



Modification 0696 – Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs

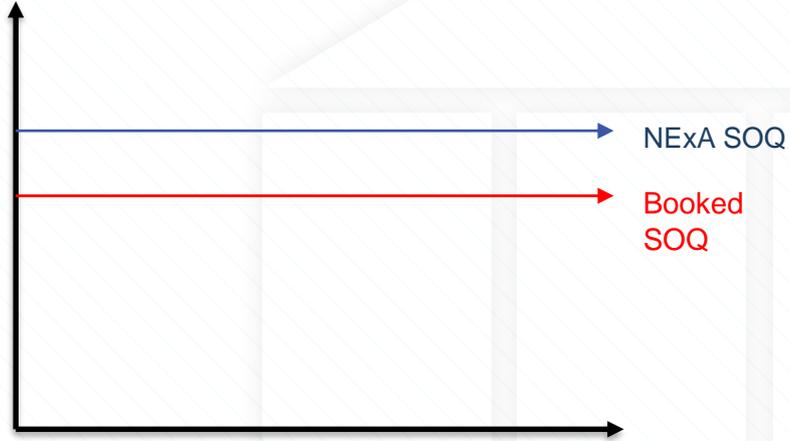
DWG - 17 December 2019

Modification 0696 considerations

- At the last DWG meeting, we briefly discussed the scenarios which need to be considered as a result of Modification 0696
- The next few slides covers the following scenarios:
 1. Booked Capacity < NExA Capacity
 2. Booked Capacity = NExA Capacity
 3. Booked Capacity > the NExA Capacity
 4. Ratchet causes the booked Capacity to increase but still < NExA Capacity
 5. Ratchet causes the booked Capacity to increase and become > NExA Capacity
- Based on these scenarios, we have made some assumptions and raised some questions which need to be considered

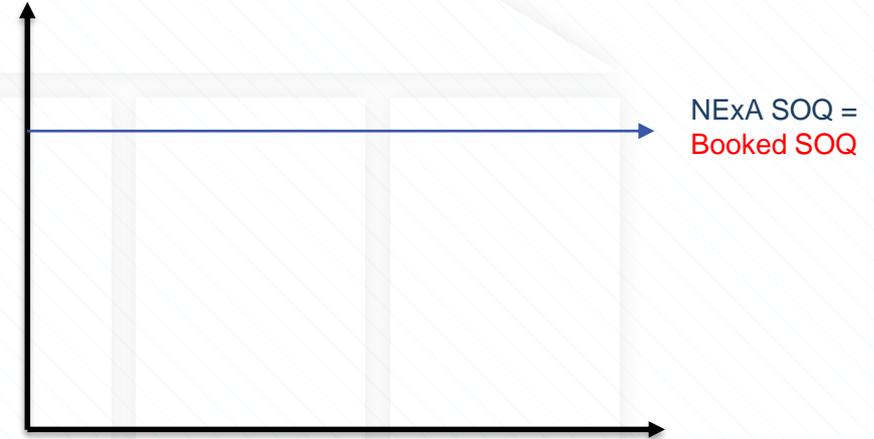
Scenario 1 and 2

1. Booked Capacity < NExA Capacity



NExA SOQ > Booked SOQ
No action required.

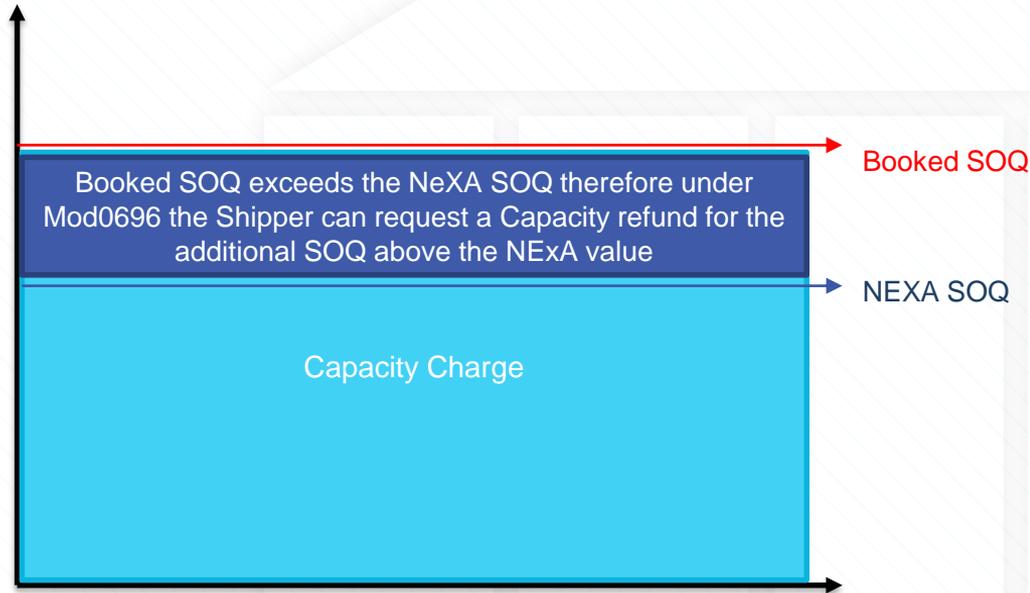
2. Booked Capacity = NExA Capacity



NExA SOQ ≤ Booked SOQ
No action required.

Scenario 3

3. Booked Capacity > then NExA Capacity



Transporters must instruct the CDSP to complete the Capacity Adjustment in order for the Capacity refund to be issued to the Shipper (**Consideration 1**)
Action for CDSP to undertake a Capacity Adjustment upon instruction from Transporters

Once this scenario has been identified, should there be an obligation on Shippers to reduce their booked SOQ to the NExA SOQ – providing this is within the Capacity reduction period (**Consideration 2**)

The scenario prompting Mod0696 is understood to be a discrete one-off adjustment. However, normal scenarios would be monthly adjustments.

Scenario: 4

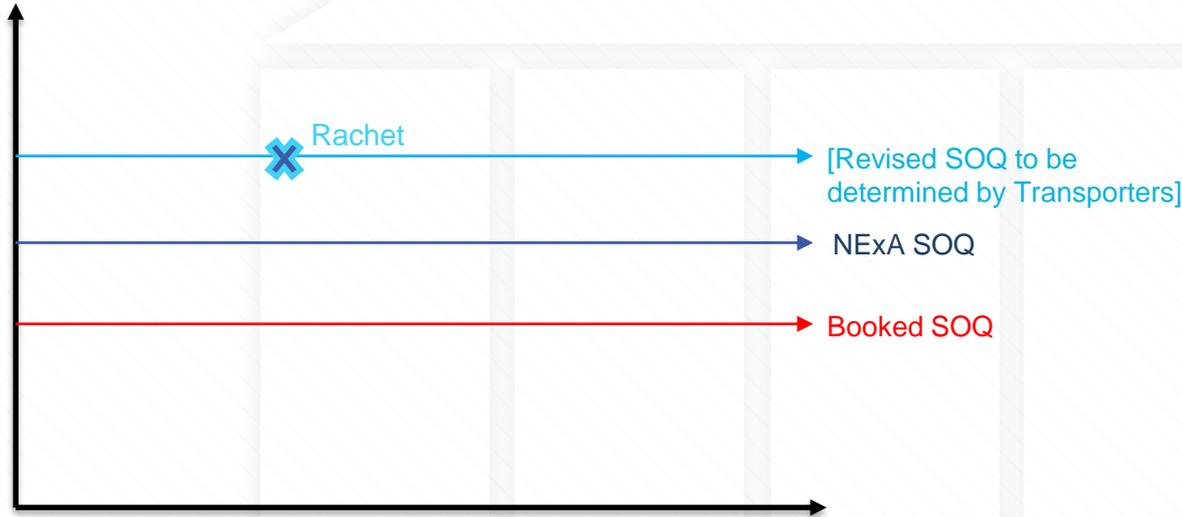
4. Ratchet causes the booked Capacity to increase but still $<$ NExA Capacity



Please note that scenario 4 indicates one Ratchet however there can be multiple Ratchets in a month

Scenario: 5

5. Ratchet causes the booked Capacity to increase and become > NExA Capacity



Existing Ratchet process will continue – booked SOQ should increase to the Ratched SOQ value and the Ratchet Charge should be applied

Revised SOQ is higher than NExA SOQ - Transporter will need to confirm alternative Capacity
(Consideration 3)

Please note that scenario 5 indicates one Ratchet however there can be multiple Ratchets in a month which would require this process to occur.

Considerations

Consideration 1 (*Scenario 3 – Booked Capacity > then NExA Capacity*)

- In relation to Modification 0696 Business Rule 2, where a Shipper identifies a mismatch in NExA and UNC Capacity booking processes, the relevant Transporter **must** instruct the CDSP to complete a Capacity Adjustment. Unless this is a discrete one-off adjustment, it should be done on a **monthly basis** therefore each instruction is for an individual adjustment.
- A new Service Line will be required for the CDSP to complete the Capacity Adjustment and refund.
- The Capacity Adjustment will be done via an offline Request to Bill (RTB) process. Due to the offline nature of this process, there is no supporting information for RTBs. There is the I59 which provides comments but no official supporting information.
- Will this be an issue for Shippers?

Considerations continued

Consideration 2 (*Scenario 3 – Booked Capacity > then NExA Capacity*)

- Once the mismatch in NExA and UNC Capacity booking is identified and the instruction to the CDSP to complete the Capacity refund has been requested, an obligation should be placed on the Shippers to reduce the booked Capacity to the NExA Capacity. This would avoid ongoing Capacity Adjustments being requested and refunded.
- This would need to be done within the Capacity reduction window (01/10 – 31/01). Requirement to put a timescale on a Shipper to do this and if it is not done within this timescale [e.g. 30 days], Shippers will be charged each time after, when a Capacity Adjustment is requested and processed. This would be a DSC Specific Service (Service Area 22).
- We would need to ensure treatment of the Capacity Reduction Charges (CRC) is consistent for this Modification as the Shipper may be charged if they reduce and increase their Capacity within one gas year.

Considerations continued

Consideration 3 (Scenario 5 – Ratchet causes the booked Capacity to increase and become > NExA Capacity)

- Where a site Ratchets above the NExA Capacity, the Ratchet Charge will apply and usually the booked Capacity would increase to the ratcheted Capacity.
- Where the booked SOQ is increased through the Capacity Change/Confirmation process, the referable process could provide Transporters the opportunity to 'catch' increases above that agreed within the NExA. Where however, the increase above the NExA SOQ is a result of a Ratchet, there is no such safeguard.
- In the scenario, the Transporters would need to confirm and instruct what should happen with the Ratchet and what the revised booked Capacity should be.