

## 6 Legal Text

### Legal Text Summary

Amendment to the text within TPD Section Y of the UNC is to combine Mid range Storage Facilities and LNG Importation Facilities into one group within the Merit Order of Supply used to set the Entry and Exit Capacity Charges within the Transportation Model from a particular date which is dependent on when a decision is made on the Modification.

For (c) and (d):

- If a decision is made between 01 October in gas year Y and 31 March in gas year Y then the first charges this methodology change would impact would be QSEC gas year Y+2 and Exit Capacity on 01 October of gas year Y+3. (e.g. Decision made 31 March 2015 then impact QSEC 2017 and Exit Capacity from 01 October 2017 onwards)
- If a decision is made between 01 April in gas year Y and 30 September in gas year Y then the first charges this methodology change would impact would be QSEC Auction of gas year Y+3 and QSEC gas year Y+4. (e.g. Decision is made 01 May 2015 then impact QSEC 2018 and Exit Capacity from 01 October 2018 onwards)

Inclusion of wording to state how the supplies are reduced in the balancing group within the Merit Order, to ensure that supply equals demand.

(c) Would only apply for period until the new methodology is in place and will need to be removed from the UNC after the methodology change comes into effect.

### TPD Section Y UNC Legal Text

#### **2.5.1 The Transport Model**

##### **Model Input Data**

- (a) The Transport Model calculates the marginal costs of investment required in the National Transmission System as a consequence of an increase in demand for gas or supply of gas at each System Point or node on the National Transmission System. Such calculation is based upon analysis of peak conditions on the National Transmission System and the costs of investment which are expressed in £/GWhkm. Where there is an increase in demand for gas or supply of gas at a System Point the marginal changes in flow distances (measured in GWhkm) for a small energy injection to the system (measured in GWh) shall be estimated initially by reference to the increases or decreases in units of kilometres of the National Transmission System.
- (b) The Transport Model requires a set of inputs which are consistent with the costs incurred by National Grid NTS in making NTS Exit (Flat) Capacity available on the National Transmission System:
- (i) Nodal supply and demand data (GWh)
- (A) Demand data shall be derived in relation to each NTS Exit Point as the lesser of:

- (1) the National Grid NTS forecast undiversified 1-in-20 peak day demand at the relevant NTS Exit Point, provided that:
  - (aa) for any NTS Connected Offtake System which is a Storage Facility or a pipeline interconnector and which has a physical entry capability, demand at the relevant NTS Connected System Exit Point shall be deemed to be zero;
  - (bb) for NTS/LDZ Offtakes, the National Grid NTS forecast undiversified 1-in-20 peak day demand in the relevant LDZ shall be prorated between the relevant NTS/LDZ Offtakes on the basis of the amount of NTS Exit (Flat) Capacity registered at each of the relevant NTS/LDZ Offtakes;

For the purposes of this paragraph, “National Grid NTS forecast undiversified 1-in-20 peak day demand” means the 1-in-20 peak day demand for the National Transmission System that is derived from the summation of the forecast peak demands and load duration curves for each NTS Supply Point, NTS CSEP and NTS/LDZ Offtake; and

- (2) the aggregate of the Baseline NTS Exit (Flat) Capacity and incremental NTS Exit (Flat) Capacity in respect of the relevant NTS Exit Point,

provided that paragraph (2) above shall be ignored for the purposes of setting or determining any indicative NTS Exit (Flat) Capacity Charges;

- (B) Aggregate System Entry Point supplies
  - (ii) Transmission pipelines between each node (measured in km) and calculated by reference to:
    - (1) Existing pipelines
    - (2) New pipelines expected to be operational on or before the start of the Gas Year under analysis
  - (iii) Identification of a reference node.

### **Model Inputs**

- (c) Until QSEC YYYY and Exit Capacity until 30 September YYYY The nodal supply data for the Transport Model shall be derived from the supply/demand data set out in the most recent Ten Year Statement<sup>3</sup> for each Gas Year for which prices are being determined. The aggregate supply flow shall be adjusted to ensure that the values for supply and demand are equal. This adjustment shall be carried out by reducing supplies in the following order to the point at which supplies equal the forecast demand:
  - (i) short range Storage Facilities;
  - (ii) mid range Storage Facilities
  - (iii) LNG Importation Facilities;

---

<sup>3</sup> See Appendix C for definitions.

- (iv) long range Storage Facilities;
- (v) pipeline interconnectors; and
- (vi) beach terminals.

Within the group which balance the supplies against the demand the supplies will be pro-rated based on supply numbers specified in the Ten Year Statement.

The supply figures for Individual System Entry Points at Storage Facilities and/or pipeline interconnectors may be set at a level that is less than or equal to the expected entry point capability.

- (d) From QSEC YYYY and Exit Capacity from 01 October YYYY the nodal supply data for the Transport Model shall be derived from the supply/demand data set out in the most recent Ten Year Statement<sup>3</sup> for each Gas Year for which prices are being determined. The aggregate supply flow shall be adjusted to ensure that the values for supply and demand are equal. This adjustment shall be carried out by reducing supplies in the following order to the point at which supplies equal the forecast demand:

- (i) short range Storage Facilities;
- (ii) mid range Storage Facilities and LNG Importation Facilities
- (iii) long range Storage Facilities;
- (iv) pipeline interconnectors; and
- (v) beach terminals.

Within the group which balance the supplies against the demand the supplies will be pro-rated based on supply numbers specified in the Ten Year Statement.

The supply figures for Individual System Entry Points at Storage Facilities and/or pipeline interconnectors may be set at a level that is less than or equal to the expected entry point capability.

- ~~(e)~~ Nodal demand data for the Transport Model shall be derived from a range of different data sources as more particularly described in paragraph 2.5.1(b)(i).

- ~~(f)~~ National Transmission System network data for the charging year will be based on data taken from National Grid NTS's most recent Ten Year Statement.

---

<sup>3</sup> See Appendix C for definitions.