

# Pre-mod discussion: Treatment of Capacity at Combined ASEPs



1 June 2017

# Gas Charging Review: Proposed Modification Structure

Modification Structure	Topics covered in Modifications	Comments
Gas Charging Review Modification	<ul style="list-style-type: none"> <li>• Reference Price Methodology</li> <li>• Revenue Reconciliation approach</li> <li>• Multipliers and Specific Discounts (e.g. Article 9 discounts),</li> <li>• Historic treatment of capacity</li> <li>• Interruptible pricing</li> <li>• Forecasted Contracted Capacity (FCC) methodology</li> <li>• Avoiding Inefficient bypass – charging product</li> </ul>	<ul style="list-style-type: none"> <li>• Covering topics that are closely linked and beneficial to keep together</li> <li>• Placeholders / defaults for certain areas to begin with (e.g. Multipliers / Discounts, interruptible pricing, historic treatment, avoiding inefficient bypass, etc)</li> <li>• To be developed through NTSCMF</li> </ul>
Treatment of Capacity at Combined ASEPs	<ul style="list-style-type: none"> <li>• Method of splitting capacity at combined ASEPs not the prices associated to that capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Method of splitting capacity at combined ASEPs</li> <li>• Pricing methodology for this capacity will be in the main charging review modification</li> <li>• <b>To be developed through Transmission Workgroup</b></li> </ul>

## Treatment of Capacity at Combined ASEPs

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- New mod to be developed on treatment of capacity at combined ASEPs
  - Some ASEPs may have multiple classifications of capacity (e.g. beach and storage or LNG entry)
  - Discounts allowed under Art 9 of TAR NC for certain classifications
- Compliments new UNC mod on “Amendments to Gas Transmission Charging Regime”
- Deals with treatment of capacity rather than how specific charges are set (hence a separate mod from main charging review mod)

## Treatment of Capacity at Combined ASEPs

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- From proposed draft Mod: **“Amendments to Gas Transmission Charging Regime”**
- *“For Article 9 within the EU Tariff code there is a mandated minimum proposal set out which is that a specified storage site will get a 50% discount on the capacity prices, **the storage discount will be based on locations where the type of Entry point/Offtake is designated as a ‘Storage Site’ in the Gas Transporter Licence**”.*

## Treatment of Capacity at Combined ASEPs

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- This Mod facilitates the ability to apply adjustments to tariffs at specific classifications of points with an ASEP but it differs from Bacton split Mod 501
  - It is not required for “Amendments to Gas Transmission Charging Regime” Mod to proceed
  - The ASEP need not be split (but this is an option)

## Treatment of Capacity at Combined ASEPs

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- Only points designated under certain classifications can have discounts
- Change likely to have impact on Licence
- NGG currently open on how to approach this issue. E.g. options could range from:
  - ASEP split; to
  - Keep ASEP whole but have methodology to identify capacity associated with storage or LNG entry points

## Questions

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### ■ ASEP split:

- What lessons can be learned from Bacton split?
- Should existing combined ASEPs be split to allow any discount to be applied?
- Should new points that could be incorporated within an existing ASEP be so, or be set up as a new ASEP?

## Questions

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### ■ **ASEP classification methodology:**

- If ASEP kept whole then how can capacity be classified to attract any discount:
- Ex-post: allocated flows?
- Ex-anti: periodic application of classification for a set duration?