

Gas System  
Operator

# UNC0678 Updates

Workgroup  
25 February 2019

nationalgrid



# UNC0678 – Updated Modification Version 2.0

- Version 2.0 of the UNC0678 Modification provides the following updates
  - Amended Transmission Services Revenue Recovery Charge application
    - Excludes all Existing Contracts from revenue recovery charges
    - Does not exclude Existing Contracts traded on or after 6 April 2017 (Entry into Force of TAR NC)
  - Updated text in the Why Change Section to add extra clarity to the proposal text.
  - Updated text in the Solution Section to add extra clarity to the proposal text.
  - Updated Relevant Objectives section with a table to highlight the relevant TAR NC Articles to the core aspects of the proposal under Modification UNC0678.
  - Updated Appendices (removal of old Appendix 1)

# UNC0678 – Potential further Modification updates

Target Revenue values when setting charges

- Revenue Mapping between Transmission and Non-Transmission Services
  - Addressing questions on how revenues are allocated between Transmission and Non-Transmission. Particular focus on where revenue from interruptible capacity is allocated
- Target revenue determination recognising that it may no longer be appropriate to assume a “flat” profile of capacity bookings that may increase the potential risk of over-recovery
  - This is more relevant with the use of a more informed FCC. Under 0621 much less of an issue when considering using obligated levels
  - An adjustment factor would most likely be needed to the target revenue for entry and exit in order to set at such a level that when assuming a capacity profile for the remaining months of the formula year (April to March), capacity charges are set to recover the required allowed revenues in line with National Grid’s Licence obligations.

# UNC0678 – Updated Sensitivity Model v2.0

- Any additional points of clarification
- Default set up based on modification for UNC0678
  - Some optionality is available such as to select Postage Stamp (with all other parameters as per Modification 0678)
  - To allow a comparison to netting off Existing Contracts within the calculation this is optional to select. Default is to exclude in the RPM in line with 0678.
- Cost Allocation Assessment
  - A sheet for the CAA has been included. There has been an appetite to see this calculation for proposals. Here it is presented for UNC0678 using the calculation outlined in Article 5. This is only needed for the Article 26 process under TAR NC and is provided here based on industry feedback on understanding the values that would result from 0678.

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Forecasted Contracted Capacity  
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# UNC0678 – Updated Forecasted Contracted Capacity

- FCC FCC will be produced for 5 years
- FCC will be produced in kWh/d

The following slides provide an update on the approach taken to produce the FCC and will be turned into a more formal document, however the content will follow the methodology in the following slides.

Feedback is welcome on the drafting of the FCC methodology and method and we thank those who have contributed their comments to date on the initial version released 8 February 2019.

# UNC0678 – Updated Forecasted Contracted Capacity

- FCC is calculated by taking the greater of:
  1. Existing Contracts for the gas year in question (Average kWh/d)
  2. Non-zero historical capacity sales for previous available gas year (Average kWh/d)
  3. Historical sold for previous available gas year (Average kWh/d)
  4. Forecast supply or demand for the gas year in question (Average kWh/d)\*
  5. PARCA capacity value if progressed to Stage 2 of the PARCA for gas year in question (Average kWh/d)

\*The FCC is a five year set of values. For any applicable year it would (in the sensitivity model) use the latest of the five years. However the FCC is only proposed to run for five years.

# UNC0678 – Updated Forecasted Contracted Capacity

## Existing Contracts for the year in question (Entry only)

- Average capacity (kWh/d) booked per day over the gas year

## Non-zero historical capacity sold for previous available years data (Average kWh/d)

- Historical sold non-zero capacity value for the year
- Divide by number of days in year to get an average daily value for gas year



# UNC0678 – Updated Forecasted Contracted Capacity

## 1. Existing Contracts for the year in question (Entry only)

- Average capacity (kWh/d) booked per day over the gas year

## 2. Non-zero historical capacity sold for previous available years data (Average kWh/d)

- Historical sold non-zero capacity value for the year
- Divide by number of days in year to get an average daily value for gas year

## 3. Historical flow for previous available gas year (Average kWh/d)

- Historical flow value for the year
- Divide by number of days in year to get an average daily value for gas year

# UNC0678 – Updated Forecasted Contracted Capacity

## 4. Forecast supply or demand for the year in question (Average kWh/d)

- Latest Updated forecast from data in TYS
  - Exit
    - Taken exact flow value for all sites apart from LDZ directly from forecast
    - LDZ have value per zone
      - Split down using sold capacity
  - Entry
    - Taken exact value for sites except Bacton and Onshore
    - For Bacton taken sold capacity as a proxy for the forecast to split to Bacton IP and Bacton UKCS
    - For onshore taken sold capacity as a proxy for the forecast to split to all Onshore sites
- Divide by number of days in year to get an average daily value for gas year

# UNC0678 – Updated Forecasted Contracted Capacity

## 5. PARCA capacity value if progressed to Stage 2 of the PARCA

- Value of capacity (kWh/d) which is reserved based on progression to Stage 2 of the PARCA
- Value taken from start date
- Value times by the number of days the PARCA is applicable for
- Divided by number of days in year to get average daily value for gas year
- Information available on NG website  
(<https://www.nationalgridgas.com/connections/reserving-capacity-parca-and-cam>)