

0621 Workgroup Report - Approach

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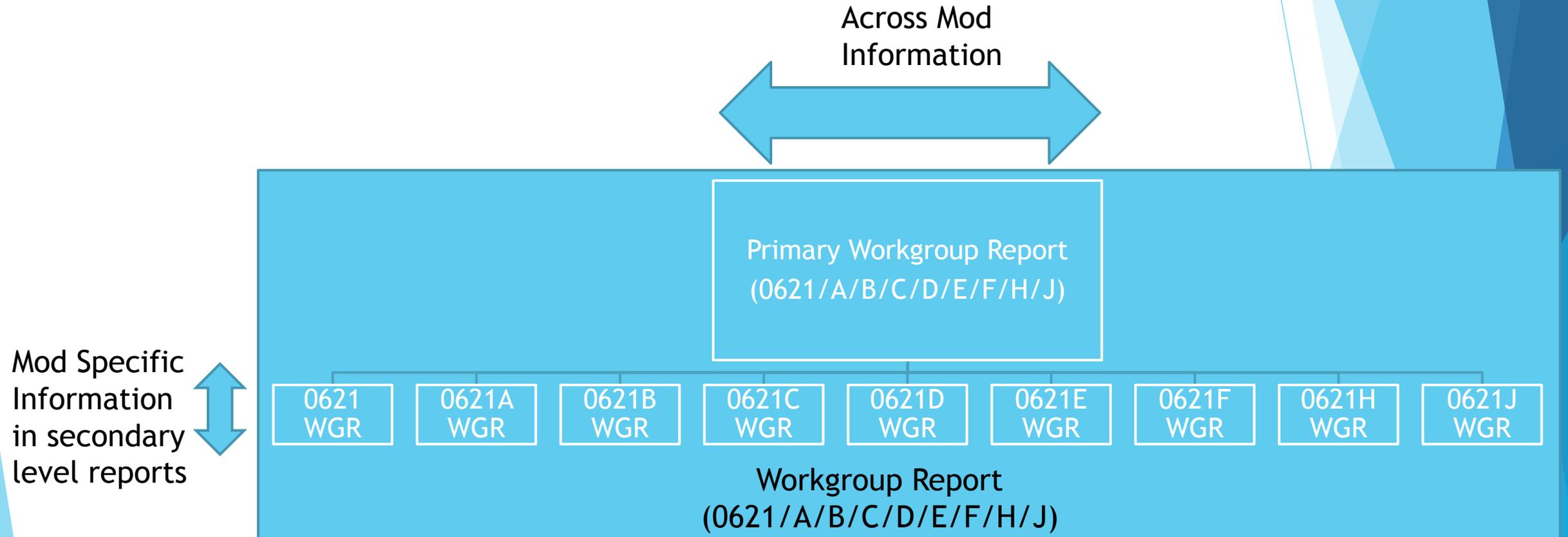
Objective

- ▶ Highlight work conducted by JO on the development of the Workgroup Report to date and challenges faced
- ▶ Share ideas of how report can be developed further in the time available
- ▶ Gain workgroup input on the proposed approach
- ▶ Deliver the workgroup report inline with agreed approach

Workgroup Report Development - Challenges

- ▶ Volume and complexity of material
 - ▶ Number of Modifications - 9 (with 0621G now withdrawn)
 - ▶ Size of each Modification - 0621 is 32 pages
 - ▶ Proposers preference is to keep their Modification whole - not summarised
 - ▶ Size of overall report - 300 to 400 pages?
- ▶ Modification Baseline Changes and Supporting Analysis
 - ▶ 0621 Modification (baselined 06 April)
 - ▶ Subsequent changes to Alternatives (not all done yet)
 - ▶ Further alternatives may still be raised and/or unknown changes may still need to be made to the current proposals
 - ▶ Analysis is being produced by NG NTS and other proposers to support proposals - to be drip fed for review by workgroup
- ▶ Timescales
 - ▶ Maximum of 11 further workgroup meetings (Monday 23 April to Tuesday 8 May)
 - ▶ Submission Date to Panel - Wednesday 09 May

Workgroup Report - Structure



Workgroup Report - Content

Primary
(across Mods)

- **Contact details**
- **How to use the report, including navigation**
- **Comparison Table** - comparison of key elements of 0621 and Alternatives
- **Key Issues** - analysis/views of key regime changes and differences in approach (as proposed by Mods)
- **Relevant Objectives** - workgroup views on how Mods better facilitate the objectives (linking to key issues discussion and analysis as appropriate)
- **Workgroup conclusions/recommendations**

Secondary
(specific to each Mod)

- **Modification**
- **Analysis** - provided by Proposer or NTS or both to illustrate the impacts/affects of the Mod
- **Relevant Objectives** - provided by Proposer and reviewed by Workgroup
- **Legal Text** - published as a separate document - reviewed by Workgroup and views captured

Key Issues (as highlighted by Comparison Table)

Element	Issue/difference in Approach – to be assessed
Reference Price Methodology	<ul style="list-style-type: none"> • Use of Capacity Weighted Distance (CWD) and Postage Stamp over the current LRMC methodology
Forecasted Contracted Capacity	<ul style="list-style-type: none"> • Interim and enduring arrangements • Obligated Capacity (2 years) and then National Grid forecast
Multipliers	<ul style="list-style-type: none"> • Multiplier of 1.0 (year 1) and approach to setting it in future years (stay as 1.0 or subject to consultation)
Interruptible Discount	<ul style="list-style-type: none"> • 10% (year 1) and approach to setting it in future years (stay as 10% or subject to consultation)
Specific Capacity Discounts	<ul style="list-style-type: none"> • Storage Discount - 50% or 86% • Interconnector Points – none or 50% (for 2 years)/average weighted matched forecast (thereafter)
Revenue Recovery (Interim)	<ul style="list-style-type: none"> • 2 years and being Flow based for non-IPs (except non-own-use at storage)/capacity based for IPs. • Exclusions for IPs – none or historical contracts • Exclusions for Non IPs – Storage or Storage & Historical Contracts
Revenue Recovery (Enduring)	<ul style="list-style-type: none"> • Capacity based for all • Exclusions for IPs – none or historical contracts • Exclusions for Non IPs - Historical Contracts at Storage or Historical Contracts
NTS Optional Charge	<ul style="list-style-type: none"> • 2 years/Enduring/3years/none • Existing formula structure with cost base indexed to RPI. 60km cap. Alternative to Tx Services Revenue Recovery Charge and Non Tx services charge.

Relevant Objectives - Standard

Relevant Objective	0621	0621A	0621B	0621C	0621D	0621E	0621F	0621H	0621J
	National Grid	Storengy	SSE	Centrica	WWU	Uniper	IUK	ENI	RWE
a) Efficient and economic operation of the pipe-line system.	None	None	Positive	Positive	None	Awaiting Mod update	None	Awaiting Mod update	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None	None	None	None	None		None		None
c) Efficient discharge of the licensee's obligations.	Positive	Positive	Positive	Positive	Positive		Positive		Positive
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive	Positive	Positive	Positive	Positive		Positive		Positive
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None	None	None	None	None		None		None
f) Promotion of efficiency in the implementation and administration of the Code.	None	None	None	None	None		None		None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	Positive	Positive	Positive	Positive	Positive		Positive		Positive

Relevant Charging Methodology Objectives

Relevant Objective	0621 National Grid	0621A Storengy	0621B SSE	0621C Centrica	0621D WWU	0621E Uniper	0621F IUK	0621H ENI	0621J RWE
a) Save in so far as paragraphs (aa) or (d) apply, that compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business;	Positive	Positive	Positive	Positive	Positive	Awaiting Mod update	Positive	Awaiting Mod update	Positive
aa) That, in so far as prices in respect of transportation arrangements are established by auction, either:	Positive	Positive	Positive	Positive	Positive		Positive		Positive
(i) no reserve price is applied, or									
(ii) that reserve price is set at a level -									
(I) best calculated to promote efficiency and avoid undue preference in the supply of transportation services; and									
(II) best calculated to promote competition between gas suppliers and between gas shippers;									
b) That, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business;	Positive	Positive	Positive	Positive	Positive		Positive		Positive
c) That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers; and	Positive	Positive	Positive	Positive	Positive		Positive		Positive
d) That the charging methodology reflects any alternative arrangements put in place in accordance with a determination made by the Secretary of State under paragraph 2A(a) of Standard Special Condition A27 (Disposal of Assets).	None	None	None	None	None		None		None
e) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	Positive	Positive	Positive	Positive	Positive		Positive		Positive

Meeting Schedule

	9:30 - 13:00	13:30 - 17:00
23-Apr	Capacity Reference Price	Forecasted Contracted Capacity
24-Apr	Revenue Recovery Charge (Transition)	Revenue Recovery Charge (Enduring) including historical contracts
25-Apr	Legal Text (0621)	<ul style="list-style-type: none"> • Legal Text (0621) • Non Transmission Service Charges • Publication of variables
26-Apr	<ul style="list-style-type: none"> • Reserve Price - Specific Capacity Discounts • DN Impacts 	NTS Optional Charge
27-Apr	Legal Text (0621 Alternatives) Topic TBC	Legal Text (0621 Alternatives) Topic TBC
30-Apr	Relevant Objectives	Relevant Objectives
01-May	NTSCMF (including 0621 Workgroup) Finalise Workgroup Report Legal Text (0621 Alternatives)	NTSCMF (including 0621 Workgroup) Finalise Workgroup Report Legal Text (0621 Alternatives)
02-May	Finalise Workgroup Report	Finalise Workgroup Report
03-May	Relevant Objectives (TBC - if TWG can be moved/cancelled)	Relevant Objectives (TBC - if TWG can be moved/cancelled)
04-May	Relevant Objectives and/or Finalise Workgroup Report	Relevant Objectives and/or Finalise Workgroup Report
08-May	Finalise Workgroup Report	Finalise Workgroup Report
09-May	Submit Workgroup Report to Panel (no meeting - JO admin activity)	