

Gas Charging Review



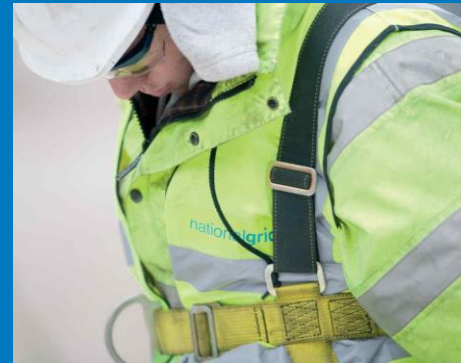
NTSCMF – 3 August 2016

Update to this slide pack to be provided on 28 July 2016

Agenda

Area	Detail
Objectives / Terms of Reference	<ul style="list-style-type: none">• Discussion for any potential changes for objectives• Review of changes discussed at previous NTSCMF and any comments received and sent to Waters Wye• Objectives and measures against them for any potential changes
EU Tariffs Code – Current Outlook	<ul style="list-style-type: none">• Key updates relevant to Gas Charging Review• Areas under discussion
Revenue and Income treatment current and under EU Tariffs Code	<ul style="list-style-type: none">• Knowledge share on current framework and how services and products relate to revenues• Transmission and Non Transmission Services under EU Tariffs Code• Discussion on products / services and their revenue treatment to help as developing potential changes
Next Steps	<ul style="list-style-type: none">• Developing strawman for charging modelling and continued stakeholder input

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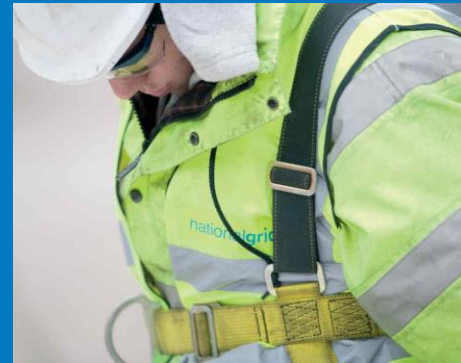


Terms of Reference and Objectives

Terms of Reference / Objectives: Discussion

- Placeholder for material to be populated on 28 July building on material from July NTSCMF

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EU Tariff Code – Current Outlook

Colin Hamilton

EU Tariffs Code: Process Steps

- **Summer 2016:** translation of NCs
 - MSs can submit further comments on the English language drafts. However, any further changes will be implemented only at the 2nd Comitology Meeting in September.
- **29-30 September:** due to time constraints on translation, 2nd Comitology Meeting now scheduled
 - the formal invitations and the translations of the TAR NC and the CAM NC into the official languages will be circulated at least two weeks in advance of meeting
 - Still intended as a voting meeting even if changes made.

EU Tariffs Code: Process Steps

- **Oct 2016 – Jan 2017:** 3 months validation by Council and Parliament
- **Feb-Mar 2017:** EC Formalities to adopt NCs
- **1 Apr 2017:** expected Entry into Force
- **31 May 2019:** deadline for end of implementation period of TAR NC

EU Tariffs Code – update

- **Article 3:** new definitions for “domestic” and “cross-border” network users
 - *‘domestic network user means a network user supplying gas to customers within an entry-exit system’;*
 - *‘cross-border network user means a network user supplying gas to network users in other entry-exit system(s)’;*
- **Article 4:** new line added on transmission tariffs
 - *Transmission tariffs may be set in a manner as to take into account the conditions for firm capacity products stipulated in the transport contracts.*
 - Possible route for short haul?

EU Tariffs Code – update

- **Article 5:** Cost allocation text clarified but meaning unchanged
 - *NRA just need to explain if “cost allocation comparison” indexes exceed 10%*
- **Article 7:** new criteria added to choice of reference price methodology
 - *ensure that significant volume risk related particularly to transports between entry-exit systems is not assigned to final customers within an entry-exit system;*
 - Article on asset cost split has been removed

EU Tariffs Code – update

- **Article 9:** storage article updated
 - Discount of at least 50%
 - Transfer fee for storages connecting more than one entry/exit system
 - Discount now allowed at any entry point “*for the purposes of increasing security of supply through the diversification of sources*”

EU Tariffs Code – update

- **Article 12:** general provisions concerning reserve prices allows prices to be changed mid year
 - *“Where the tariff period and gas year do not coincide, separate reserve prices may be applied respectively:*
 - *for the time period from 1 October to the end of the prevailing tariff period; and*
 - *for the time period from the beginning of the tariff period following the prevailing tariff period to 30 September.”*

EU Tariffs Code – update

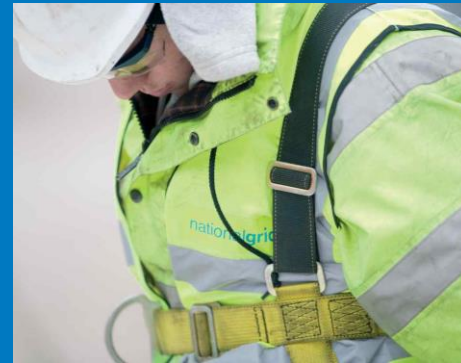
- **Article 13:** level of multiplier ranges
 - Quarterly, and monthly capacity
 - Higher than **0**, and no more than **1.5**
 - Daily and within-day capacity
 - Higher than **0** and no more than **3**.
 - Maximum no more than **1.5** by 1 April 2023 unless ACER recommends otherwise by 1 April 2021

EU Tariffs Code – update

- **Article 20:** Reconciliation regulatory account
 - Each TSO must use one regulatory account
 - Silent on the use of sub-accounts
 - Reconciliation carried out using NRA approved methodology

- **Article 35:** 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)

Gas Charging Review



Revenue and Income treatment current and under EU Tariffs Code

Colin Williams

Overview: Classification of Revenues, Services and Products

- This section is intended to provide an overview of:
 - How Revenues are made up at a high level;
 - How the revenues are recovered through the charging products in the current framework;
 - How certain products interact at a high level

- The purpose is to help understanding as we move into modelling in the coming months and specifically
 - How revenues from chargeable products would be treated, how revenues get reconciled and how they fit with EU Tariffs code

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- Placeholder for material to be populated on 28 July

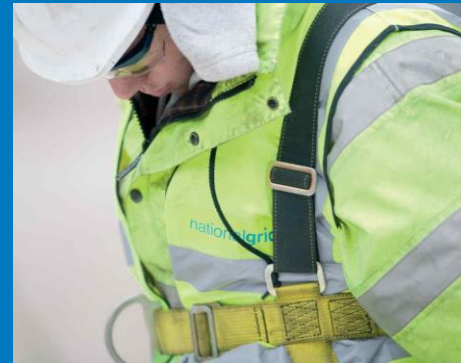
Next Steps



Next Steps

- Placeholder for material to be populated on 28 July

Contact us



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