

# 0605:

## Amendment to UNC TPD Section K Operating Margins



Proposer: National Grid NTS

Panel Date: 15<sup>th</sup> December 2016

# Why change?



- The UNC currently prescribes that National Grid NTS should run annual tenders to purchase and dispose of Operating Margins (OM) Gas
- There have been instances where tenders have not been the most efficient or economical method:
  - Market dynamics result in less competitive prices offered through tenders; and a
  - Reduction in the number of tenders received
- National Grid NTS licence directs that it operate in an efficient and economical way
  - We have identified other ways to deliver a more efficient and economical process such as Over the Counter (OTC) or by using an exchange (OCM etc.)
  - Historic analysis suggest potential benefit to shippers of approximately £30k to £90k per annum which feeds through into the Closing Margins Adjustment Charge (UNC TPD Section K 4.4.5);

# Solution



- Modification 0605 proposes to allow National Grid NTS the discretion to utilise the most economic means to dispose of Operating Margin Gas (eg. Over the Counter or via exchange instead of a tender)
  - Minor changes to UNC TPD Section K Operating Margins;
    - Paragraphs 3.3.7, 3.7.2 (g) and 3.7.4

# Recommended Steps



- The Proposer recommends that this modification should be:
  - Subject to self-governance; and
  - Subject to Workgroup assessment to develop the modification for 1 month