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9 February 2015

Dear Sir/Madam,

Re: Public Consultation on the Oil & Gas UK Proposal to amend the Gas Network Codes CAM and BAL to retain the UK Gas Day

We welcome the opportunity to respond to this consultation, which is made on behalf of National Grid Gas plc (NGG), in its role as owner and operator of the Gas National Transmission System in Great Britain ("National Grid NTS").

As the GB Transmission System Operator (TSO) we are a member of the European Network of Transmission System Operators for Gas (ENTSOG). ENTSOG has submitted a response to this consultation which we have reviewed and contributed to. We support ENTSOG's position which opposes further consideration of the Oil & Gas UK amendment proposal by ACER. However, as the outcome of this amendment proposal may directly impact our national EU Network Codes implementation plan, we wish to provide some additional detail as to why we oppose further consideration of this amendment proposal.

Please find our response to the consultation questions overleaf. Should you have any queries on this response please contact [REDACTED]

Yours faithfully,

[by email]



1) Respondent's name & contact details, name & type of organisation or stakeholder



National Grid Gas plc, as TSO for Great Britain.

2) Please provide a short description of your interest, motivation & role in this amendment proposal

National Grid is the GB TSO and therefore has a significant interest in the outcome of the Oil & Gas UK amendment proposal.

3) Do you support, oppose, or have a neutral position towards the proposed amendment being further considered by ACER? Please specify the main reasons why you think ACER should or should not pursue this amendment request

Oppose

National Grid NTS opposes further consideration of the Oil & Gas UK proposal by ACER.

We have been working closely with Oil & Gas UK, its members and other parties in the GB upstream industry for over a year to address the practical and commercial complexities with North Sea gas production that provide challenges to them moving to a 05:00-05:00 UTC¹ gas day for 1 October this year. Since October 2014, we have been developing an interim solution with the upstream industry as part of an industry workgroup, which would allow a transitional period for them to make the necessary changes required for the new gas day, while the downstream network, i.e. the GB balancing zone, moves to 05:00-05:00 UTC on 1 October. For the avoidance of doubt, we believe that GB compliance with the CAM and BAL codes does not depend on this interim solution.

The industry workgroup assessing this solution has made good progress, although the full solution, which manages the interface between two different gas days, is still under development. We have consistently advocated that while we will support an interim solution, the optimal enduring outcome is for all GB gas industry participants to change to the standardised gas day of 05:00-05:00 UTC.

If ultimately the Oil & Gas UK proposal were to be approved, we would view this as a retrograde step in the development of the Internal Energy Market in Europe. Maintaining different gas days between the UK's NBP market and adjacent hubs may well prevent (and certainly would not assist in) the development of closer links between markets which may be desired in the future.

In addition to the points raised in the ENTSOG response, we also wish to highlight several EU Network Code implementation issues related to the Oil & Gas UK proposed amendment:

¹ CAM regulation article 3.7: 'gas day' means the period from 5:00 to 5:00 UTC the following day for winter time and from 4:00 to 4:00 UTC the following day when daylight saving is applied;

- It is unclear what the timescales would be for this proposed amendment to complete comitology and be implemented, though we firmly expect that this will not be possible in time to avoid implementation of the 05:00-05:00 UTC gas day on 1 October 2015. Therefore, it is essential that National Grid and all other downstream parties, including Distribution Networks and Shippers, are not distracted by the existence of this proposed amendment from continuing with their plans and expenditure for implementing the revised gas day in order to facilitate compliance with the CAM and BAL codes this year.
- If the proposed amendment were to be implemented, and therefore avoid costs on the upstream industry, it would have the opposite effect on all downstream parties by placing additional costs on them to reverse the gas day change. There would also be further costs associated with developing revised EU Network Code rules and commercial arrangements (capacity matching, nominations, allocations) with adjacent TSOs to manage the interface between two different gas days, whether at the Interconnection Points or via a commercial interconnector service as proposed by Oil & Gas UK.
- Even if the comitology process could be completed in a few months, we do not believe it would be possible to develop and implement the necessary revised arrangements described above in time to avoid changing the gas day in October 2015. In addition, there is already insufficient time for us to remove the gas day change from our EU Network Code implementation plans without adversely affecting the delivery of the other components of the BAL and CAM codes in compliance timescales.