

# Timelines

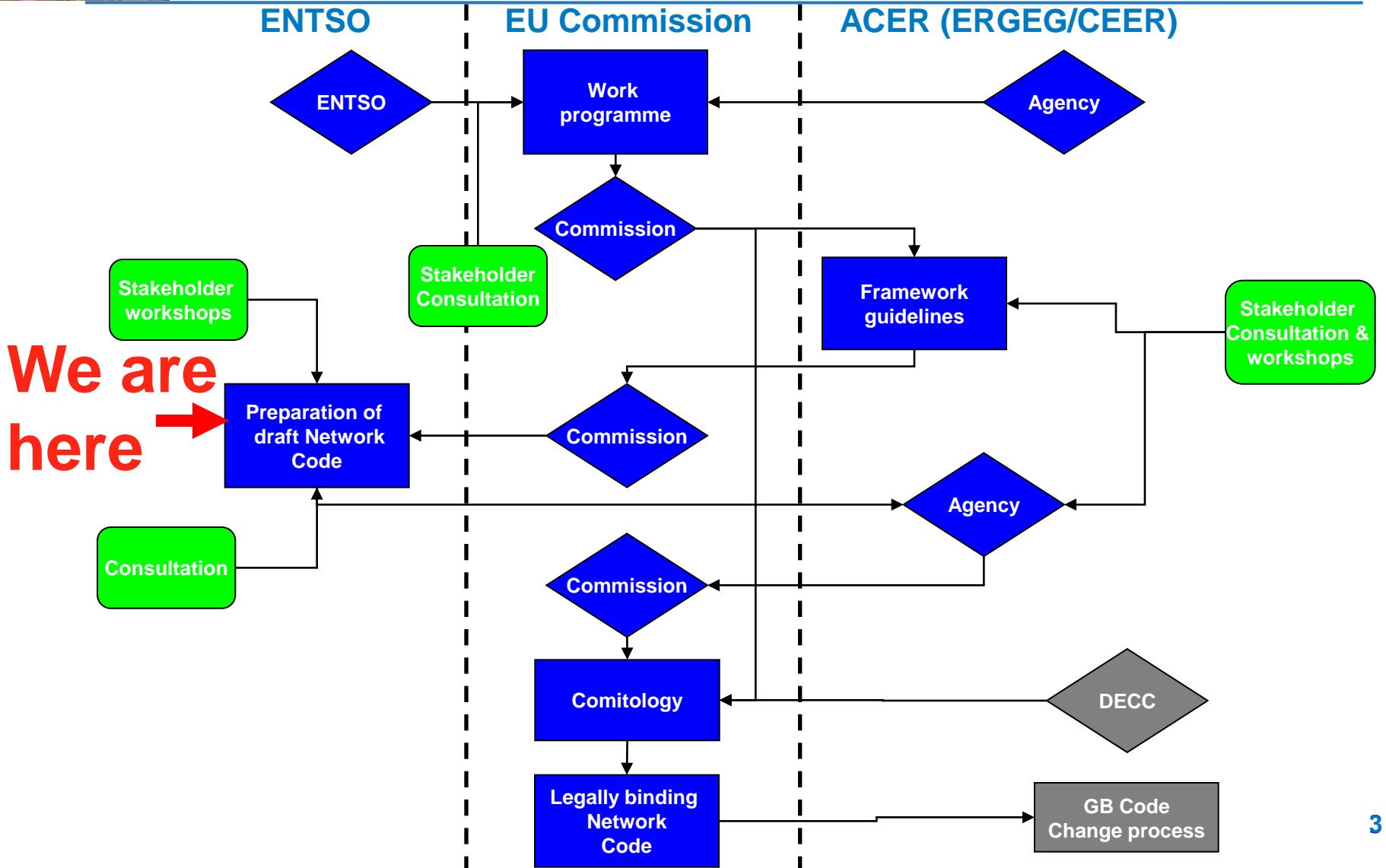
Date	Bridge to 2025	Gas Target Model Revision
29 April	Launch of Bridge to 2025 Green Paper	
30 April		Advisory Panel meeting
15 May		Stakeholder Workshop
5 June	Round table with selected stakeholder	
Mid June	Consultation ends	
September	Publication and workshop	

# Developments of the Tariff Network Code

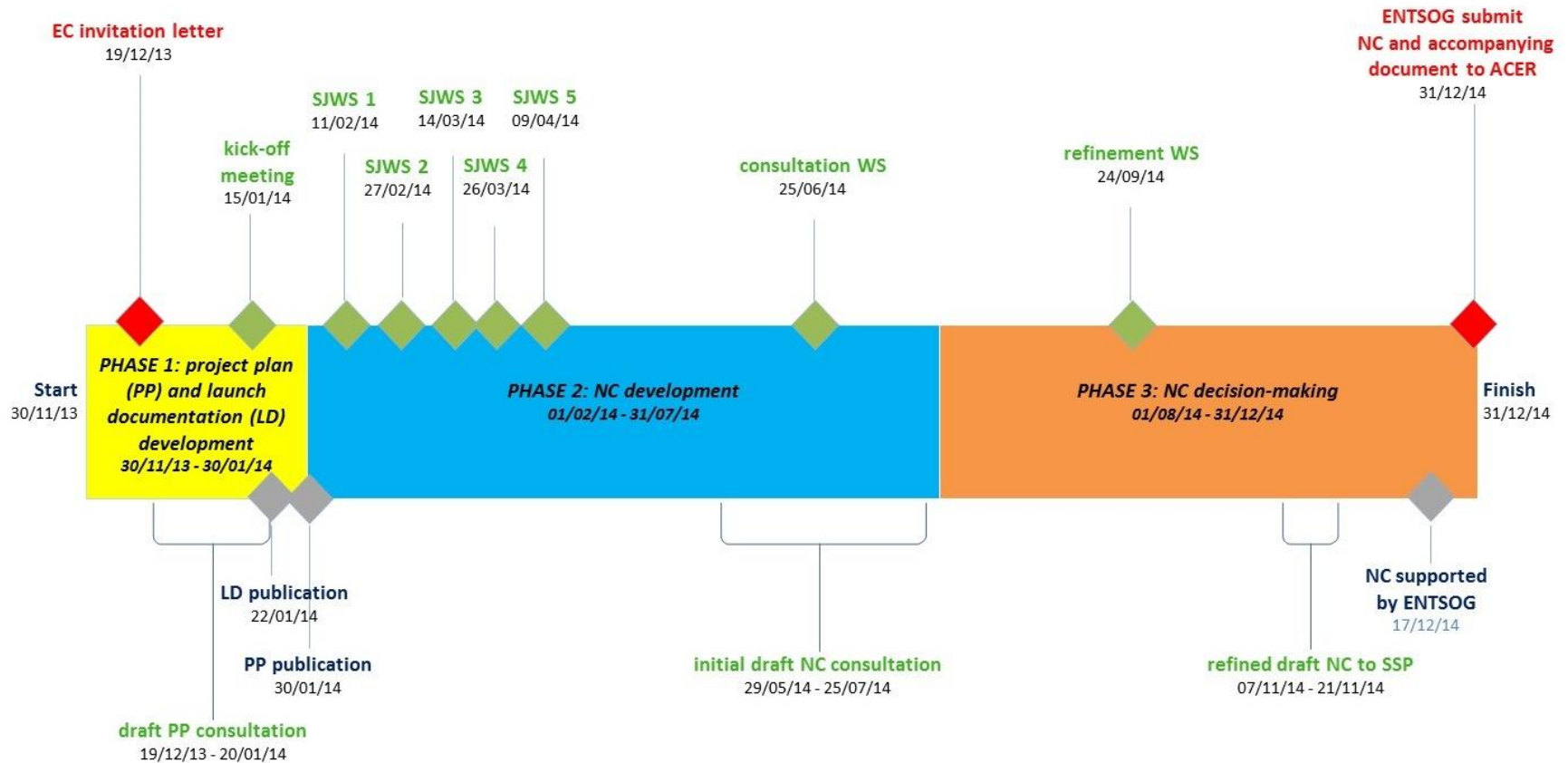
Colin Hamilton  
EU Code Development Manager  
10<sup>th</sup> April 2014



# European Network Code Development Process



# TAR NC Development Process



# TAR NC: Process Update

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- **ENTSOG Stakeholder Joints Working Sessions now complete**
  - All materials published on ENTSOG Website
  - Draft Business Rules published
    - These will form the basis of the Draft Network Code
    - <http://www.entsog.eu/publications/tariffs#TAR-NC-MEETINGS-SJWS--WORKSHOPS>
- ACER published its support document for Framework Guideline on 31<sup>st</sup> March
  - [http://www.acer.europa.eu/Gas/Framework%20guidelines\\_and\\_network%20codes/Documents/Justification%20document%20Policy%20Options%20for%20Harmonised%20Transmission%20Tariff%20Structures.pdf](http://www.acer.europa.eu/Gas/Framework%20guidelines_and_network%20codes/Documents/Justification%20document%20Policy%20Options%20for%20Harmonised%20Transmission%20Tariff%20Structures.pdf)

## TAR NC: Next stages for ENTSOG

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- Consider stakeholder feedback from SJWS
- Develop legal text for the first draft of the TAR NC
- Iterative process within ENTSOG of refining legal text of the draft of the TAR NC and produce supporting document
  - Any stakeholder feedback received will feed into the process
- Draft TAR NC due for approval within ENTSOG's internal governance process by mid-May
- Publish draft TAR NC and supporting document for consultation

## Draft TAR NC consultation

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- Public Consultation on the draft TAR NC will take place from the end of May to the end of July
- Two months for stakeholders to consider the draft TAR NC and respond to the consultation
  - May 30th to July 30th
  - Consultation questionnaire
- Stakeholders will have possibility to provide text proposals
- **Next Workshop: 25<sup>th</sup> June**

# Key Issues/Deviations from Framework Guideline

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- Fixed Price vs Floating price at IPs
  - still an area of strong contention with shippers wanting to retain option of allowing fixed price – especially for incremental capacity.
  - ACER's FG provides clear steer that at IPs price should “float”.
  - Will require “new evidence” before ACER will reconsider position.
  - **Draft Business Rules from ENTSOG allow both Fixed & Floating**



# Key Issues/Deviations from Framework Guideline

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- Single Regulatory Account
  - Tariffs should be set to minimise any gaps between allowed revenue and revenues collected
  - FG only allows reconciliation within one regulatory account
  - Initial concern that this wouldn't allow for sub-accounts
  - ACER have now clarified that can have sub-accounts but only for transparency and tracking any under or over recovery
    - No ring fencing
- What does this mean?
  - Impact on entry/exit split
  - Potential IP and domestic sub-accounts?

# Key Issues/Deviations from Framework Guideline

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- Dedicated services
  - Allowed to have 5% of revenue recovery based on “dedicated services & infrastructure”
  - ENTSOG struggled to create exhaustive list or clear definition
- ENTSOG proposes to move these outside of definition of “Transmission Services” therefore out of scope of TAR NC
  - Shorthaul
    - may not be allowed at IPs
    - Could “survive” if classed as a “dedicated service”

# Key Issues/Deviations from Framework Guideline

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- Implementation & Mitigation
  - Implementation by 1<sup>st</sup> October 2017 **or** 18 months after Code comes into force (whichever is later)
  - Can delay up to 24 months in exceptional circumstance such as if the application of TAR NC
    - affect the execution of specific contracts;
    - does not coincide with the commencement of the gas year, tariff setting cycle or regulatory period;
    - where tariffs would increase by more than 20%
  - Stepping out of contracts (e.g. one-off reset right) – Unlikely:
    - Code can't dictate on contractual rights (MS issue)
    - Would destabilise tariffs for other users.

# Key Issues/Deviations from Framework Guideline

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## ■ Storage

- In setting or approving tariffs for entry and exit points from and to gas storage facilities, NRAs shall consider the benefits which storage facilities may provide to the transmission system and the need to promote efficient investments in networks.
- NRAs shall also minimise any adverse effect on cross-border flows.
- GB status quo will have to be justified

# Key Issues/Deviations from Framework Guideline

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- Standard Gas Tariff Year: Options:
  - 1st January – 31st December
  - 1st October – 30th September
  - No harmonisation, maintain the status quo
  - Stakeholders will be consulted re impact assessment and ascertaining the most important requirements for the market.
- Could create issues in GB if 1<sup>st</sup> January chosen
  - e.g. price volatility
- Alignment of tariff publication with auction cycle is more important.

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# **CAM & ZIGMA Consultation**

10 April 2014 London

**Consultation launched 8 April 2014, closes 6 May 2014**

## **Consultation Letter**

- Sets out the consultation process, timeline and how to respond
  - Includes specific questions

## **Concept Document**

- Introduces IUK & Fluxys Belgium's proposed cross-border Entry-Exit zone, ZIGMA
  - Brings together the Interconnector Pipeline, Zeebrugge area and Zeebrugge Beach (becomes Virtual Trading Point)
- Sets out key concepts for implementing new European regulation
  - CAM across the 3 TSOs
  - BAL within ZIGMA
- Covers interim period, up to 2018, and the enduring regime

Date	Action
8 April 2014	Consultation opens
25 & 28 April 2014	Industry Workshops on ZIGMA <ul style="list-style-type: none"> <li>• Brussels (25 April 2014)</li> <li>• London (28 April 2014)</li> </ul>
6 May 2014	Consultation closes
13 May 2014	Non-confidential responses published
May 2014	IUK, Fluxys Belgium and NGG review responses and refine proposals
Late 2014	NGG UNC mod consultation (Summer 2014) <i>NRA 'minded to' opinion (September 2014)</i> Fluxys Belgium STA, ACT, TP consultation (Late 2014) IUK IAA consultation (Late 2014)
1 November 2015	Implementation (subject to the required agreements and approvals and subject to process and system changes)

**The consultation can be found on IUK, NGG or Fluxys' websites:**

[www.interconnector.com/about-us/what-we-have-to-say/consultations/](http://www.interconnector.com/about-us/what-we-have-to-say/consultations/)

[www2.nationalgrid.com/UK/Industry-information/Europe/Consultations/](http://www2.nationalgrid.com/UK/Industry-information/Europe/Consultations/)

[www.fluxys.com/belgium](http://www.fluxys.com/belgium)

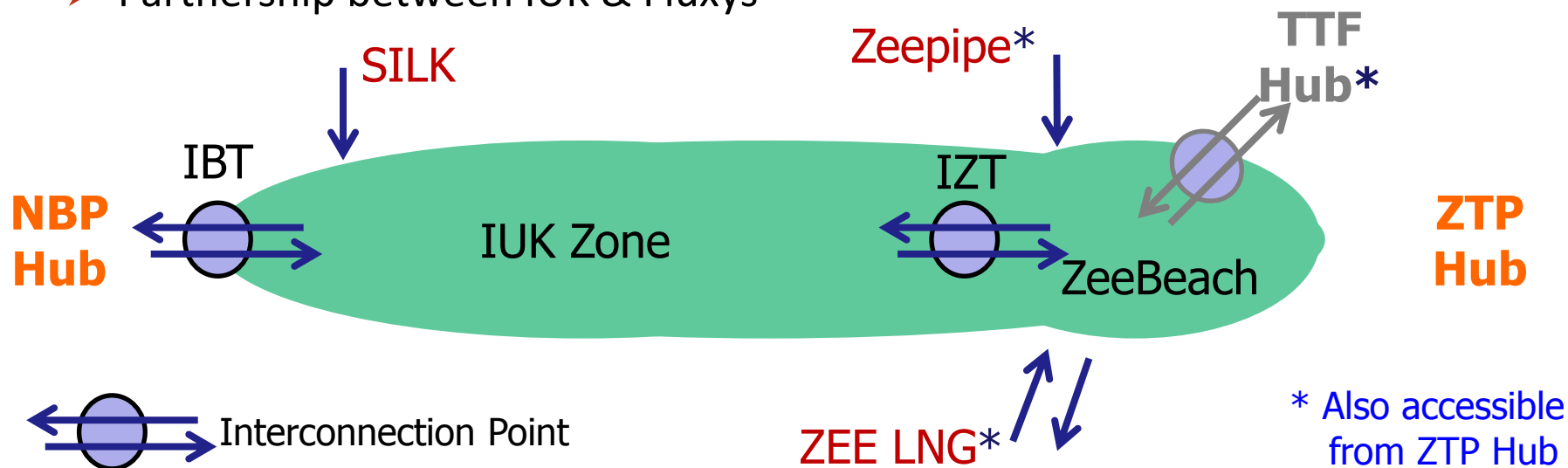




# ZIGMA

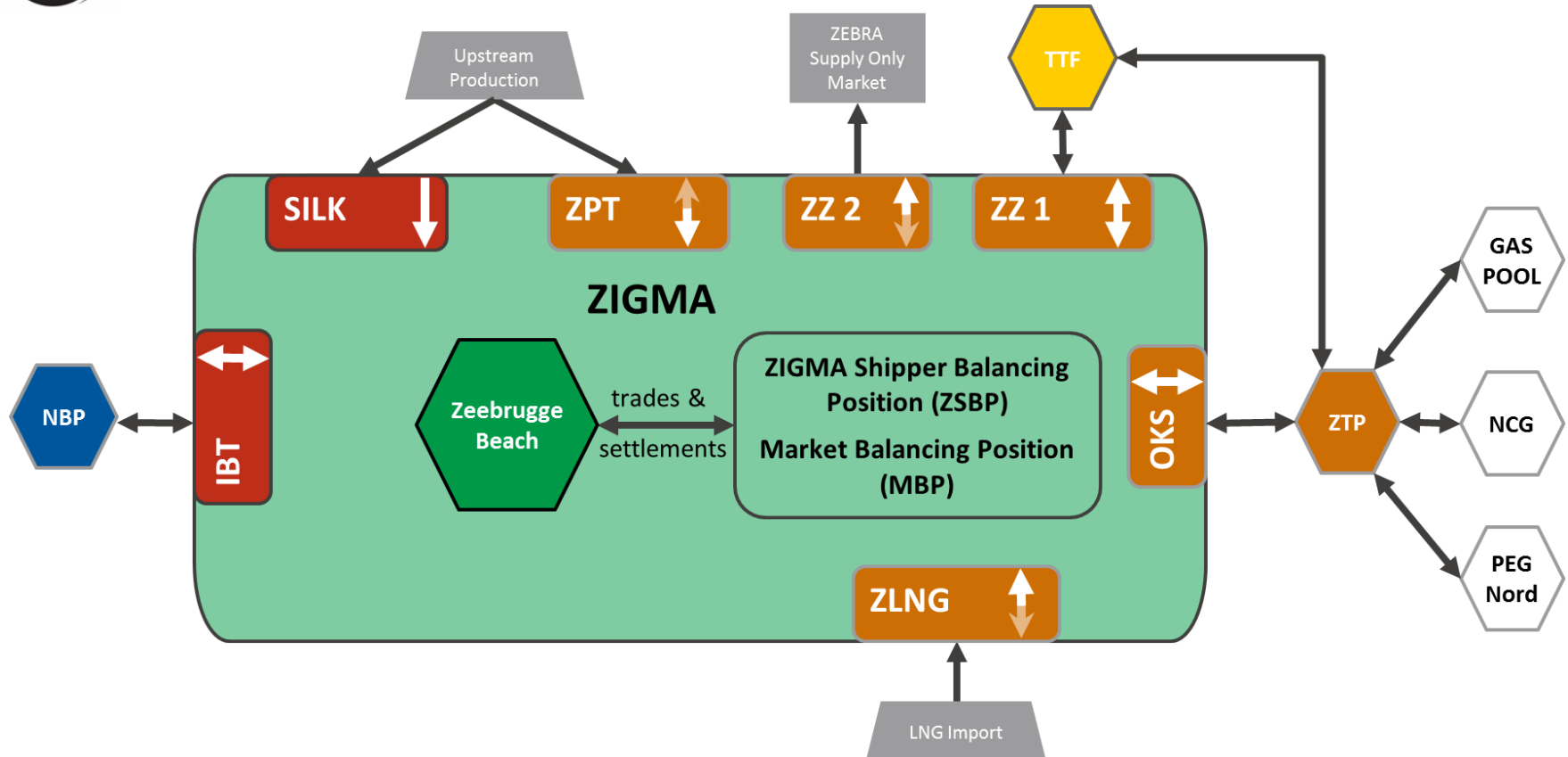
## Merging Interconnector and Zeebrugge Beach

- Zeebrugge Beach becomes a virtual Hub
- Interconnection Points with NBP, ZTP, TTF
- Upstream and LNG connections
- Partnership between IUK & Fluxys



**ZIGMA (Zeebrugge beach Interconnector Gas Market Area)**

The first cross-border entry/exit zone,  
providing improved services to the market



## Industry Workshops planned

- 25 April in Brussels
- 28 April in London

**We look forward to receiving feedback on our proposals by 6 May 2014**

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# **CAM Principles**

## Capacity Allocation Mechanisms

- To be implemented by 1 November 2015

### Establishes rules relating to:

- Standard Capacity Products and bundling
- Booking platform and auction process
- TSO co-operation

### In response TSOs propose to:

- Market capacity via PRISMA using CAM auction rules
- Auction Standardised Products, calendar as per CAM
- Bundle capacity if possible, accept single nominations
- Move to new Gas Day
- Nov 2015- Sept 2018: IUK will market IAA capacity from CMP
- Oct 2018: all available firm capacity

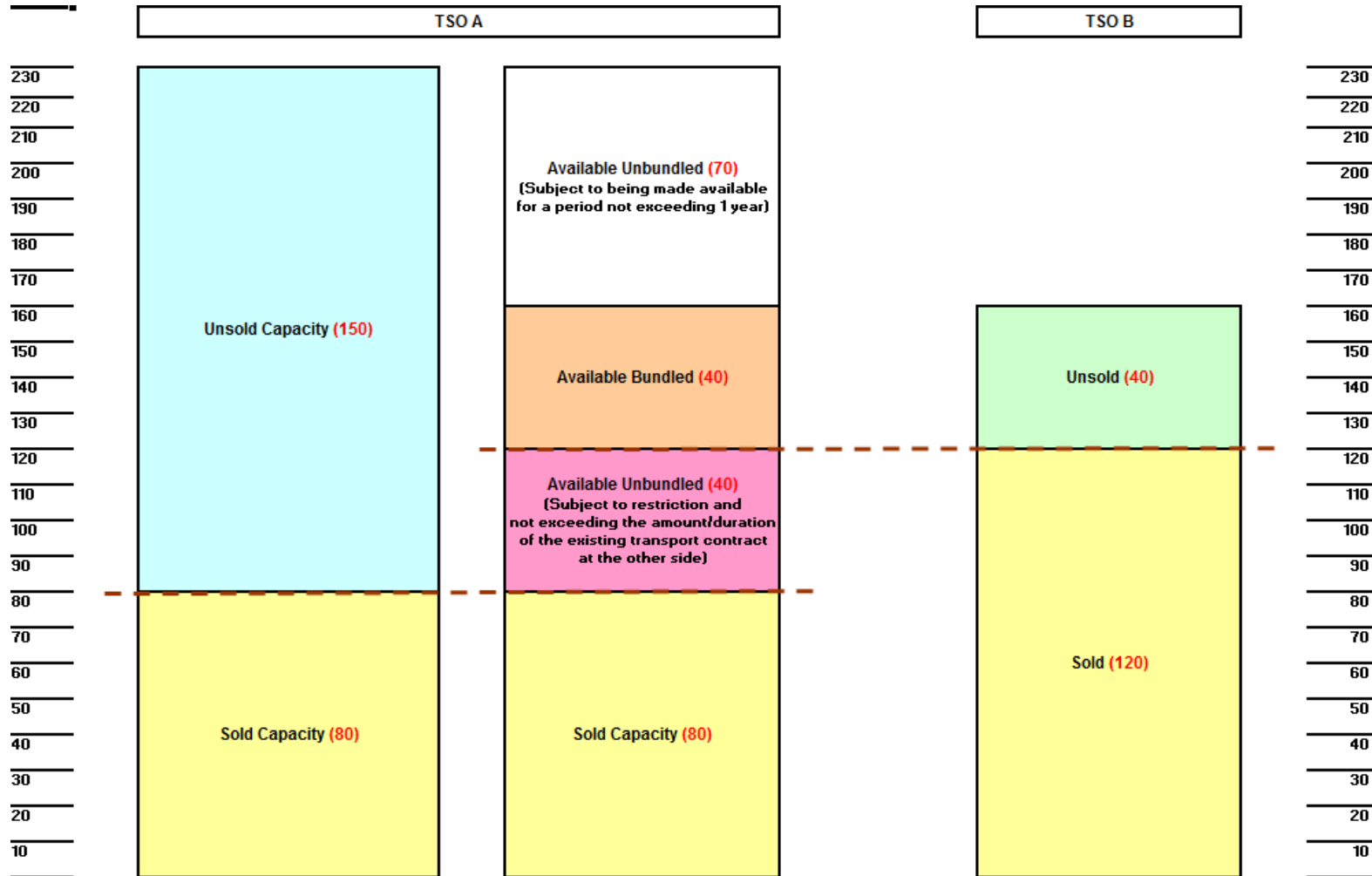
## TSO co-ordination






- Agree on bundled product-offering at IPs
- Co-ordinate bundled auctions, nominations, matching and information publication
- Standard communication procedures & information systems across IPs
- Joint documentation
  - Consultation on CAM implementation proposal
  - Joint method to maximise technical capacity
- Co-ordinate maintenance programmes

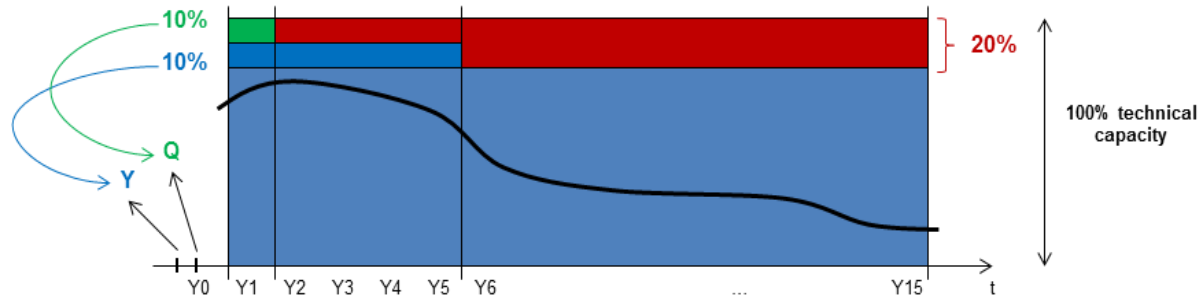
## Auction prices

- Reserve price of bundle = sum of reserve prices
- Price steps in auction to be agreed
- Splitting of auction premium to be agreed

# Bundling: snapshot



	SOLD CAPACITY
	UNSOLD CAPACITY
	AVAILABLE UNBUNDLED CAPACITY - CAM Art 19.5 a
	AVAILABLE UNBUNDLED CAPACITY - CAM Art 19.5 b
	AVAILABLE CAPACITY - Bundled



- 20% capacity set aside for short-term auctions
- Bundled capacity bought according to contractual terms on each side of the IP: each TSO applies their rules as for unbundled capacity
- Single nominations accepted
- CMP: BB, Surrender, LT UIOLI apply - same rules as unbundled



AUCTIONS HELD:		= capacity offered in auction		= no capacity available to offer in auction																																											
	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18										
Annual Yearly Auction																																															
Annual Quarterly Auction																																															
Rolling Monthly Auction																																															
Rolling Day Ahead Auction																																															
Within Day Auction																																															
<b>CAPACITY OFFERED:</b>		Note these are the maximum capacities that could be offered, the amount will be reduced if capacity is already sold in a previous auction																																													
Annual Yearly Auction	07/03/2016											06/03/2017											05/03/2018																								
	90% of technical capacity for GasYear 2018/19											90% GasYear 2018/19											90% GasYear 2018/19																								
	90% GasYear 2019/20											90% GasYear 2019/20											90% GasYear 2019/20																								
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	80% GasYear 2021/22 -GasYear 2032/33											90% GasYear 2021/22											90% GasYear 2021/22																								
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																							80% GasYear 2023/24 -GasYear 2034/35																								
Annual Quarterly Auction	(Auctions could be held during this time if quarterly capacity is surrendered by STA Shippers or made available through LT UIOLI)																							04/06/2018																							
	100% of technical capacity for Q1, Q2, Q3, Q4 2018/19																																														
Rolling Monthly Auction	(Auctions could be held during this time if monthly capacity is surrendered by STA Shippers or made available through LT UIOLI)																							17/09/2018			15/10/2018			19/11/2018																	
	100% Oct 2018									100% Nov 2018									100% Dec 2018																												
Rolling Day Ahead Auction	01/11/2015			02/11/2015			03/11/2015			(CMP capacity refers to OS, LT UIOLI or surrendered capacity made available under the IAA)																																					
	100% CMP capacity for 2/11/15			100% CMP capacity for 3/11/15			100% CMP capacity for 4/11/15																																								
Within Day Auction	(capacity offered if applicable)																																														

## To be implemented by 1 October 2015

- Propose to implement with CAM

## Establishes rules relating to:

- TSO balancing regimes
- Incentivising Shippers to balance portfolios
- Nomination rules
- Information provision to the market

## ZIGMA balancing regime will:

- Make ZIGMA Shippers responsible for balancing
- Limit intervention by the Balancing Agent to cases where the market imbalance exceeds predefined thresholds
- Enable cost-reflective balancing actions to be passed onto the responsible parties

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# **CAM & ZIGMA Consultation**

Consultation closes 6 May 2014

We look forward to receiving your feedback

