

Long Term Non Firm Capacity



4th July 2013

Overview of Slides

- Points raised during 6th June Workgroup
- Updates to Modification
- Process Flow Diagram for LTNF Requests
- Timeline for LTNF Requests
- Request Pro-forma
- LTNF Scenarios
 - Interacting Requests
 - Early completion of reinforcement

Requests Beyond Y+1?

■ Pros

- User only required to submit request(s) on a single occasion
- Increased User confidence in obtaining LTNF capacity across multiple gas years

■ Cons

- If reinforcement were completed ahead of schedule, NG NTS may make Non-Obligated Firm Capacity available (through existing mechanisms) and therefore the release of LTNF capacity for that period may not be required.

■ Proposal

- Keep timescales as M+2 to Y+1

Should LTNF charges contribute to User Commitment?

- User Commitment applies to Enduring Annual NTS Exit (Flat) Capacity due to the evergreen nature of the product and the link to the provision of long term signals for network reinforcement
 - The release of LTNF is not a trigger for investment but a consequence of a User requiring access to the NTS earlier than NG NTS can provide the associated Incremental Enduring Annual NTS Exit (Flat) Capacity
 - LTNF Capacity is only made available for a time bound period prior to the delivery of the Firm Capacity
- Therefore we propose that LTNF capacity charges do not contribute to the User Commitment
- This is not in contradiction to allowing Capacity signalled in the Transitional Exit Period to count towards User Commitment in the Enduring Period
 - Capacity increases signalled in the Transitional Period became Enduring Annual NTS Exit (Flat) Capacity and therefore the associated charges contributed to the associated User Commitment

Updates to the Modification

- Minor wording changes for clarification/consistency
- Inclusion of the Relevant Charging Objectives
- Capacity Duration: Clarification that a User may submit a request for each calendar month in Gas Year Y and Y+1 at the same time through the submission of a single pro-forma.
- Timeline: it is noted that a request for capacity in Y+1 can only be made if the relevant notice of Gas Transmission Transportation Charges has been published.
- Exit Option Agreement: clarification has been added that no tender will be needed for a LTNF Exit Option Agreement (consistent with the Entry paragraph)

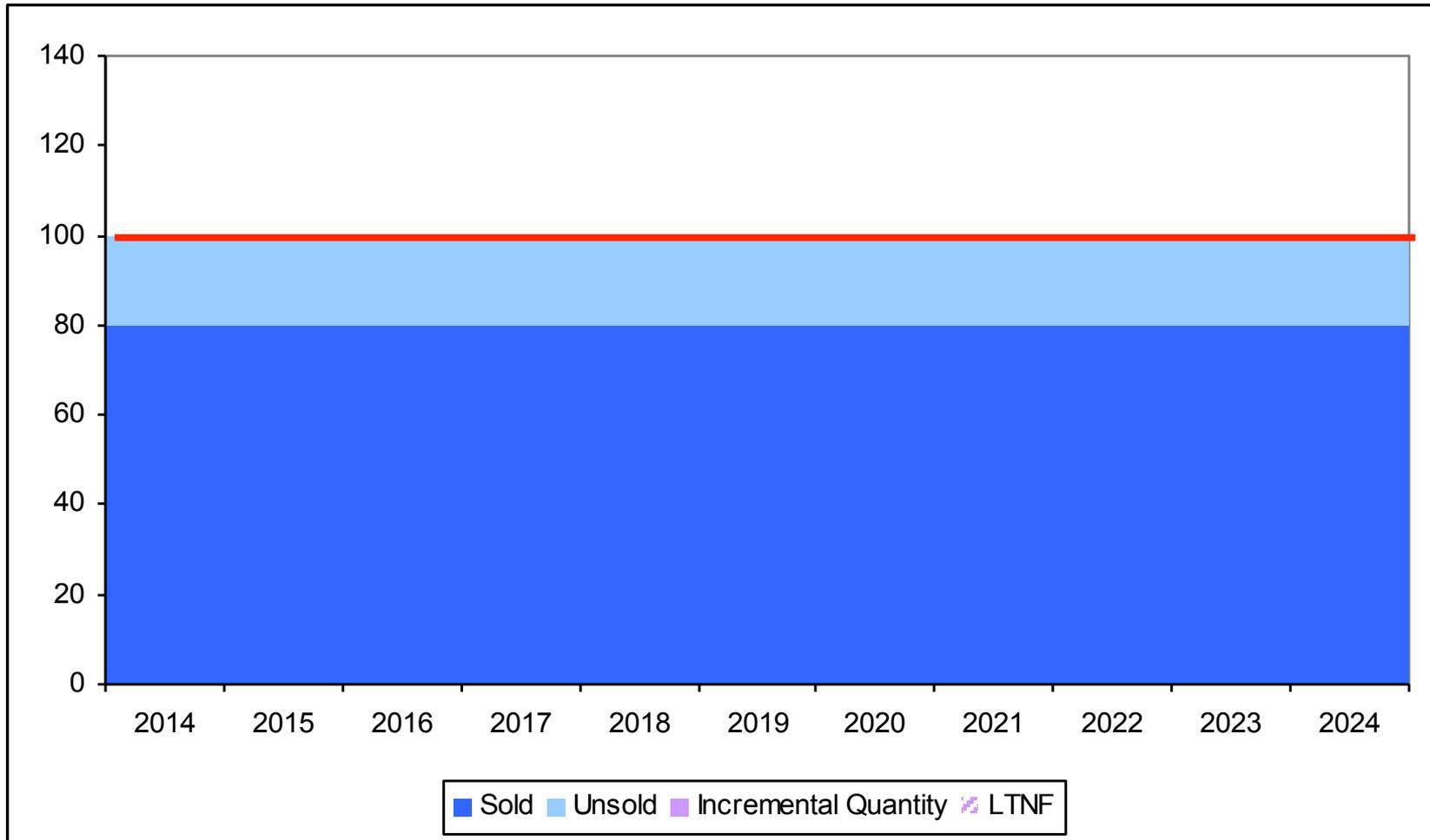
PFD, Timeline & Pro-forma

- NG NTS have provided the following draft supporting documents to aid understanding and to clarify elements of the modification:
 - Process Flow Diagram for LTNF Requests
 - Timeline for LTNF Requests
 - Request Pro-forma

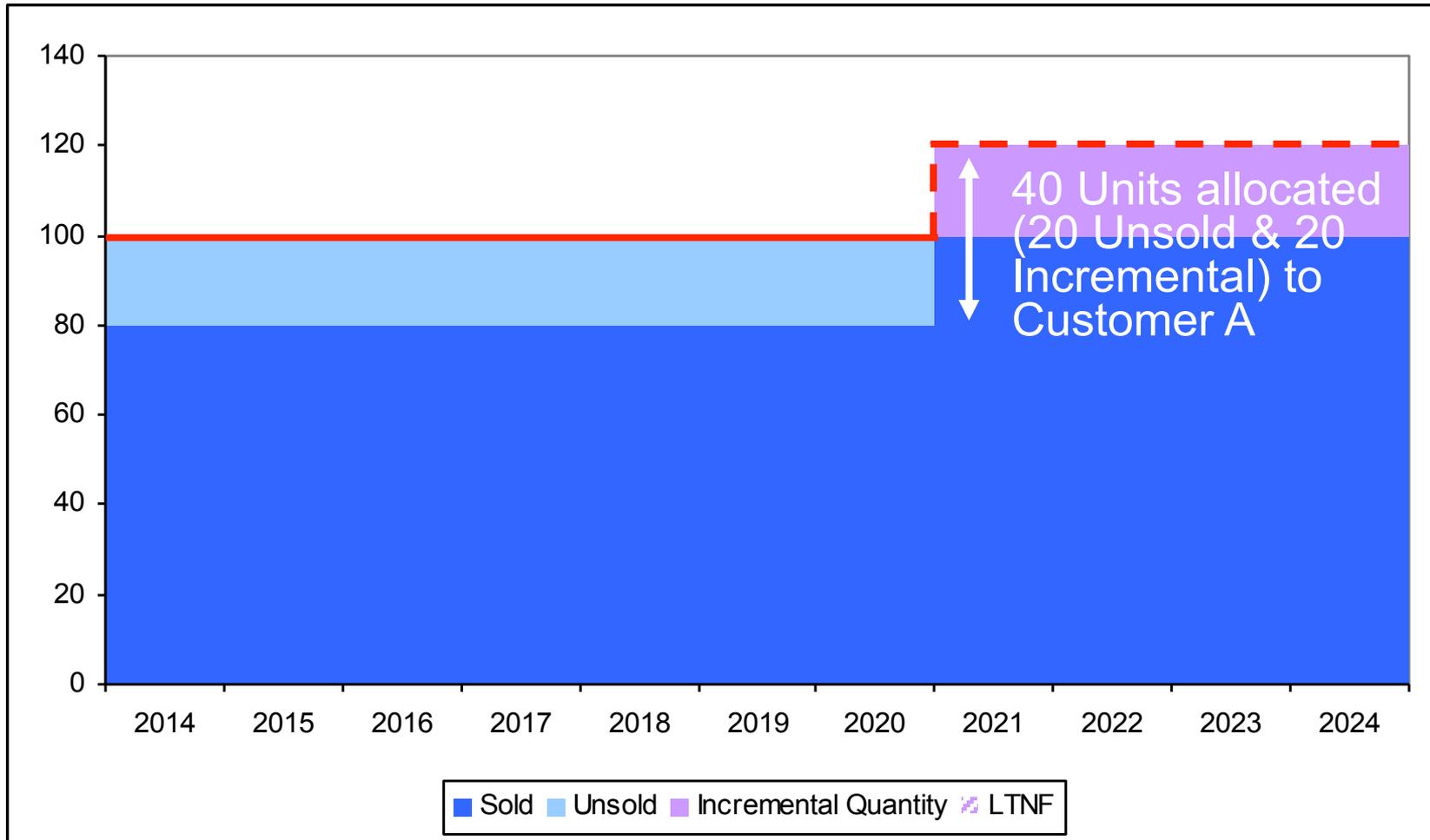
LTNF Scenarios

- NG NTS agreed to consider some scenarios surrounding the release of LTNF Capacity
 - Interacting requests for LTNF (Customers A & B)
 - Reinforcement ready early

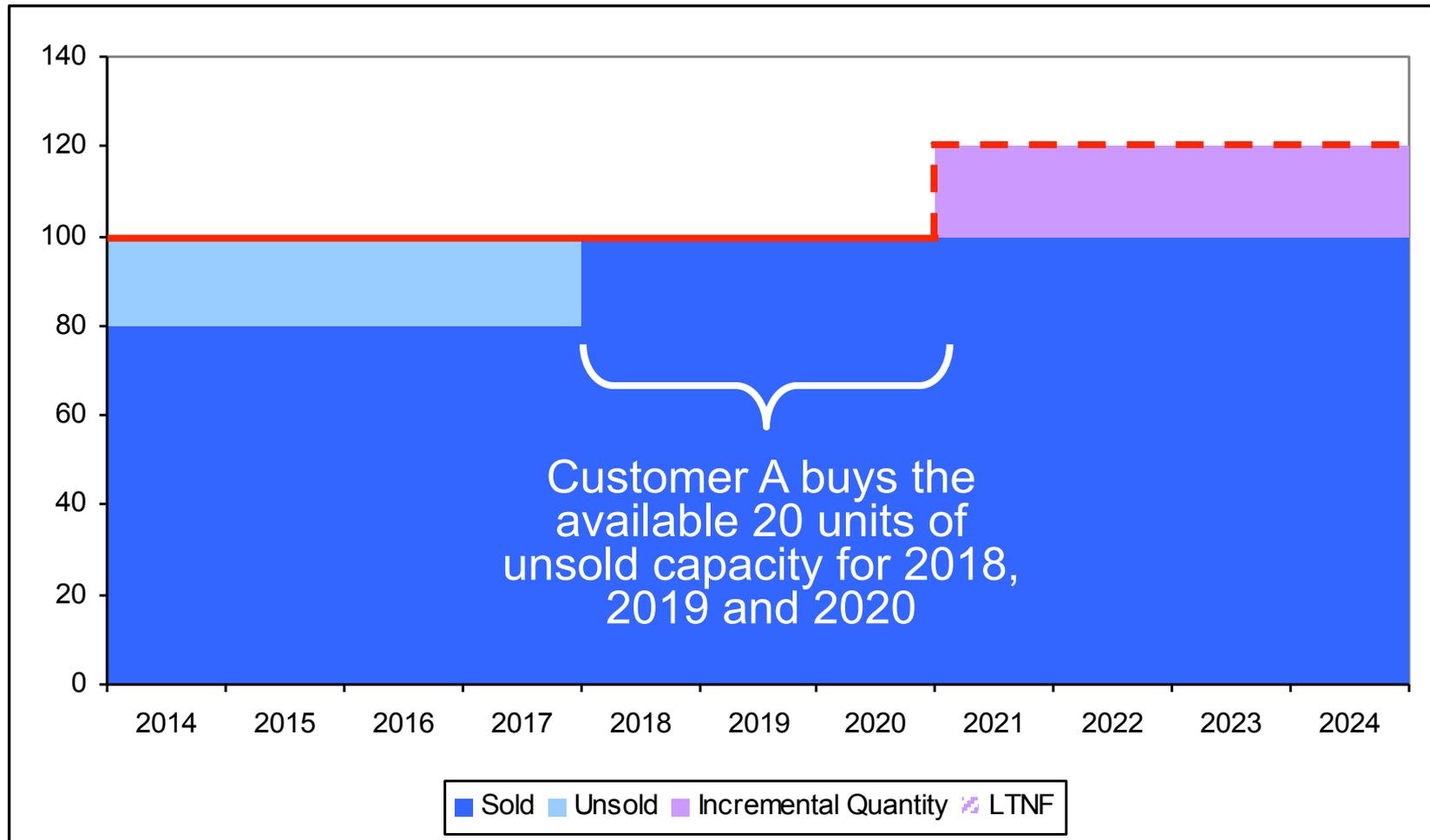
Example 1: Interacting Requests



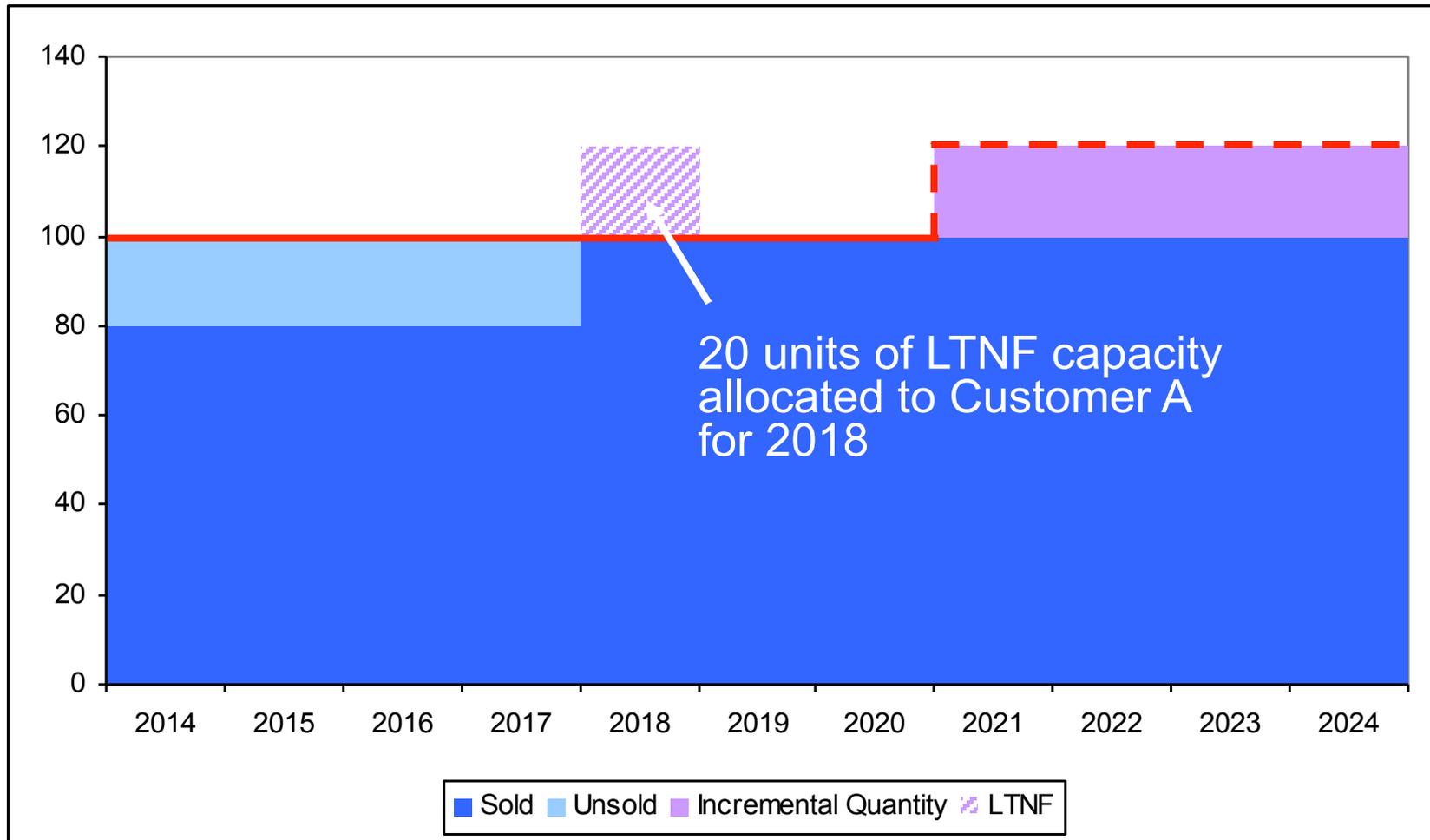
Example 1: Interacting Requests



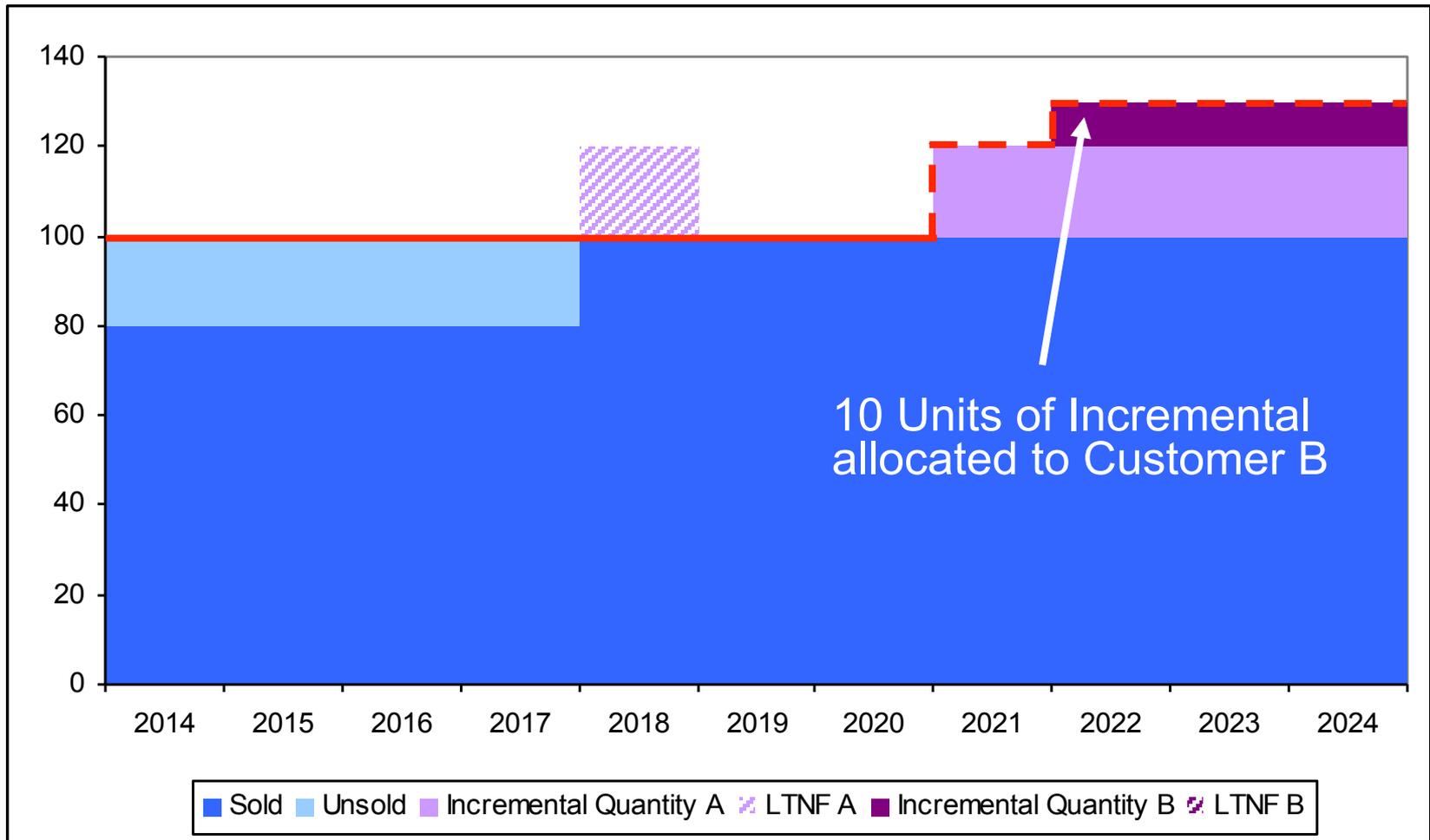
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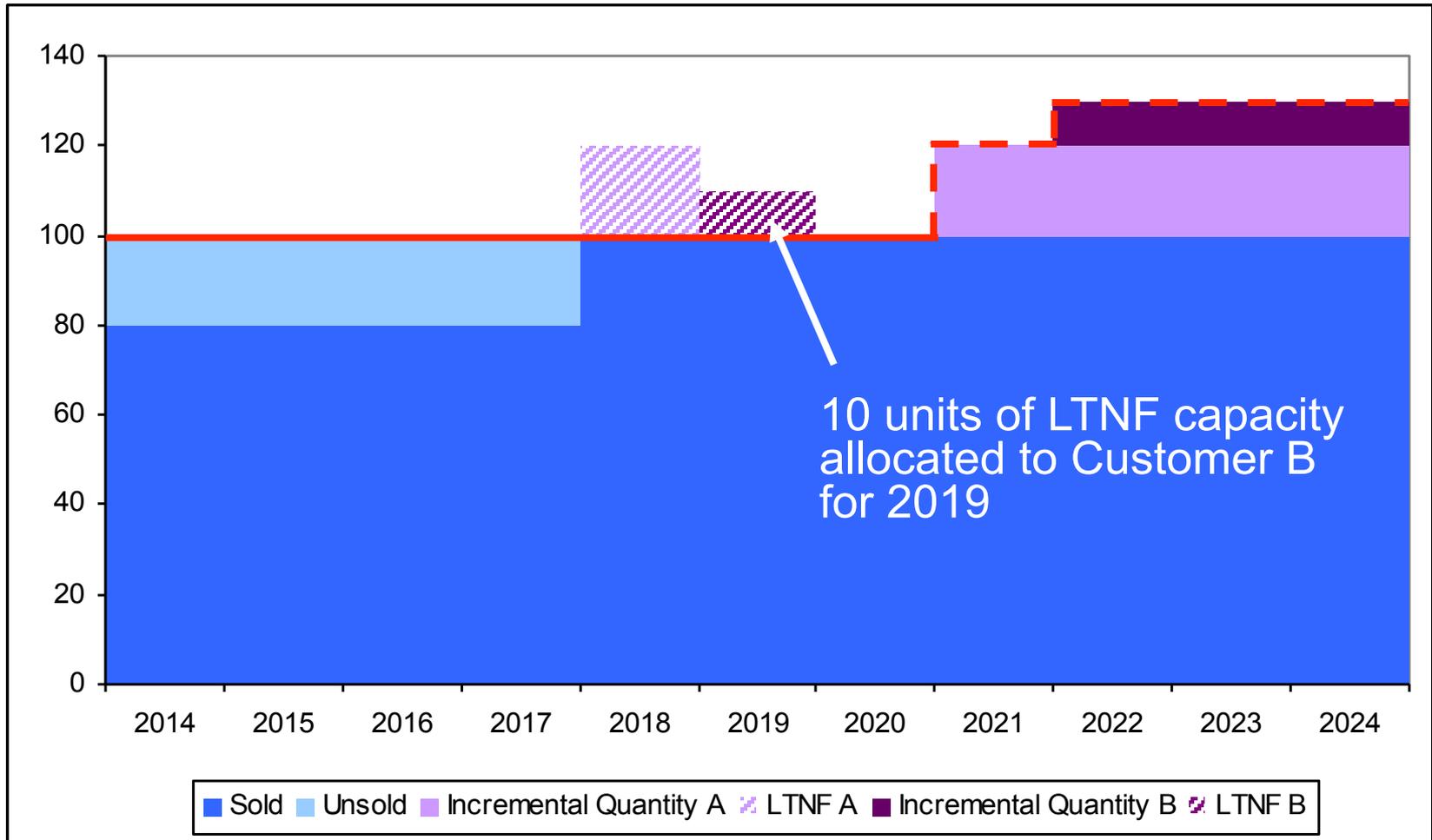
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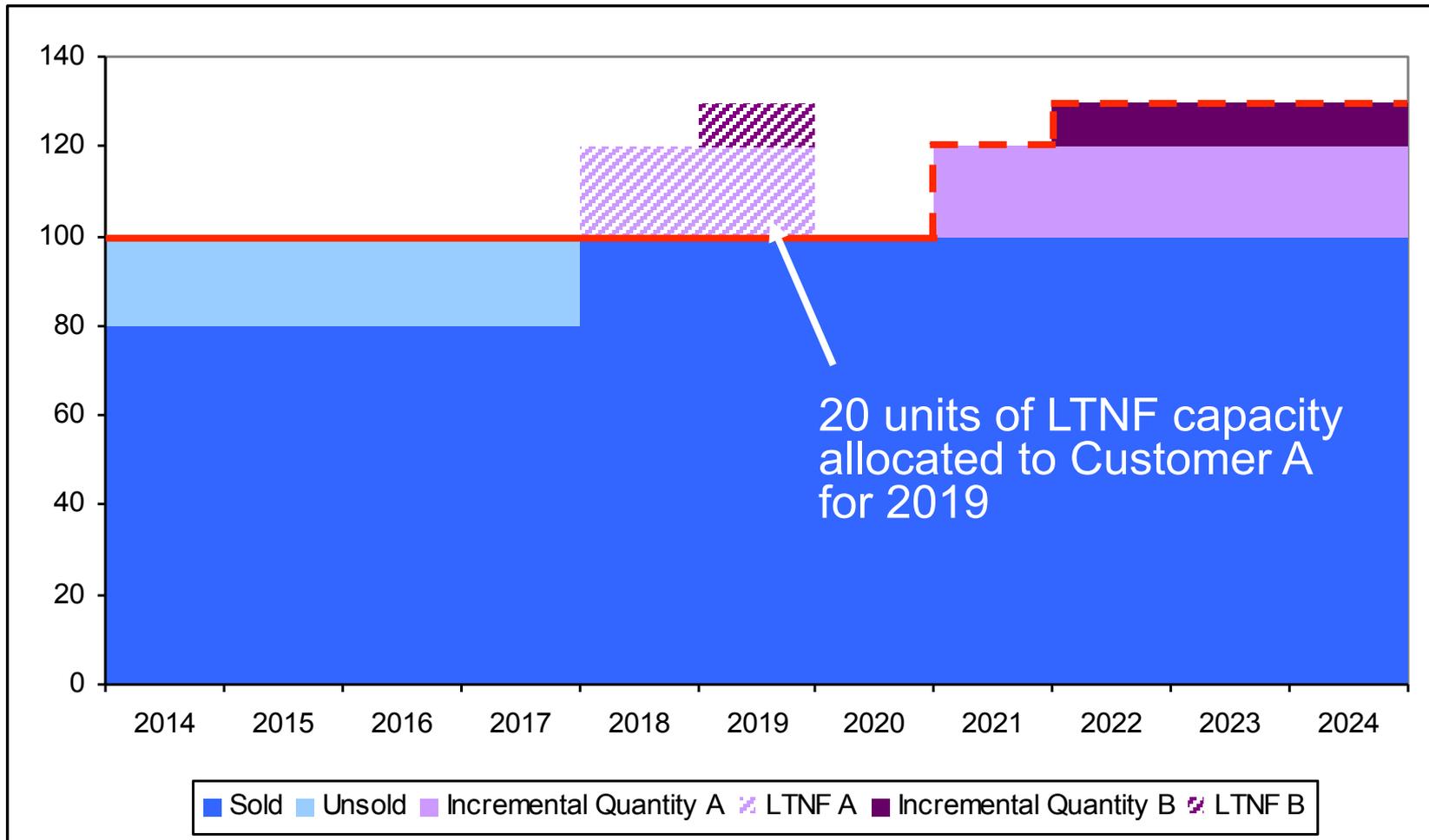
Example 1: Interacting Requests



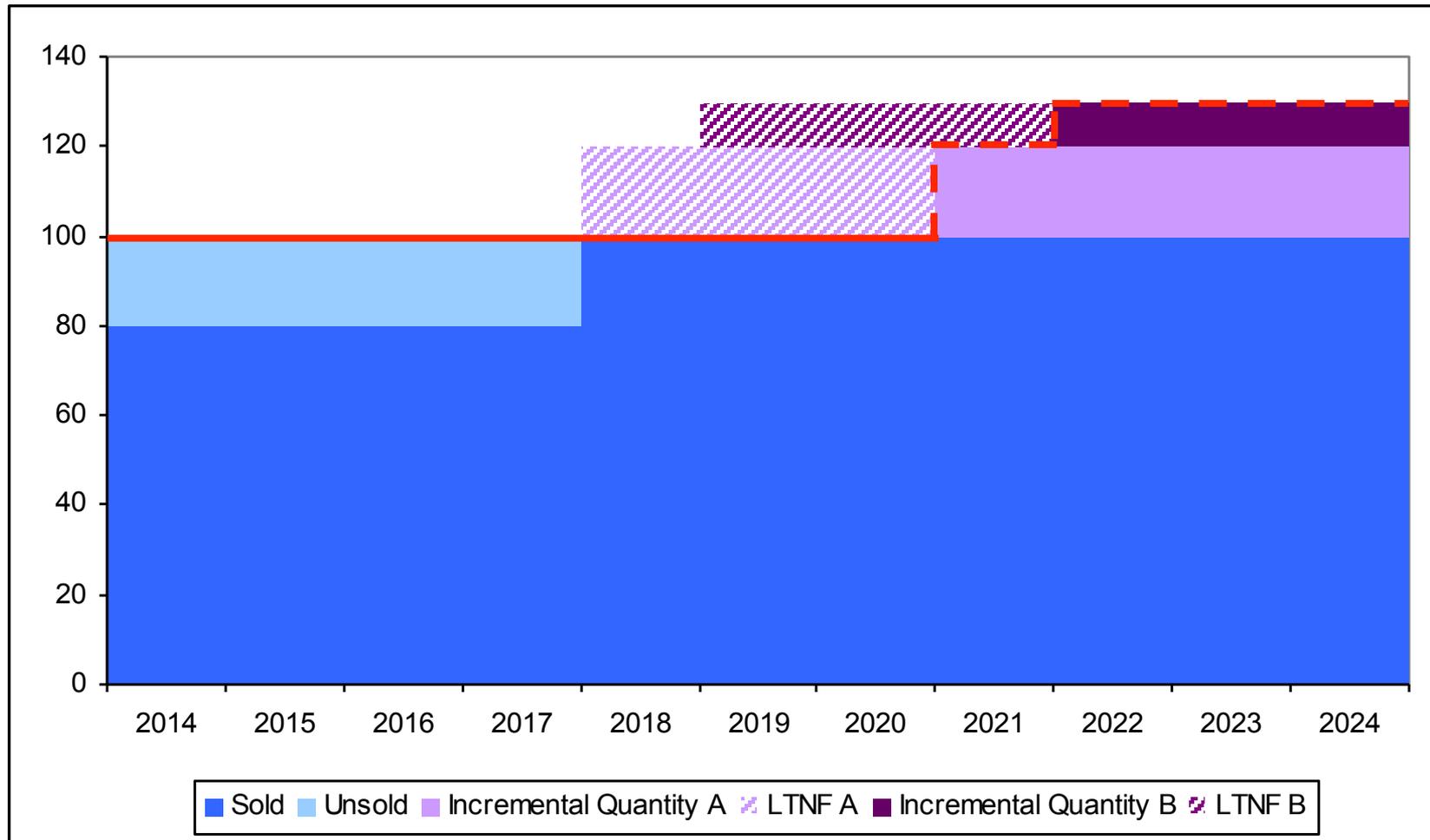
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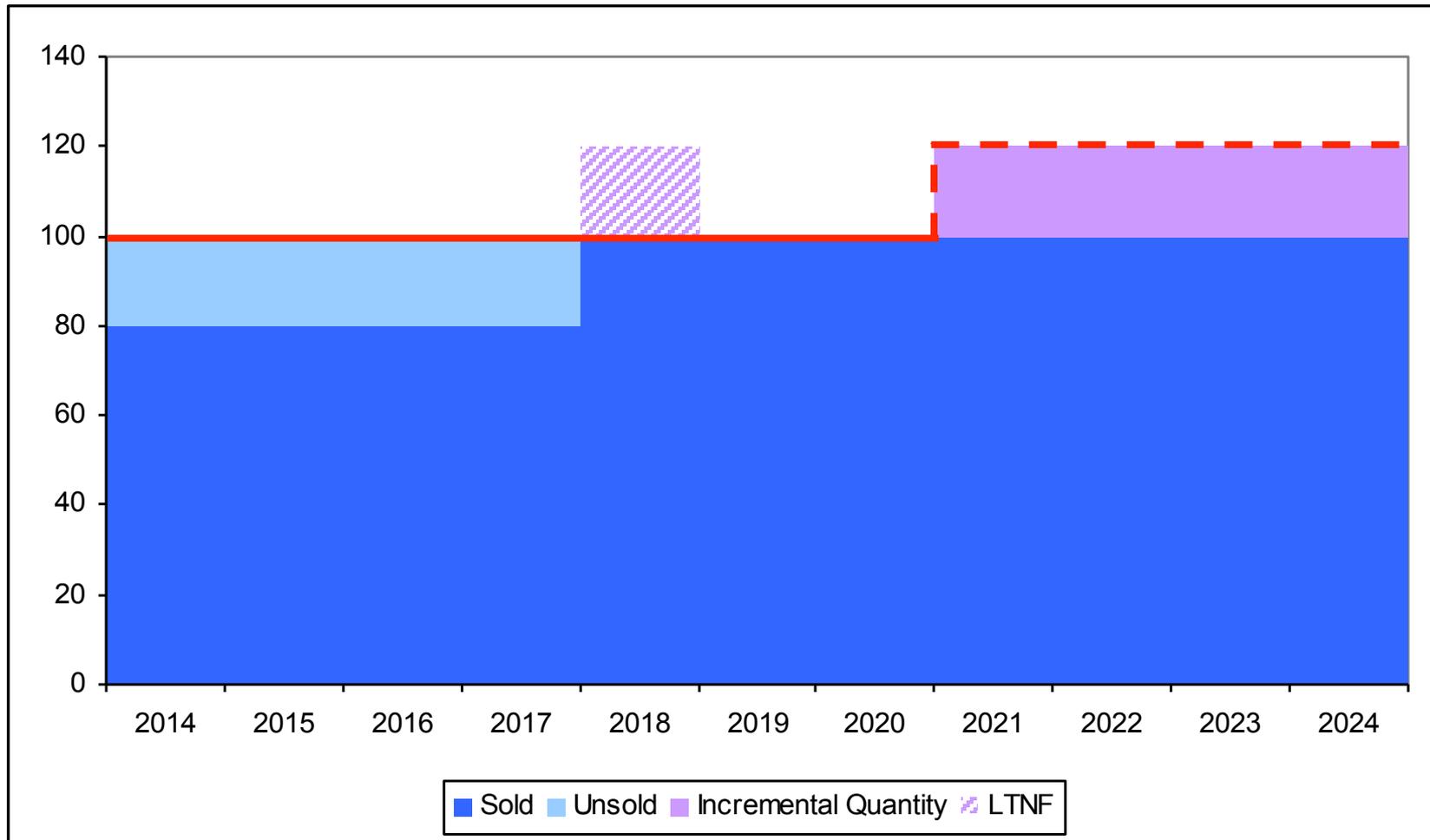
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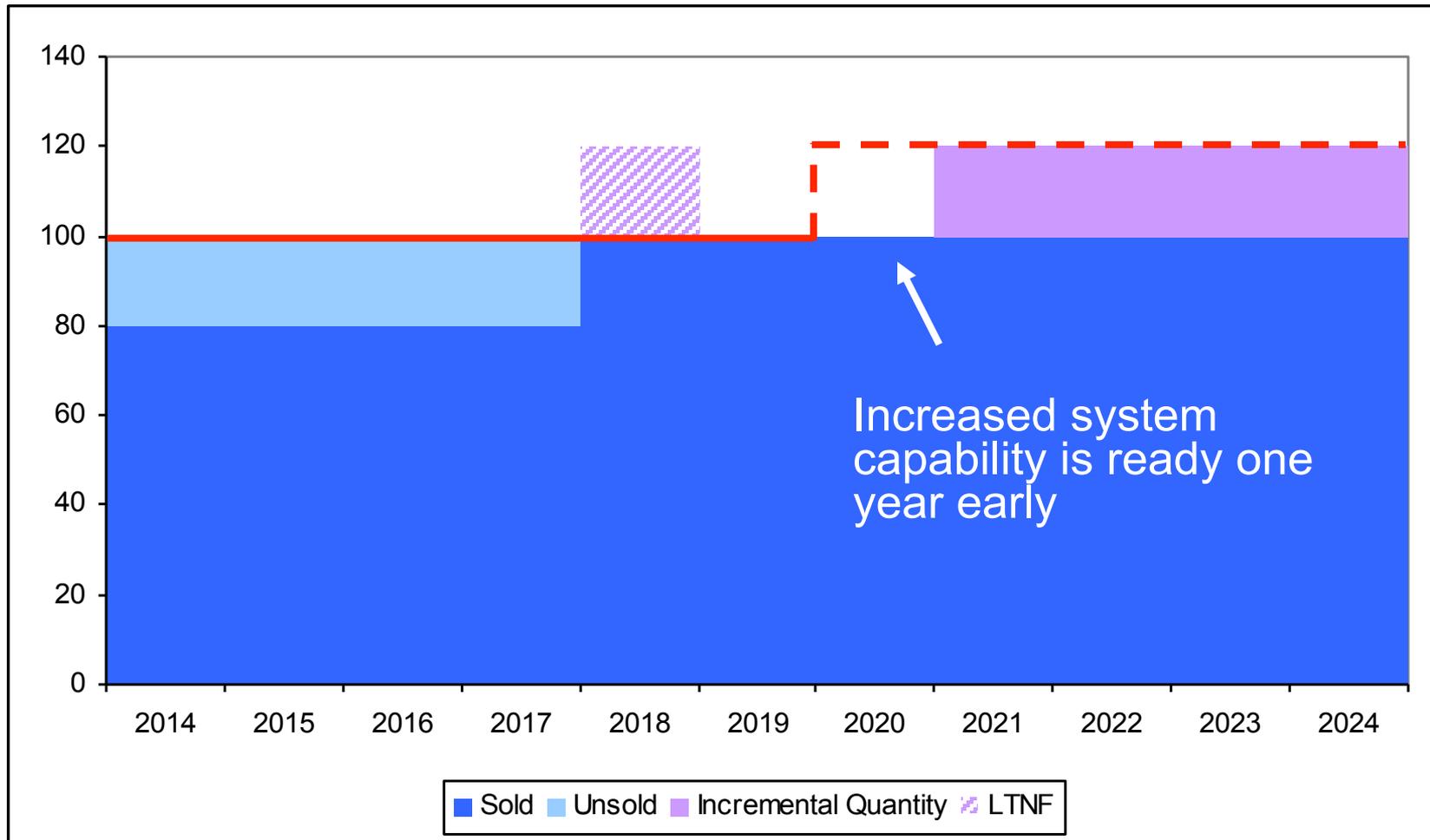
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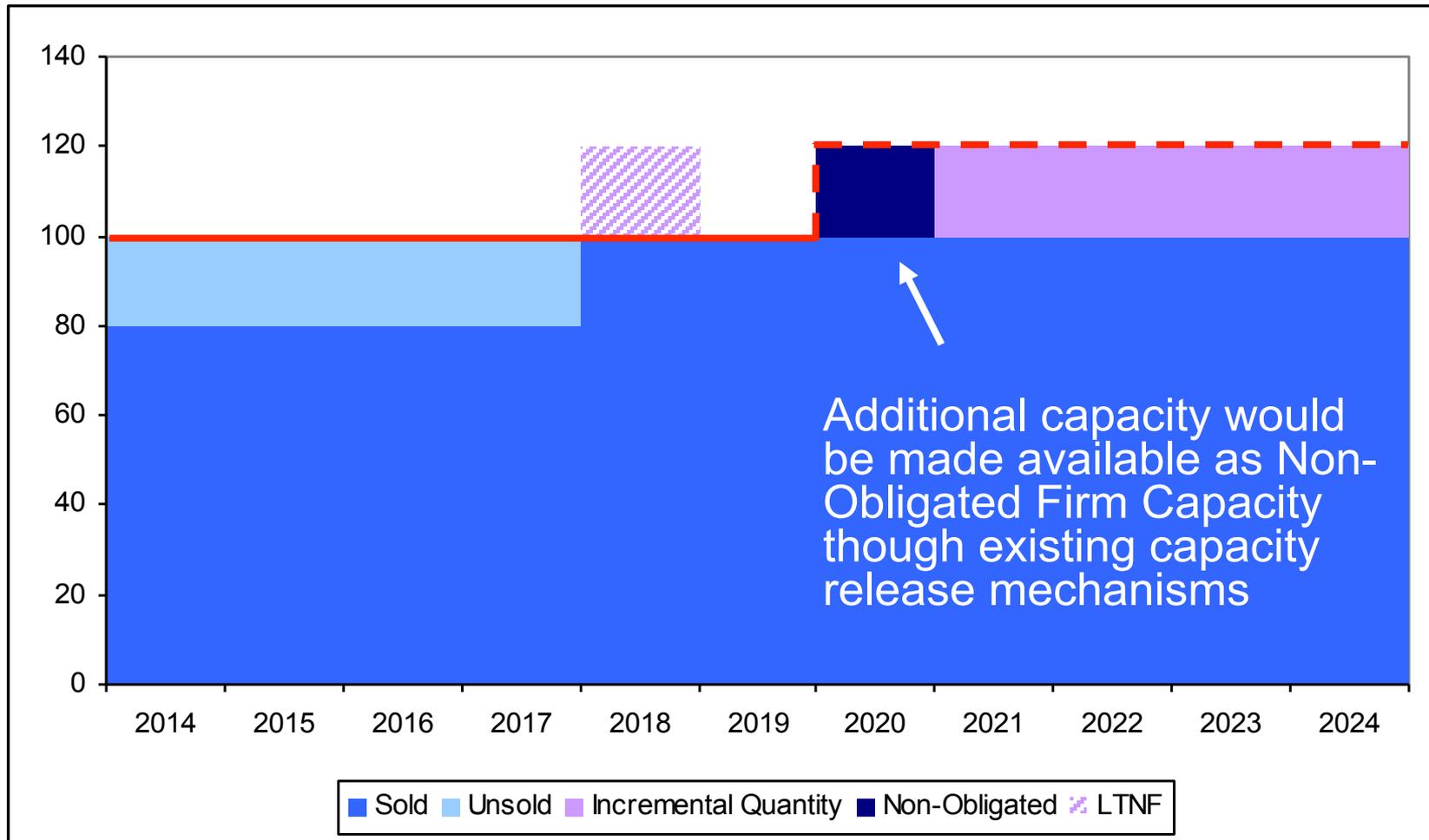
Example 2: Early Construction



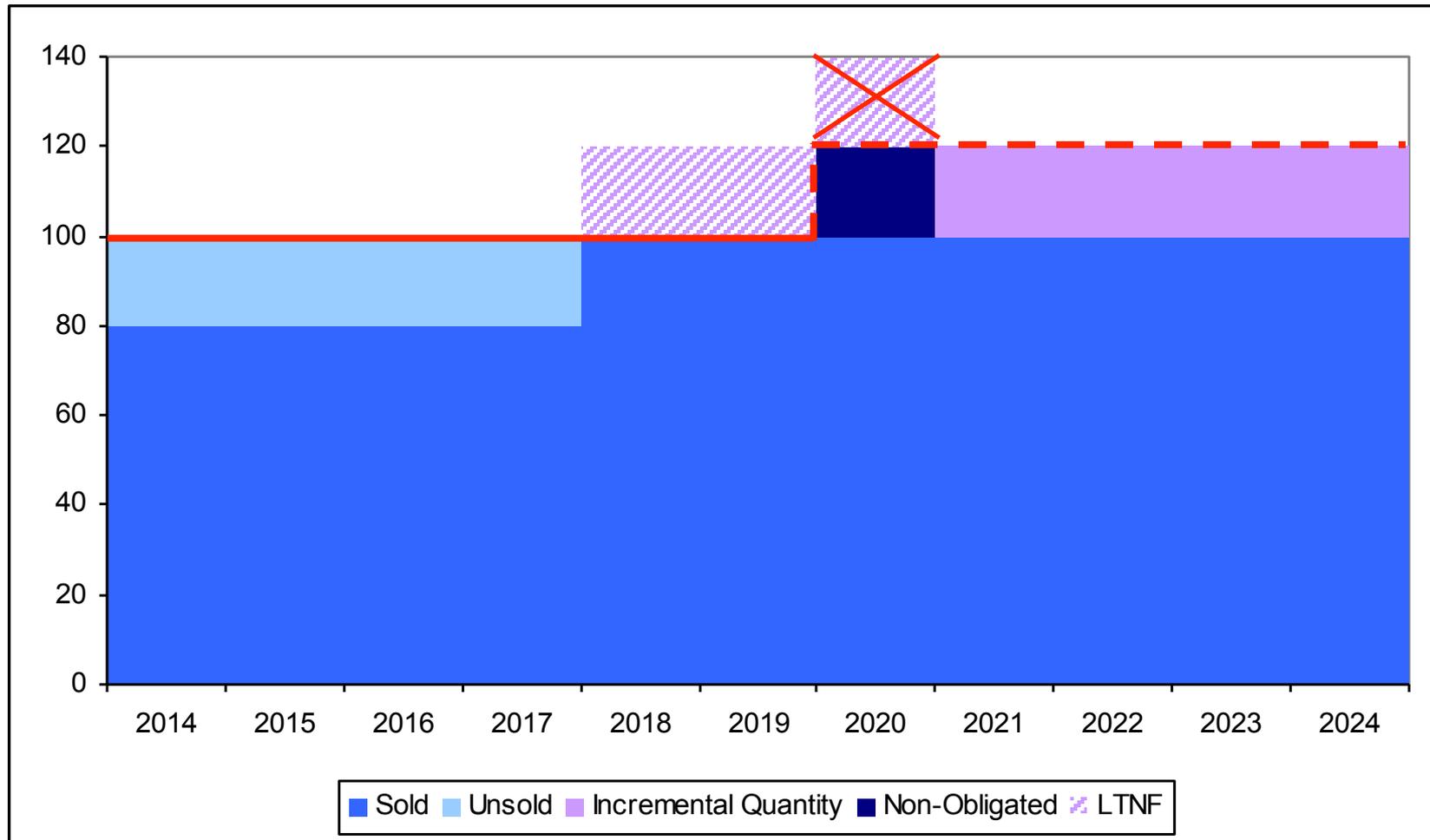
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Next Steps

- Aim: Legal Text to be available for August Workgroup