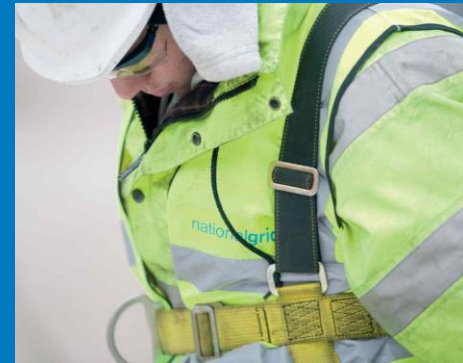


## Gas Charging Review



NTSCMF – 6 March 2017

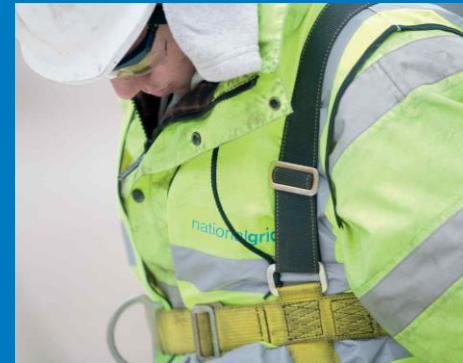
*Final slide pack – Update provided on 2 March 2017. All slides added or updated are marked with a blue star*



# Agenda

Area	Detail
EU Tariffs Code – Current Outlook	<ul style="list-style-type: none"><li>• Key updates relevant to Gas Charging Review</li></ul>
Output from sub-workgroup	<ul style="list-style-type: none"><li>• Summary of the February sub workgroups and overview of documents available</li><li>• Key discussions and status on topics (RAG status)</li><li>• Focus of future sub group meetings</li><li>• Sub workgroup and modelling</li></ul>
Behavioural assessment of charge changes	<ul style="list-style-type: none"><li>• Update on the Behavioural Questionnaire</li></ul>
Plan and change process	<ul style="list-style-type: none"><li>• Update and scope of End to End Model development to support the Gas Charging Review including timescales for making available;</li><li>• Update on UNC Modification Development, change process and timescales</li></ul>
Issues Log	<ul style="list-style-type: none"><li>• Review of Issues</li><li>• Discussion on proposed new items</li></ul>
Next Steps	<ul style="list-style-type: none"><li>• Further development including future NTSCMF and additional sub workgroup</li></ul>

## Gas Charging Review



EU Tariff Code – Current Outlook  
Colin Hamilton

## EU Tariff Code: Timeline

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- Scrutiny period finished and TAR NC now back with EC
- EC still aiming for Entry into Force by 1 April
- TAR NC implemented in phases:
  - **Entry into Force**
  - **From 1 October 2017**
  - **Before 31 May 2019**

## ENTSOG Support to Implementation

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- **29 March:** 1-day workshop in Brussels
  - Potential 2<sup>nd</sup> Workshop later in year (~October 2017)
  - Shall cover key aspects of code and stakeholder views
- Guideline document to support Implementation Workshop
  - Publication ~ 1 week before workshop
  - Shall focus on explanations and implementation examples

## TAR NC: GB Implementation

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- UNC MOD 0611 raised February 2017
  - Amendments to the firm capacity payable price at Interconnection Points
  - Small Mod to support CAM Mods 0597 & 0598s

# Mod 0611: Amendments to the nationalgrid firm capacity payable price at Interconnection Points

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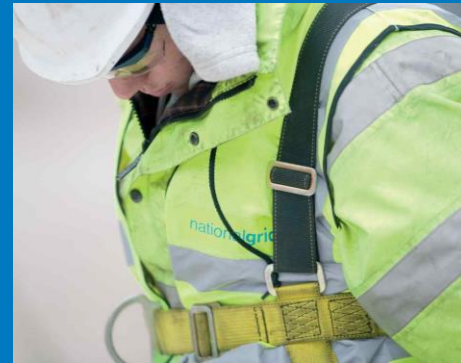
## ■ Annual Yearly Capacity Auctions

- Mod introduces changes to payable price
- Entry capacity shall have a floating payable price
  - Aligns to treatment of Exit capacity price

## ■ For Incremental Capacity at Interconnection Points

- Introduces concept of a Mandatory Minimum Premium
- <http://www.gasgovernance.co.uk/0611>

## Gas Charging Review



Output from sub workgroups  
Colin Williams



## Output from sub workgroup (1)

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- Since February's NTSCMF, sub workgroup meetings:
  - 23 February; and
  - 3 March
- All documentation and outputs from the meeting will be available

<http://www.gasgovernance.co.uk/ntscmf> and

<http://www.gasgovernance.co.uk/ntscmf/subg>

- Updates from 23 Feb will be added in stages over w/c 27 Feb. Updates from 3 Mar will be available w/c 6 March to these web pages - please check for updates

## Output from sub workgroup (2)

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- Reminder, in relation to the Gas Charging Review:
- The Sub Group will continue to discuss a wide range of topics, issuing papers summarising discussions, conclusions (with rationale) feeding into NTSCMF.
- The sub group discussions, in addition to those at NTSCMF, will be used to inform Modelling and UNC Modification(s)
- Comments / questions welcome on material produced at or in between NTSCMF meetings.

## Output from sub workgroup (3)

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- Update on the stages for topics under discussion at the sub group and NTSCMF. Updating from February's NTSCMF these are:
  - Updated documents drafts awaiting comments; or
  - Locked down
- Where it is “locked down” this means the sub group have reached a conclusion that can inform the modelling and, potentially, UNC Modification(s)
  - Still to be considered at NTSCMF for any additional views
  - These topics can be revisited should it be beneficial or necessary to do so.

# Output from sub workgroup (4)

## Status after February Sub Group

Discussion area Status	Number	Topics*
Updated and locked down	8	<ul style="list-style-type: none"> <li>• Locational Signals</li> <li>• LRMC Sensitivity</li> <li>• CWD, PS Sensitivity</li> <li>• Overall LRMC vs CWD Conclusion</li> <li>• Formula Year versus Gas Year</li> <li>• Entry / Exit Split</li> <li>• Incremental (fixed versus floating)</li> <li>• Multipliers</li> </ul>
Updated drafts (awaiting comments, additional work to complete to facilitate discussion)	7	<ul style="list-style-type: none"> <li>• Storage (incorporating Article 9)</li> <li>• Avoiding inefficient bypass of NTS (was titled Optional Commodity Charge in earlier version)</li> <li>• Interruptible</li> <li>• Transmission Services Revenue Recovery</li> <li>• Non Transmission Services Revenue Recovery</li> <li>• Forecasted contracted capacity</li> <li>• Revenue Recovery Mechanisms</li> </ul>

*\*All these papers available on the Joint Office website. Updates w/c 27 February 2017*

<http://www.gasgovernance.co.uk/ntscmf/subg1page>



## Output from sub workgroup (5)

nationalgrid

### Key topics discussed

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- Quick review of topics covered
- Forecasted Contracted Capacity, Interruptible Capacity, Revenue Recovery Mechanisms, Storage and Avoiding inefficient bypass of the NTS
- Industry participants interested in these topics can review the documents available on the Joint Office website: <http://www.gasgovernance.co.uk/ntscmf/subg>
- Comments can be provided direct to National Grid [box.transmissioncapacityandcharging@nationalgrid.com](mailto:box.transmissioncapacityandcharging@nationalgrid.com)



## Model Development - Scope

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- As discussed in previous NTSCMFs NG is developing an flexible end to end set of models that will calculate Transmission and Non Transmission charges
- It will have inputs that can be changed to allow users to see the impacts on charges of changing key variables:
  - E.g. can enter a range of multipliers, change how the revenue recovery is put through charges
- One core element, the RPM will be based on CWD, in line with the discussion topics and conclusion reached via sub groups / NTSCMF.
- The models are not advocating a preference and there to help stakeholders



## Model Development Refinement and future updates

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- The models will be made available initially through the sub groups to allow for some refinement and to check optionality is in line with the outputs from the discussion topics and conclusions
- Once available to the wider industry we will also welcome any comments, questions and feedback on any additional development that may be beneficial
- Over time, as the UNC Modification process moves on, and options become more developed, these models can then be used over time to help support the UNC Modification process



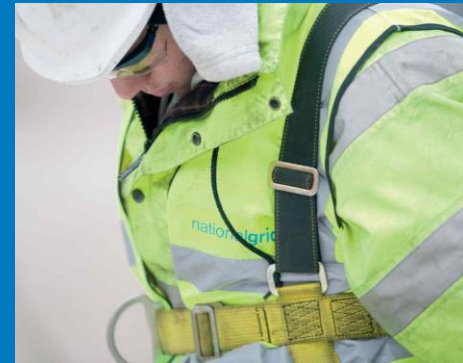
## Model Development - Timeline

Date	Meeting	Detail
15 March 2017	Sub Group*	<ul style="list-style-type: none"><li>• Sub Group to have walkthrough of updated model</li><li>• Review the capability of the model</li><li>• Review the options it can run and assumptions throughout</li><li>• Chance to provide feedback on the updates from earlier version</li><li>• Copy of model to be provided to Sub Group to test and provide feedback to NG</li></ul>
27 March 2017	Sub Group*	<ul style="list-style-type: none"><li>• Updates to model and supporting documentation reviewed based on feedback received</li></ul>
5 April 2017	NTSCMF	<ul style="list-style-type: none"><li>• Run through the model at NTSCMF to make available to wider industry</li><li>• Discuss support available from NG</li></ul>
24 April 2017	NTSCMF	<ul style="list-style-type: none"><li>• Potential additional NTSCMF for April that could cover modelling questions / queries in addition to other agenda items</li></ul>

*\*The Sub group will also continue to review the key discussion topics at each sub group*



## Gas Charging Review



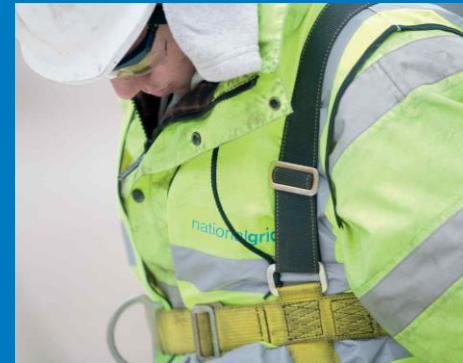
Behavioural assessment of charge changes  
Colin Williams

# Behavioural assessment of charge changes

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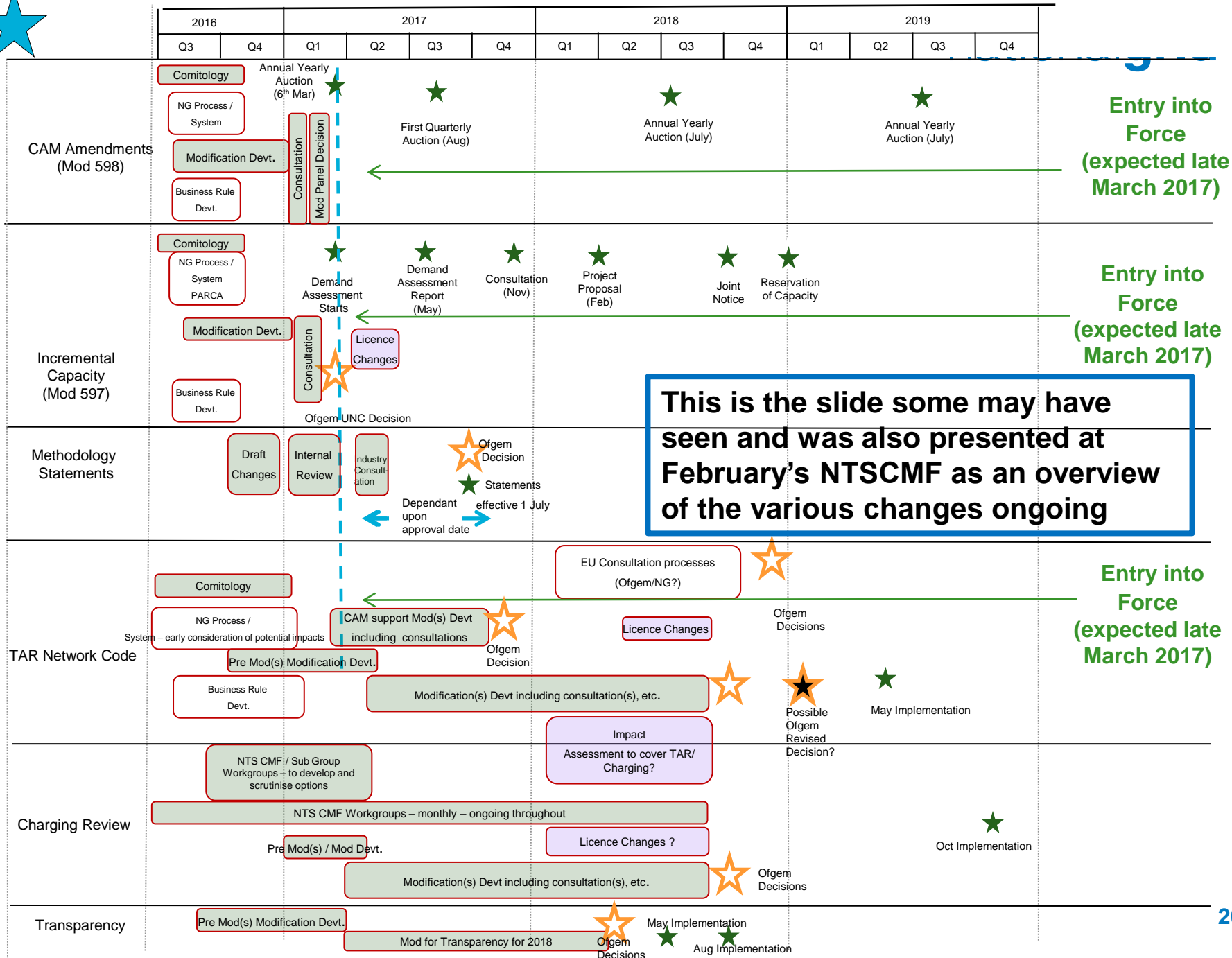
- Anonymous questionnaire was issued via the Joint Office from National Grid on 31 January 2017
- Responses were invited by 17 February 2017 – now closed
- A copy of the questionnaire for reference on NTSCMF pages <http://www.gasgovernance.co.uk/ntscmf>
- A total of 30 responses were received
- Next steps – the responses will be reviewed with the Gas Midstream Group, who designed the survey, and also will be discussed at future Sub workgroups and NTSCMFs

## Gas Charging Review



Plan and change process  
Colin Williams

# Draft Indicative Timeline



**This is the slide some may have seen and was also presented at February's NTSCMF as an overview of the various changes ongoing**



## UNC Modification - Timeline

Date	Meeting#	Detail
6 March 2017	NTSCMF	<ul style="list-style-type: none"><li>• Present timeline for initial UNC Modification for discussion</li></ul>
5 April 2017	NTSCMF	<ul style="list-style-type: none"><li>• Pre Modification discussions</li><li>• Provide overview of scope of proposed UNC Modification</li><li>• Give overview of what it will and won't contain at this stage, links to the key topics under discussion</li><li>• Provide overview of what the UNC will not contain at the early stage and thoughts on how to develop</li></ul>
24 April 2017	NTSCMF*	<ul style="list-style-type: none"><li>• Continue pre-Mod discussions</li></ul>
8 May 2017	NTSCMF	<ul style="list-style-type: none"><li>• UNC Modification review and development</li></ul>
18 May 2017	UNC Panel	<ul style="list-style-type: none"><li>• Decision on UNC Modification(s) recommending referral to workgroup (at NTSCMF)</li></ul>

*\*Additional NTSCMF proposed in April to support and facilitate UNC Modification*

*#There will be opportunities to use the Sub group over this period and beyond to support and help facilitate the UNC Modification process.*



## Plan and change process

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- Not all topics and elements need to be decided at this stage for the initial UNC Modification(s) for changes to the Gas Charging Framework and methodologies.
- UNC Modification(s) will put forward proposals for changes to the framework, of which, aspects will need more development to finalise the methodology (e.g. Multipliers, Forecasted Contracted Capacity, Combined ASEP splitting).
- Views are welcome on this proposed timeline

## Gas Charging Review



Issues Log

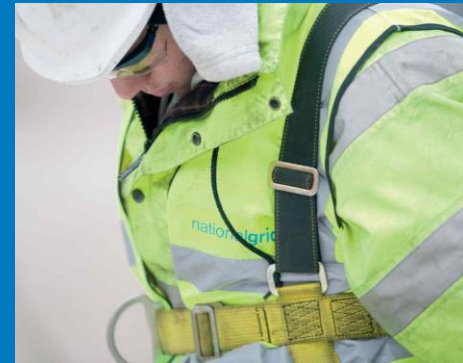
## Issues Log

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- Review of Issues Log (review of the spreadsheet including links to the Gas Charging Review Decision list – and RAG Status)
- Discussion on any proposed new items



## Gas Charging Review



Next Steps  
Colin Williams



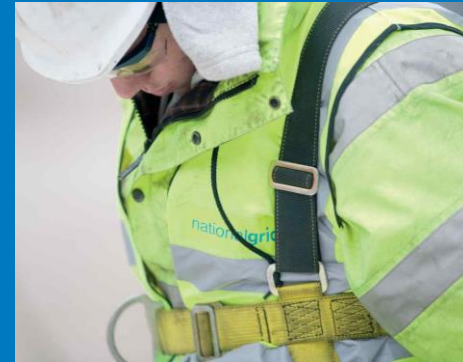
## Summary of Next Steps

Month	Detail
March 2017	<ul style="list-style-type: none"><li>• Sub group to review model and continue key topic discussions</li></ul>
April 2017	<ul style="list-style-type: none"><li>• Model available to industry participants</li><li>• UNC Pre-Modification discussions and development</li></ul>
May 2017	<ul style="list-style-type: none"><li>• UNC Modification</li></ul>
June 2017 onwards	<ul style="list-style-type: none"><li>• Start of UNC Workgroups on UNC Modification on the Gas Charging review changes</li></ul>

- Industry participation has been invaluable throughout the analysis and discussions to date on the Gas Charging Review at NTSCMF / Sub groups
- We welcome comments and inputs from industry participants and encourage participation in the relevant meetings or directly to National Grid.

## Contact us:

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