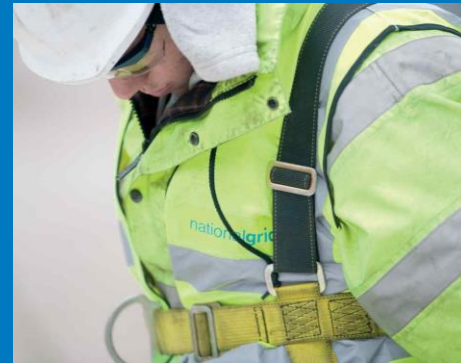


## Gas Charging Review



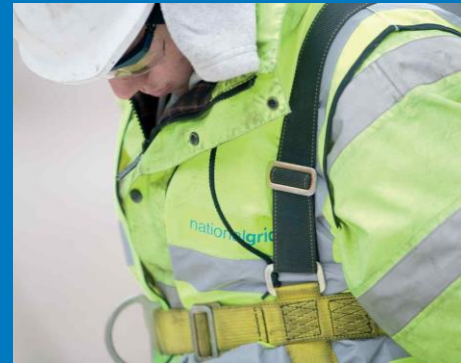
NTSCMF – 5 October 2016

*Interim slide pack – Update to be provided on 30 September 2016.*

# Agenda

Area	Detail
Plan	<ul style="list-style-type: none"><li>• Review of Gas Charging Review Plan</li><li>• Proposed plan for NTSCMF workgroups / additional workshop</li></ul>
EU Tariffs Code – Current Outlook	<ul style="list-style-type: none"><li>• Key updates relevant to Gas Charging Review</li><li>• Areas under discussion</li><li>• GB issues</li></ul>
Existing Contracts (Action 0901)	<ul style="list-style-type: none"><li>• Recap on September analysis</li><li>• Existing Contracts – Capacity Booked by ASEP</li></ul>
Reviewing concerns with existing framework	<ul style="list-style-type: none"><li>• Discussion on concerns with existing framework<ul style="list-style-type: none"><li>• Building on material from August 2016 NTSCMF</li></ul></li><li>• How to Incorporate into optioneering</li></ul>
Optioneering – additional analysis	<ul style="list-style-type: none"><li>• Optioneering &amp; further development of models</li></ul>
Next Steps	<ul style="list-style-type: none"><li>• Further development at Future NTSCMF and additional workshops</li></ul>

# Gas Charging Review



Plan

Colin Williams

## Placeholder

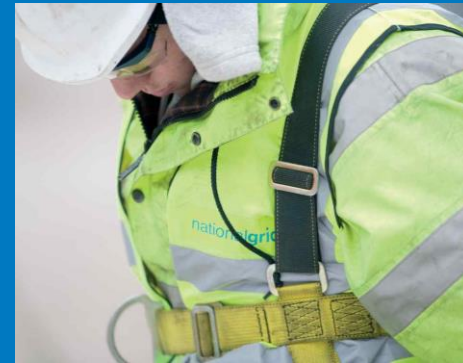
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- Placeholder for Plan and proposals for discussion

# Gas Charging Review



EU Tariff Code



Colin Hamilton

## EU Tariff Code

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- **29-30 September 2016:** 2<sup>nd</sup> Formal Comitology meeting for both TAR NC and CAM NC amendment,
- **October-December 2016:** 3 month scrutiny period by EU Council and EU Parliament
- **January-April 2017:** EC formalities to adopt the NCs
- **1 April 2017:** expected entry into force of TAR NC
- **31 May:** expected deadline for the end of implementation period for TAR NC

## EU Tariff Code – application dates

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- 3 different application dates:
  - **Base case application date = 1 April 2017 = (e.i.f.):** chapter I (general provisions), V (bundled CAP, VIP), VII (consultation), IX (INC) and X (final provisions)
  - **1 October 2017:** Chapter VI (clearing and payable price), VIII (publication)
  - **31 May 2019:** Chapter II (r/p/m), III (reserve prices), IV (revenue reconciliation)

## EU Tariff Code – Positive changes since June

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- Conditional capacity products: allows for transmission tariffs to ‘take into account the conditions for firm capacity products stipulated in the transport contracts’. (Potential route for introducing a short-haul capacity product?)
- The ‘A’ factor in interruptible pricing: the new text foresees more flexibility.
- Consultation on revenue components: the obligation to consult on all revenue components was deleted. It should now only include indicative information on the allowed/target revenue; transmission services revenue and its splits.



## EU Tariff Code – Positive changes since June

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- Revenue reconciliation: greater flexibility in how revenues reconciled. No longer restricted to using “sub-accounts” for transparency purposes only. May be able to reconcile entry and exit revenues separately.
- Response to ACER’s requests for information: the new text foresees the possibility of ACER’s granting an extension for their information requests within the consultation period. The default time is one month, and this refers to both NRAs and TSOs. Also, explicit protection on confidentiality of information sent.
- Publication of revenue components: now only aggregated values

## EU Tariff Code – Positive changes since June

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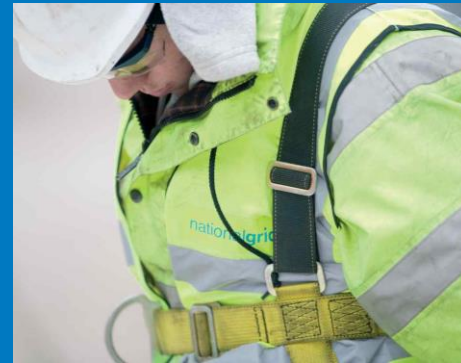
- Existing contracts: the border date for the protection of the tariff level in the existing contracts changed from November 2013 to 30 September 2016 and refers to both capacity-based and commodity-based tariffs.
- Implementation monitoring: ENTSOG's obligation now limited to ensuring 'completeness and correctness' of such information.

## EU Tariff Code – GB issues

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- Many issues to be considered arising from this code beyond choosing our reference price methodology
  - Role of multipliers and how they are set
  - Calculation of discount for interruptible capacity at IPs and value of “A” factor
  - Calculation of discount for storage points if not 50%
  - Discounts applied to storage points may require ASEPs that include a storage entry point to be split (c.f. Bacton)
    - Easington/Rough storage is obvious example but there are others...

## Gas Charging Review



Existing Contracts - Booked Entry Capacity

Laura Johnson

# Existing Contracts Introduction – nationalgrid

## September NTSCMF

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- As part of developing the analysis for any change a key element to look at is the impact of “Existing Contracts”
- **Article 35 in EU Tariffs Code:** Existing contracts
  - Protection of fixed price element of long-term bookings now applies to all bookings before date of Gas Committee opinion (e.g. 30 September 2016)
- Only applicable to NTS Entry Capacity as these prices are fixed when booked
- Not applicable to NTS Exit Capacity or Commodity Rates as these prices change each year (or more regular)

## Capacity Analysis – September NTSCMF

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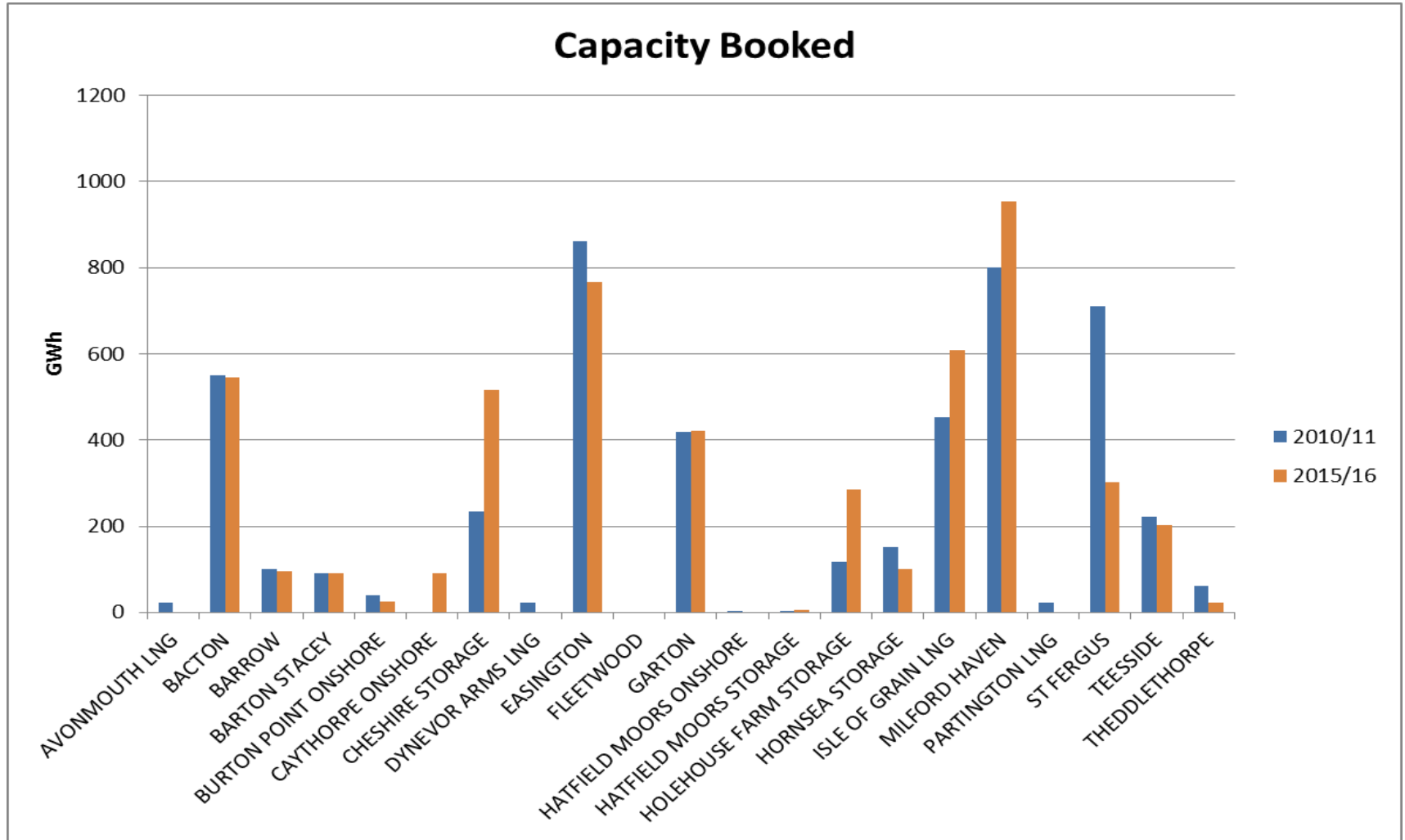
- Entry Capacity concluded before 16 September 2016 (current date in TAR Code)
  - Analysis based on current date (August 2016)
- Assumed that all revenue collected by the existing Entry Capacity bookings feeds into the TO Maximum Allowed Revenue
- TO MAR value from the LT MAR forecast published in May 2016

## Additional Analysis – Action 0901

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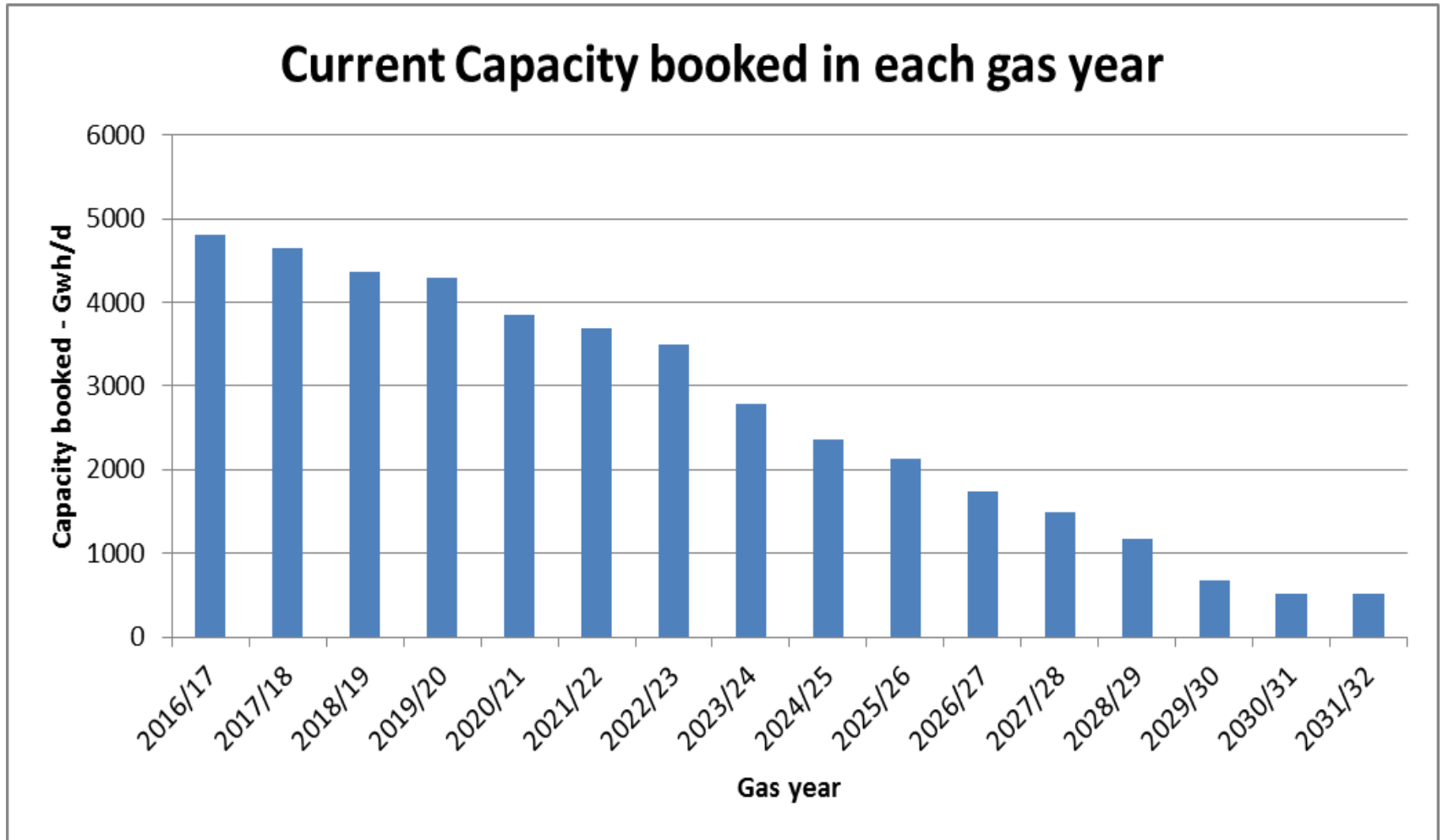
- Action 0901 was to provide a breakdown of entry capacity bookings
  - Comparison of the QSEC capacity booked at each ASEP in 2010/11 and 2015/16
  - Future years looked at what is existing bookings are split by each ASEP

# QSEC Capacity Booked

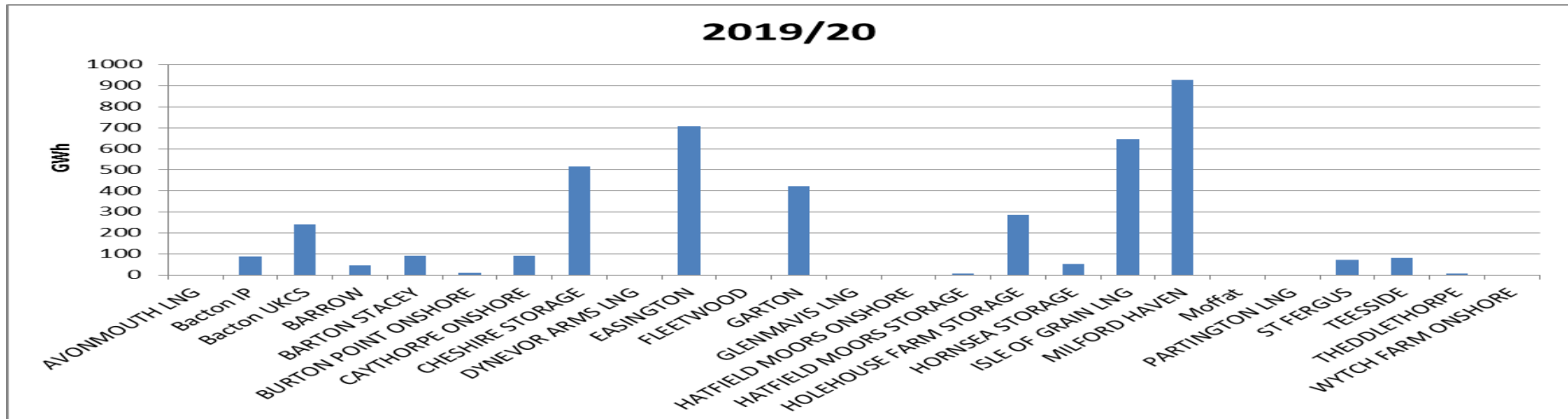
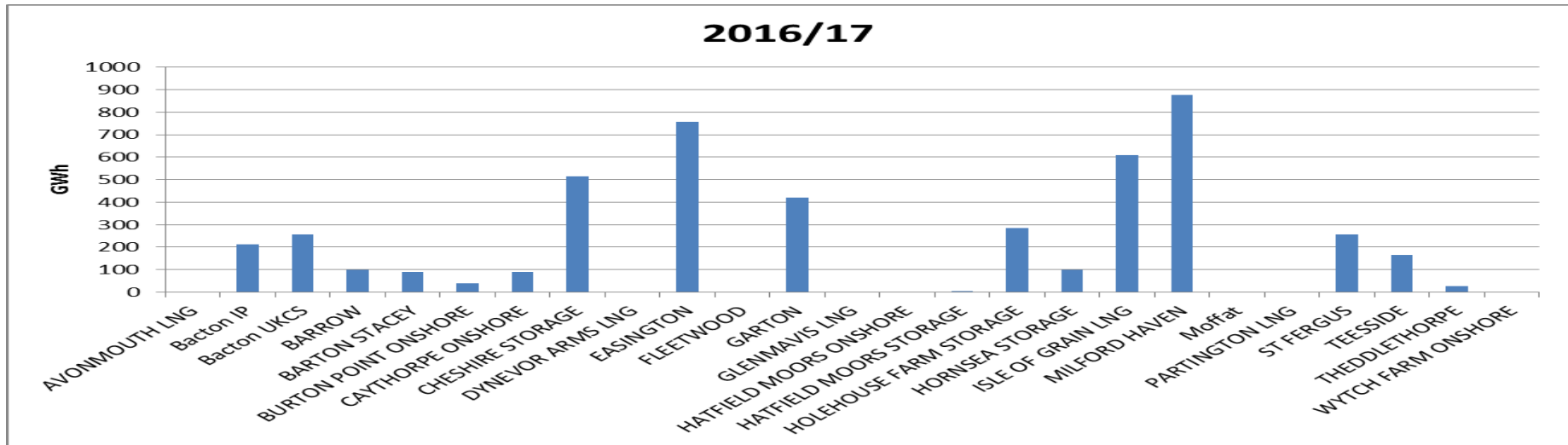




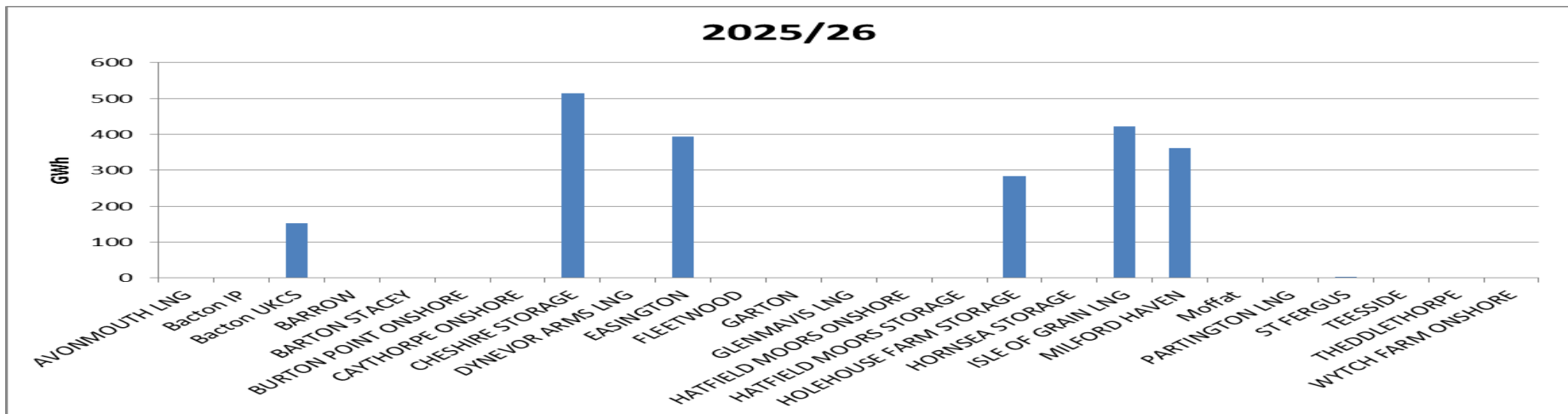
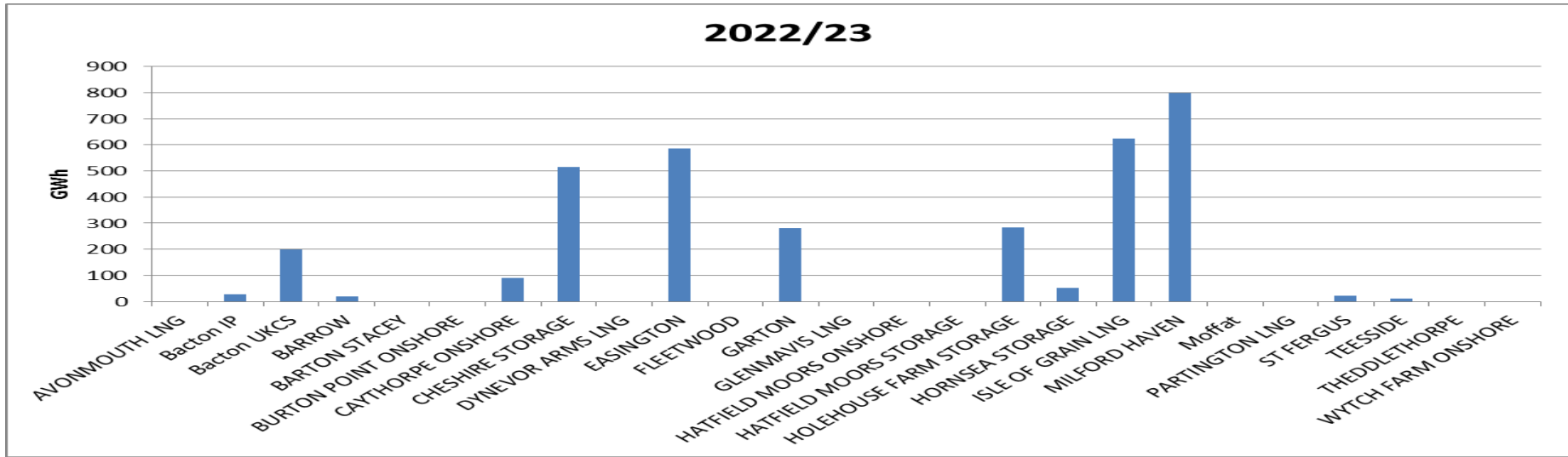
# Current capacity booked in each gas year – September NTSCMF



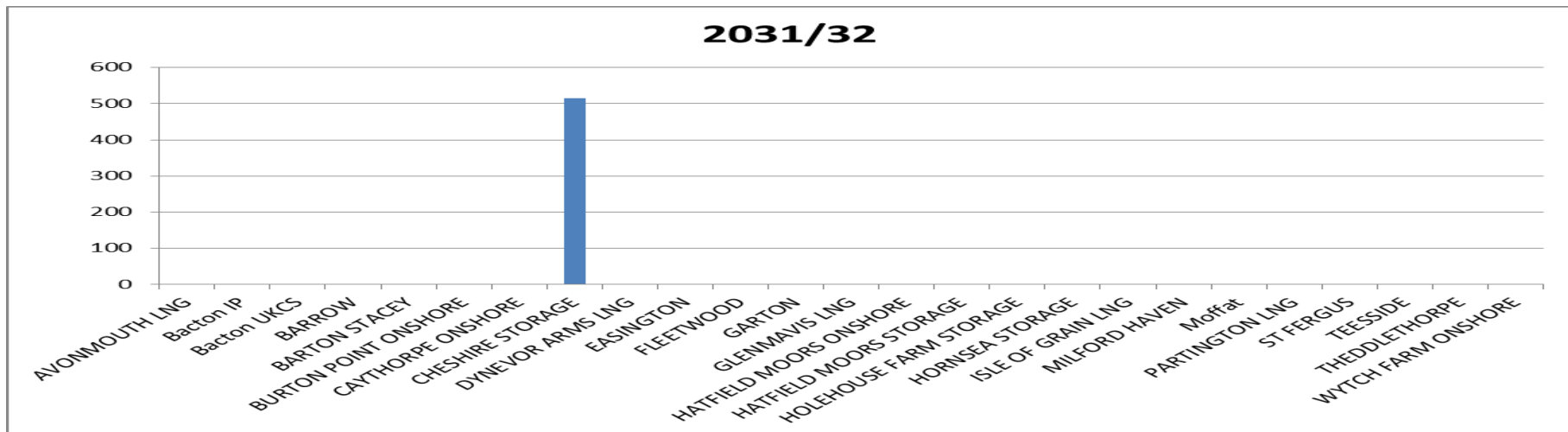
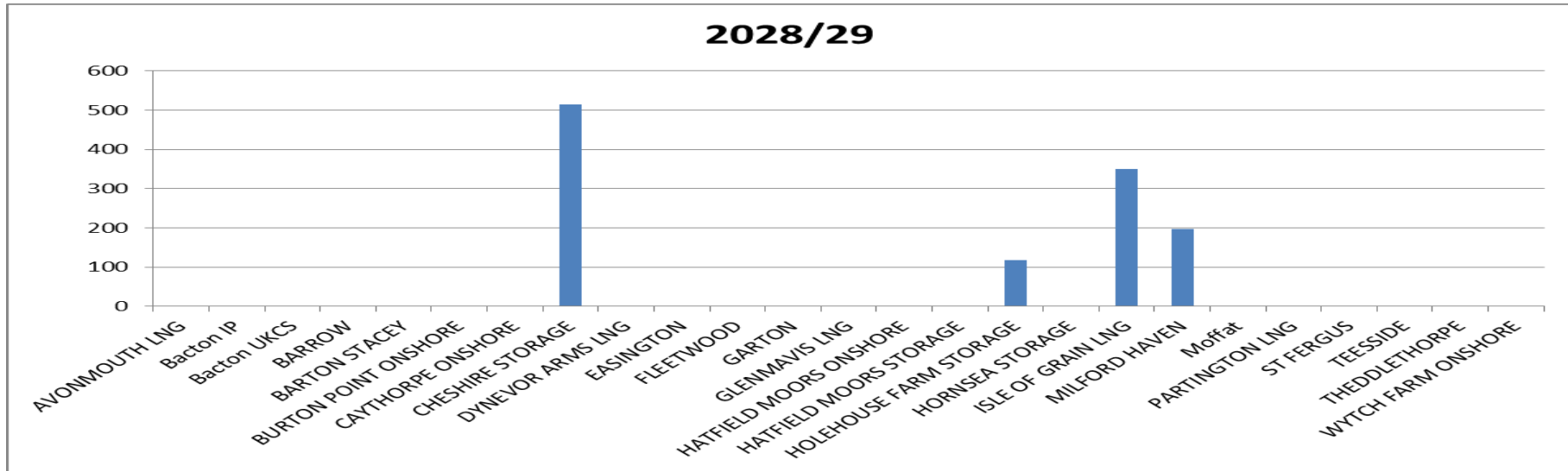
# Capacity Booked per ASEP – over future years



# Capacity Booked per ASEP – over future years



# Capacity Booked per ASEP – over future years

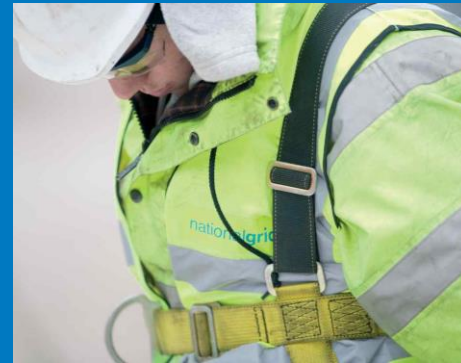


## Summary

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- Some Entry Capacity is booked out until 2031/32 but the amount is reducing
- Trend is that Long Term booked capacity is reducing
- If the charging regime doesn't change then this is expected to continue
- If the charging regime changed this could change but would depend on booking behaviours

## Gas Charging Review



Discussion on concerns with existing framework

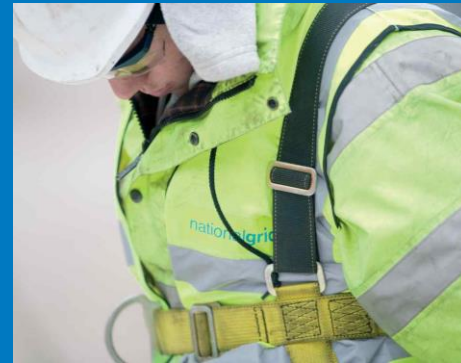
Colin Williams

## Placeholder

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- Placeholder for material building on that shown at August 2016 NTSCMF

## Gas Charging Review



Optioneering – Additional Analysis

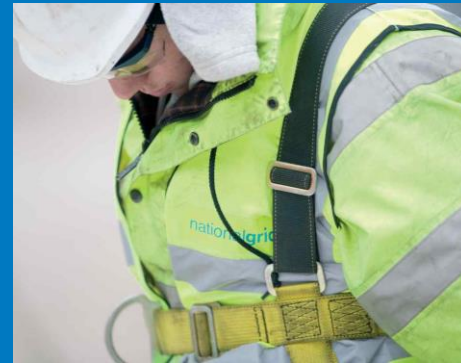


# Placeholder

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- Placeholder for additional analysis

## Gas Charging Review



Next Steps

Colin Williams

# Placeholder

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- Placeholder for next steps

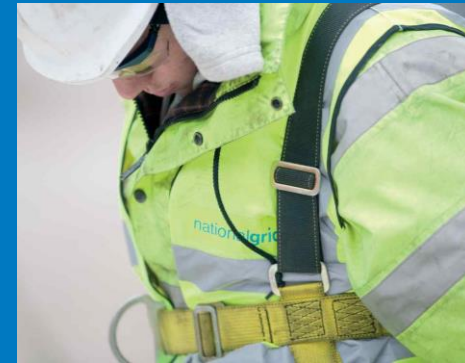
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