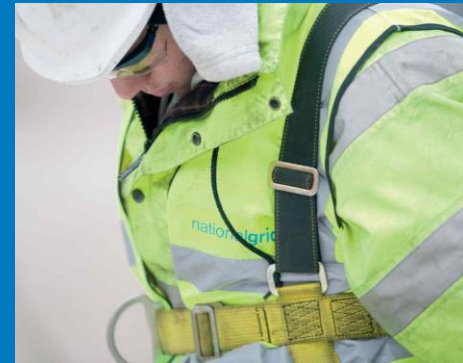


Gas Charging Review

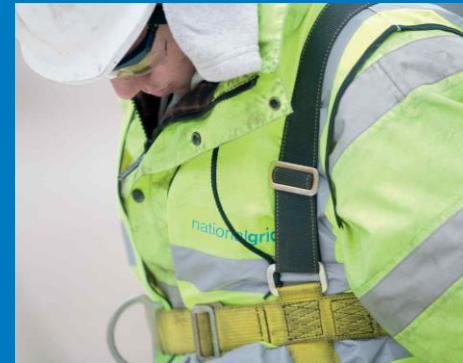


NTSCMF – 23 May 2017

Agenda

Area	Detail
EU Tariffs Code – Current Outlook	<ul style="list-style-type: none">• Key updates relevant to Gas Charging Review
Output from sub-workgroup	<ul style="list-style-type: none">• Summary of recent sub groups, future sub groups, their focus and role
Plan and change process	<ul style="list-style-type: none">• Update on UNC Modification Development, change process and timescales
Draft UNC Modification	<ul style="list-style-type: none">• Walkthrough and discussion of the draft UNC Modification
Next Steps	<ul style="list-style-type: none">• Further development at NTSCMF and future NTSCMF sub workgroups for the timeline for UNC Modification

Gas Charging Review



EU Tariff Code – Current Outlook
Colin Hamilton

ENTSOG Activities – Update

■ ENTSOG activity for remainder of 2017 includes:

- Preparation for 2nd Implementation Workshop and updated Implementation Document
- Internal Workshops between TSOs to support implementation
 - NG shall present CWD model at ENTSOG on 24 May
- Coordination between TSOs/ENTSOG to meet new publication requirements
- Preparation for Implementation Monitoring & Effect Monitoring of TAR NC.

MOD 0611 – Update

- **Floating price at IPs:** Legal text updated to include Article 35 protection
 - incorporates legacy protection by reference to Transition Document concerning recalculated price at Bacton IP
 - text to be made clearer e.g. add “***with the exception of allocated capacity subject to.....***”.
- **Mandatory minimum premium:** Text to be clarified to highlight MMP is only being used for the initial incremental release (i.e. via an alternative allocation mechanism)
- <http://www.gasgovernance.co.uk/0611>

Chapter VIII Compliance (data publication)

- EC/ACER push for early publication
 - i.e. by 1 October 2017
- Agreed compromise with ENTSOG
- Publication on ENTSOG Platform by year end
 - the reserve prices at IPs and, if applied, the flow-based charges; information refers to the current tariff period which is running at the date of publication in December 2017
 - **All TSOs** (not only TSOs with Jan-Dec tariff period)

Chapter VIII Compliance (data publication)

- Publication on TSO website (Art 30)
 - Information (where relevant) to be published
 - Accessible through link on ENTSOG Transparency Platform (TP)
 - Information shall reflect current tariff period at date of publication
 - Publication to be shortly after October 2017 but no later than end of 2017

UNC Mod for Capacity Treatment at Combined ASEPs

- New mod to be developed on treatment of capacity at combined ASEPs
 - Some ASEPs may have multiple classifications of capacity (e.g. beach and storage or LNG entry)
 - Discounts allowed under Art 9 of TAR NC for certain classifications

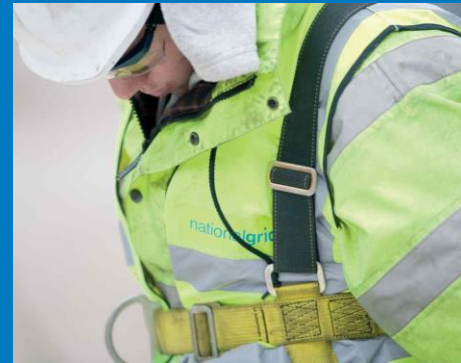
UNC Mod for Capacity Treatment at Combined ASEPs

- To apply any discounts with the classifications of Points.
- Likely to have impact on Licence
- NGG currently open on how to approach this issue. E.g. options could range from:
 - ASEP split; to
 - Keep ASEP whole but have methodology to identify capacity associated with storage or LNG entry points

UNC Mod for Capacity Treatment at Combined ASEPs

- Compliments new UNC mod on “Amendments to Gas Transmission Charging Regime”
- Where is best forum to develop this mod?
 - National Grid proposes to progress this within Transmission Workgroup
 - Deals with treatment of capacity rather than how specific charges are set.

Gas Charging Review



Output from sub workgroups
Colin Williams

Output from sub workgroup

- One sub group since 5th May NTSCMF
 - 16 May
- There are three more sub group T-Con/WebEx meetings scheduled for May / June:
 - 30 May
 - 14 June, 29 June
- All documentation and outputs, when updated from the meetings will be available:

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

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

Output from sub workgroup

- Sub group on 16 May discussed:
 - The CWD spreadsheet and the additional functionality
 - Agreed there are a few areas to review and update to add clarity and to test a few further combination of inputs
 - Updated version to be updated and made available w/c 5 June
 - Timescales for UNC Mod Development and if the sub groups can play a part in the overall change process
 - Group feelings are that it can and should

Sub workgroup – future development

- At NTSCMF on 8 May 2017 the frequency of NTSCMF was discussed to increase the number of meetings to deliver the Gas Charging Review
- It is likely Joint Office can resource an extra NTSCMF each month resulting in two NTSCMF meetings each month from July.
 - Further commitments may be more challenging given Joint Office's commitments and obligations
- To support the GCR development, the sub groups could be used in some capacity
- Following a discussion on this, the sub group supported continues use of the sub groups.

Sub workgroup – future development

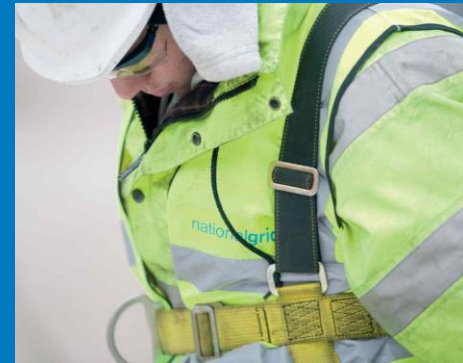
- Future Sub Groups
 - Have dedicated meetings on specific topics to give more time to each one
 - To ease the administration burden, these meetings will not have minutes
 - Continue charging spreadsheet development and testing for future releases (in addition to NTSCMF sharing) to support the UNC Modification process
- Two per month ideally between NTSCMF meetings to provide NTSCMF with summary of outputs
 - Provide summaries, including future agenda items, to NTSCMF

Sub workgroup – future development

Sub Group	Key topic to discuss
30 May 11:00 -13:00	<ul style="list-style-type: none">• Forecasted Contracted Capacity
14 June 10:00 – 12:00	<ul style="list-style-type: none">• Revenue Reconciliation / Recovery
29 June 10:00 – 12:00	<ul style="list-style-type: none">• Avoiding inefficient bypass of the NTS
July and onwards	<ul style="list-style-type: none">• To be discussed and kept under review• Two per month

- Meetings are via TCon/WebEx
- If you have any inputs to these subjects that you would like to provide to assist with discussions please let us know in advance of these meetings
- Discussion papers to date can be found here:
<http://www.gasgovernance.co.uk/ntscmf/subg>

Gas Charging Review



Plan and change process

Gas Charging Review:

UNC Modification – Timeline update

Date	Meeting#	Detail
24 April 2017	NTSCMF	<ul style="list-style-type: none"> Continue pre-modification discussions on scope of proposed UNC Modification Discuss overview of what it will and won't contain at this stage, links to the key topics under discussion
8 May 2017	NTSCMF	<ul style="list-style-type: none"> Pre-modification discussion on all topics to include draft proposals for each for inclusion into the UNC Modification Discuss overview of what it will and won't contain at this stage, links to the key topics under discussion
23 May 2017	NTSCMF	<ul style="list-style-type: none"> Discuss the draft for the UNC Modification ahead of any revisions before being submitted to June Panel
2 June 2017	n/a	<ul style="list-style-type: none"> Submission of UNC Modification to Joint Office
5 June	NTSCMF	<ul style="list-style-type: none"> UNC Modification review and development
Post 5 June	n/a	<ul style="list-style-type: none"> Make updates to UNC Modification and update version with Joint Office being reviewed at UNC Mod Panel
15 June 2017	UNC Mod Panel	<ul style="list-style-type: none"> Decision on UNC Modification(s) recommending referral to workgroup (at NTSCMF)

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

Gas Charging Review



Draft UNC Modification

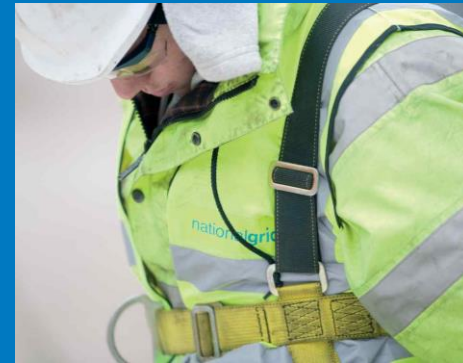
Gas Charging Review: Proposed UNC Modification structure

Modification Structure	Topics covered in Modifications	Comments
Gas Charging Review Modification	<ul style="list-style-type: none"> Reference Price Methodology Revenue Reconciliation approach Multipliers and Specific Discounts (e.g. Article 9 discounts), Historic treatment of capacity Interruptible pricing Forecasted Contracted Capacity (FCC) methodology Avoiding Inefficient bypass – charging product 	<ul style="list-style-type: none"> Covering topics that are closely linked and beneficial to keep together Placeholders / defaults for certain areas to begin with (e.g. Multipliers / Discounts, interruptible pricing, historic treatment, avoiding inefficient bypass, etc) To be developed through NTSCMF
Combined ASEP Splitting Method Modification	<ul style="list-style-type: none"> Method of splitting capacity at combined ASEPs not the prices associated to that capacity 	<ul style="list-style-type: none"> Method of splitting capacity at combined ASEPs Pricing methodology for this capacity will be in the main charging review modification To be developed through Transmission Workgroup

Gas Charging Review: Draft UNC Modification

- For the draft UNC Modification made available on 22 May we are proposing:
 - Walkthrough of the draft UNC Modification text
- This provides an opportunity to provide comments and discuss with NTSCMF
- Following NTSCMF any further questions / comments are welcome prior to the UNC modification being submitted on 2 June.

Gas Charging Review



Next Steps

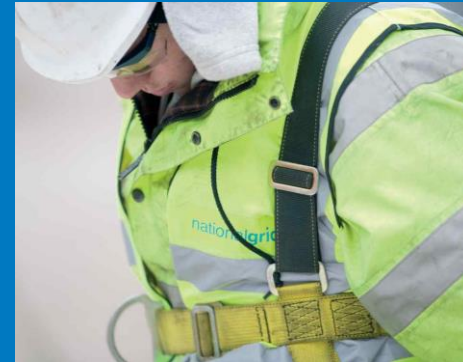
Gas Charging Review: Next Steps

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