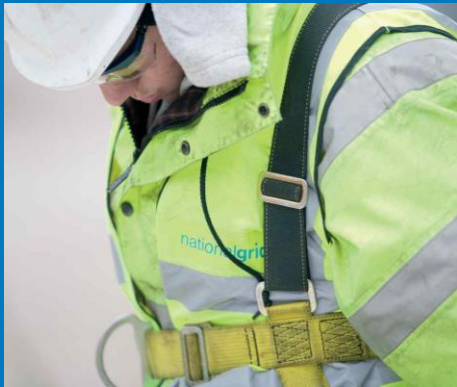


European Network Codes (Development & Implementation)



10th October 2017

Code Status Update

Code	Current Status	Implementation date
<p>CAM Amendments & Incremental Capacity Modifications</p>	<p>Entered into Force 6 April 2017</p> <p>597: Rules for the release of incremental capacity at Interconnection Points 598S: Amendments to Capacity Allocations Mechanisms to comply with EU Capacity Regulations</p> <p>Capacity Conversion Mod raised 0616S</p> <p>Out to consultation Until 12 October 2017</p> <p>For further information please refer to Joint Office: http://www.gasgovernance.co.uk/0616</p>	<p>Applicable from 6 April 2017.</p> <p>Implemented</p> <p>Capacity Conversion effective from 1st Jan 2018.</p>

Code Status Update

Code	Current Status	Implementation date
Tariffs (TAR)	<p>Entered into Force 6 April 2017 Mods now being raised: Main Mod: UNC Mod 0621 Supplementary Mod: Combined ASEPs</p> <p>For further information please refer to Joint Office: http://www.gasgovernance.co.uk/0621</p> <p>NTSCMF http://www.gasgovernance.co.uk/ntscmf</p> <p>Support Mod for CAM Incremental 0611S approved</p> <p>For further information please refer to Joint Office: http://www.gasgovernance.co.uk/0611</p>	<p>Applicable from 6 April 2017, 1 October 2017, 31 May 2019.</p> <p>Applicable from 1 October 2017</p>
Transparency (TRA)	<p>Entered into Force 6 April 2017</p>	<p>Applicable from 01 October 2017. First publication 2 December 2017.</p>

UNC Mod 0621: Amendments to Gas Transmission Charging Regime

- Main Mod now raised (UNC 0621)
 - Holistic GB charging review incorporating EU requirements
 - <http://www.gasgovernance.co.uk/0621>
- Timeline driven by EU Tariff Code - implemented by end of **May 2019**, prices impacted from **October 2019**.

UNC Mod 0621: Amendments to nationalgrid Gas Transmission Charging Regime

- **10 October 2017:** Publication of draft proposal
- **13 October 2017:** Proposals discussed at NTSCMF
- This is a draft proposal and some items may need ongoing consideration
- Further updates to be presented at future NTSCMFs

Gas Charging Review: UNC Mod 0621

- Latest draft of **UNC 0621**:
 - General principle of Mod is that Transmission Revenues should mainly be collected through capacity
 - It is proposed that the new charging framework transitions to this approach due to the number of significant changes proposed

Gas Charging Review: UNC Mod 0621

- The proposed Reference Price Methodology shall be the **Capacity Weighted Distance** approach
- **Forecast Contract Capacity (FCC)** shall recognise requirement for transition
 - May initially be based on obligated levels or % thereof
 - Methodology to be revisited after couple of years with aim for FCC to be close to bookings by 2021

Gas Charging Review: UNC Mod 0621

- Non-Transmission Services
 - Shall remain a flow based charged
 - Charges for St Fergus compression, Meter Maintenance & DN Pensions Deficit shall be classified as non-transmission services
 - Revenues from these to be excluded prior to calculation of Non-Transmission Services flow based charge

Gas Charging Review: UNC Mod 0621

■ Storage

- Will acknowledge requirement to avoid double-charging
- May propose a 50% discount to capacity charge
- Will be exempt from flow based charges
- No proposal for discounts to LNG entry points or IPs

Gas Charging Review: UNC Mod 0621

- Multipliers and Seasonal Factors
 - Single regime approach – shall apply to all points not just IPs
 - No zero prices from 1 October 2019
 - No seasonal factors
 - Annual consultation as to level of multipliers
 - NGG believes that it is a compliance requirement to have actual default values in code
 - “actual values” will be contained in a separate document

Gas Charging Review: UNC Mod 0621

■ Revenue Recovery Charge

- Both flow-based charges and capacity based revenue recovery charges have their challenges
- May initially propose a flow-based charge whilst recognising the compliance challenges re required justification
- This charge is expected to reduce during transition phase and should be much reduced when FCC is close to bookings
- Nature of revenue recovery charge may be reviewed along with FCC methodology for 2021

Gas Charging Review: UNC Mod 0621

■ Short-haul

- It is the current intention to propose a shorthaul charge
- This shall be a Transmission Services charge
- Structure of charge will depend on nature of transition
- Charge shall be annually updated
- Inclusion of distance cap being explored

UNC Mod for Capacity Treatment at Combined ASEPs

- New mod facilitates the ability to apply adjustments to tariffs at specific classifications of points within an ASEP
 - Will include treatment of capacity associated with storage facilities within an ASEP and capacity associated with abandoned projects
- Mod highly dependent on proposals in UNC 0621

UNC Mod for Capacity Treatment at Combined ASEPs

- NGG has trialled new pre-mod process involving industry WebEx and physical meeting after scheduled Transmission Workgroup
- Details will be discussed at Transmission Workgroup on 2 November
 - Implementation timeline – as for UNC 0621

Tariff Code: Transparency Requirements

- Publication of IP reserve prices on ENTSOG Platform by December
 - System testing currently underway
 - New page on Platform goes live **2 December 2017**
- Publication of detailed charging and financial information on TSO website (Art 30) by end of year

ENTSOG 2nd TAR NC Implementation Workshop

- **Second External TAR NC Implementation Workshop on 5 October.**
 - Updated IDoc (Implementation Document) now published
 - Includes updates based on stakeholder feedback from 1st workshop
 - IDoc and all materials now published on ENTSOG website
 - <https://www.entsog.eu/events/second-implementation-workshop-for-the-network-code-on-harmonised-transmission-tariff-structures-for-gas-tar-nc>

TAR NC: Monitoring Reports

- **2 October 2017:** TSOs issued with questionnaires for Implementation Monitoring Report and Effect Monitoring Report
 - Responses required by **2 November** and **2 December 2017**.
 - ACER to produce reports by **Q1 2018**.
- **National Grid shall publish its submission on its website**