

ACER will not propose the Network Code amendment requested by Oil and Gas UK and Gas Forum to the Commission

Ljubljana, 19 March 2015

The Agency for the Cooperation of Energy Regulators (ACER) will not propose to the European Commission the amendment request of Oil and Gas UK and Gas Forum. The two UK associations requested last year to amend the Network Codes on Capacity Allocation Mechanisms ('CAM') and Balancing ('BAL') to retain the current Gas Day in the UK. Following a public consultation on the matter, the Agency informed the parties about its position in a [letter](#) sent this week.

Oil and Gas UK and Gas Forum requested to retain the current UK Gas Day for the UK and Ireland by derogating Article 3(7) of the Network code on Capacity Allocation Mechanism.

Following a public consultation, the Agency looked at the merits of the proposal and found that it fell short, both for substantive and procedural reasons. On substance, the justification of the amendment did not:

- Substantiate significant elements, while the burden of proof for the proposed derogation and its effects lies with the proposing parties.
- Provide a credible cost-benefit analysis for the different scenarios and effects on the downstream market showing that the costs outweigh the benefits.
- Model the claimed negative impacts on the liquidity of the UK national balancing point (NBP).
- Provide all the information requested, in particular regarding production profiles.

In terms of process, the main reasons for not further considering the amendment are the following:

- The network codes concerned (CAM and BAL) were prepared and discussed for a number of years with the full involvement of stakeholders, including upstream industry representatives.
- The parties' submission and the public consultation have not delivered new evidence, which could not have been included in the original NC development process.
- An amendment proposal has considerable lead times.
- The derogation could substantially delay the overall implementation of the NC CAM and BAL in the UK, as the implementation of the two network codes is linked and it is ongoing.

Allowing amendments to go ahead without novel elements and strong market support could easily undermine the credibility of the Framework Guidelines and Network Codes development processes in general and set a negative precedent.

Background information

On 24 July 2014, the Agency received the joint submission of Oil & Gas UK and the Gas Forum for an amendment proposal to the Network Codes on Capacity Allocation Mechanisms ([NC CAM](#)) and

Balancing ([NC BAL](#)). The proposed amendment would allow the UK and the Republic of Ireland to derogate from the obligation of adopting the common times of the Gas Day as defined by Article 3(7) of the NC CAM.

From 19 January 2015 to 9 February 2015 the Agency publicly consulted on the UK Gas upstream industry proposal. A summary of the responses, as well as the responses themselves, are available [here](#).

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