

# UNC Mod 0611 update



4 May 2017

## MOD 0611 – updated legal text

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### EID Section B 2.1.5

(g) “**Reserve Price**” means ~~the (subject to paragraph 2.1.7) the reserve~~ price below which ~~(applicable to the relevant Capacity Period) in respect of~~ Interconnection Point Capacity may not be purchased which shall be set for each Gas Year in accordance with the ~~prevailing~~ National Grid NTS Transportation Statement for that Gas Year as at the Auction Information Time ;

## MOD 0611 – updated legal text

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### EID Section B 2.1.5

(I) “NTS Auction Price” means ~~the Reserve Price plus~~ the NTS Share of the Auction Premium plus:

(i) for the purposes of calculating the Applicable Daily Rate, the Reserve Price prevailing in respect of the period in relation to which the Applicable Daily Rate is payable;

(ii) for the purposes of an Auction, where the Auction relates to a period of one Gas Year, the Reserve Price prevailing in respect that Gas Year ~~the Reserve Price prevailing in respect the period to which the Auction relates,~~ or where the Auction relates to a period of more than one Gas Year, the Reserve Price prevailing in respect the first Gas Year to which the Auction relates;

## MOD 0611 – TAR NC Art 35

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- Issue raised re Art 35 at April WG
- Agreed to update to legal text to reflect TAR NC Art 35 (legacy protection for fixed price capacity allocated before 6 April 2017)
- Only Bacton Entry capacity allocated before Bacton split impacted
- Options considered were:
  - Modify suggested text to acknowledge legacy capacity in EID
  - Leave current draft text and include section on Transition Document in area concerning price of entry capacity at Bacton IP at time of Bacton split

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- **TD PART IIE – RE-ALLOCATION OF NTS ENTRY CAPACITY AT BACTON ASEP**
- 4.3 For the purposes of determining the NTS Entry Capacity Charges payable in respect of NTS Entry Capacity held by a Bacton User at the Bacton IP ASEP or the Bacton UKCS ASEP for a relevant period the Applicable Daily Rate shall be the weighted average of the Applicable Daily Rates payable by the Bacton User for Relevant Registered NTS Entry Capacity at the Bacton ASEP for the relevant period.

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**Solution proposed is to reference Transition Document concerning recalculated price at Bacton IP**

### **EID Section B 2.1.6**

For the purposes of TPD Sections B2.11 and B3.12 the Applicable Daily Rate in respect of Interconnection Point Capacity allocated in an Auction is, **subject to TD Part IIE paragraph 4.3**, the NTS Auction Price.

# MMP in Capacity Methodology Statements

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- Concept of MMP in UNC (EID Section E.8) but details in Methodology Statements
- 8. **APPLICABLE DAILY RATE FOR INTERCONNECTION POINT CAPACITY**
  - 8. For the purposes of TPD Sections B2.11 and B3.12 the Applicable Daily Rate in respect of Interconnection Point Capacity allocated under an alternative allocation mechanism is the Reserve Price plus any mandatory minimum premium referred to in paragraph 4.1.4(d)(i)(3) and calculated in accordance with National Grid NTS's Entry Capacity Release Methodology Statement or National Grid NTS's Exit Capacity Release Methodology Statement.

# MMP in Capacity Methodology Statements

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## ■ Details in Methodology Statements

**“242. The Mandatory Minimum Premium is an additional quantity that may be added to the applicable payable price, calculated to be the minimum value required to allow the Economic Test to be passed in the case where the allocation of all offered incremental capacity at the estimated reference price would not generate sufficient revenues for a positive economic test outcome. An estimate of the mandatory minimum premium will be provided as part of the project proposal. Where a Mandatory Minimum Premium is applied, the present value of the capacity commitments shall be calculated as the sum of:**

- i. The quantity of proposed incremental Interconnection Point Capacity x (estimated reserve price + Mandatory minimum Premium);*
- ii. The quantity of unsold Technical Interconnection Point Capacity x Mandatory Minimum”*

## MOD 0611 – TAR NC Art 35

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- Legal looked at issue of EU Codes and UNC having same defined terms but different wording in definitions (e.g. reserve price).
- This topic has been considered previously and deemed not to be a concern
- It is considered that this is not an issue as Defined Terms in UNC are context specific to UNC
- If any concerns were to be raised then UNC could be modified