

**Gas System  
Operator**

**Review of the charging methodology to  
avoid the inefficient bypass of the NTS**

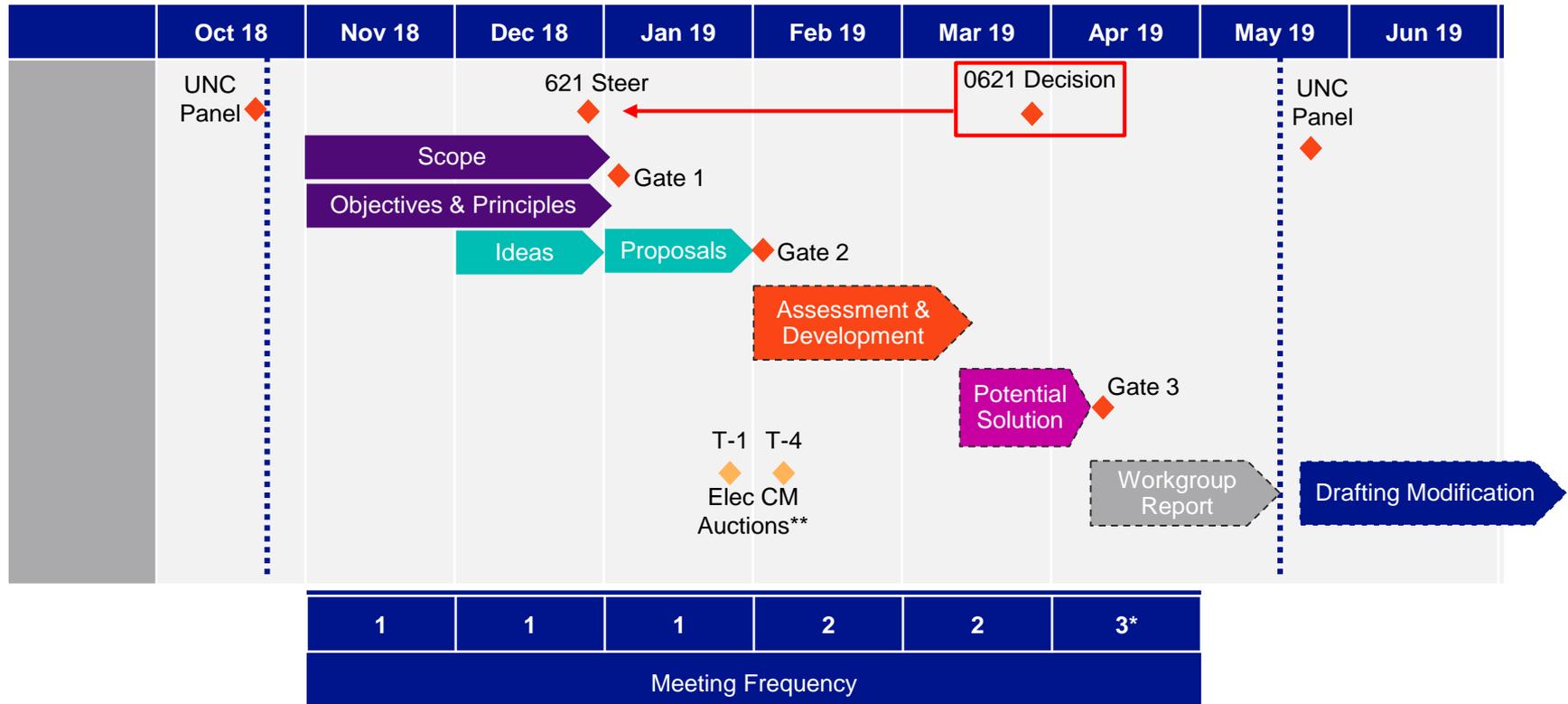
**Objectives, Principles and  
Proposals**

**NTSCMF 0670R Workgroup**  
10<sup>th</sup> January 2019

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# High Level Timeline



Gate 1: Sign off Scope and Objectives & Principles  
 Gate 2: Select proposal(s) for further assessment & Development  
 Gate 3: Refine Solution following 621 for inclusion in Workgroup Report

\* May NTSCMF scheduled for 30<sup>th</sup> April 2019

\*\* Elec Capacity Market is currently suspended ECJ conclusion on breach of state aid rules, auctions currently on hold

# Agenda and actions for January NTSCMF

Recap **objective** and **principles**

Discuss **proposals** from workgroup members

Discuss **next steps**

Answer any **questions** or **issues** raised

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01

Objective

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# Objective



Objective

0670R Workgroup definition of the objective is...

**Avoid inefficient by-pass of the NTS**

# Objective

**The original reasoning of the objective still holds true**

**Bypass of the NTS can be considered in a wider context of  
bypass of the NBP**

**There is an enduring need despite of or due to future of gas  
uncertainty**

**Inefficient bypass is defined in this context from the existing  
network perspective. The construction and use of independent  
pipelines bypassing the NTS risks increased costs as they are  
spread over a smaller base**

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02

## Core Principles

Foundations to achieve the objective

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# Core Principles

CP

**Compliant with relevant legislation**

**UNC Charging Relevant Objectives**

**UNC Relevant Objectives**

**Defined commitment to product**

**Historical decisions considered**

**Cost reflectivity**

# 03

## Ideas and proposal requirements



# Current ideas for a charging methodology to avoid the inefficient bypass of the NTS

## Idea 1

### The NTS Optional Capacity Charge

Modification 0653

- Graham Jack, Centrica

## Idea 2 (a,b)

### NTS Bypass Avoidance Charge

Capacity discount methodology

- James Gudge, National Grid

## Idea 3

### Cost Reflective Bypass Avoidance Charge

Charge defined by route

- Nick Wye, Waters Wye

# Proposal Requirements

What should proposals should deliver for workgroup review:

<b>Method</b>	Description of any methodology or formula proposed
<b>Examples</b>	How method is applied within framework
<b>Limitations</b>	Specify any limitation of the charge
<b>Assumptions</b>	Clarification of any assumptions taken in the development of the proposal
<b>Principle evidence</b>	Examples of how proposal meets core principles
<b>Analysis &amp; Assessment</b>	How will proposal be tested

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04

## Next Steps

Aims for February

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# Next steps, actions for February NTSCMF

Answer any **questions** or **issues** raised

Start developing and assessing **Proposals** raised by workgroup

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