

0534

Maintaining the efficacy of the NTS Optional  
Commodity('shorthaul') tariff at Bacton entry points

**Proposer:** Gazprom Marketing & Trading

**Mod Panel meeting:** 19 March 2015



# Why change?

## **Problem:**

NGG NTS will not provide simultaneous shorthaul services from both the Bacton UKCS ASEP and the Bacton IP ASEP into a nominated NTS Exit Point once CAM is implemented in November. For example, it will not be possible to shorthaul gas from BBL and UKCS to IUK.

## **This is because:**

1. You cannot use the same entry or exit point for shorthaul to/from another point
2. From November, CAM will split Bacton ASEP and create a two new Bacton ASEPs
3. Bacton Split will not allow simultaneous use of shorthaul from both new ASEPs to a nominated Exit Point

This unintended consequence reduces existing shipper flexibility, discriminates between sources of gas and hinders the development of liquid cross-border markets

**Addressing this defect will maintain the efficacy of the NTS Optional Commodity tariff arrangements at Bacton following the split of the Bacton ASEP**

# Options

- **GM&T believes that a UNC modification is necessary because:**
  - the impact is material to shippers
  - it requires National Grid NTS to change its service provision in relation to the newly created ASEPs
  - it requires altering the UNC to enable/guarantee the existence of shorthaul from both Bacton ASEPs

# Solution

- The proposed **solution aims to preserve the original intent** of NTS Optional Commodity Charge
- The proposed solution **creates a “Combined Bacton ASEP”** for the purpose of determining the total daily quantity used when levying the NTS Optional Commodity tariff for gas shipped to a nominated NTS Exit point
- The following definition is proposed to be inserted into the UNC TPD document:  
*“A **“Combined Bacton ASEP”** shall comprise of the Bacton UKCS ASEP and the Bacton IP ASEP, [which are System Entry Points in close physical proximity to each other and each form part of contiguous entry terminal facilities].”*  
This definition aims to permit the relevant entry allocation quantities for the NTS Optional Commodity tariff to be aggregated at the appropriate level at Bacton only
- This modification **proposal does not:**
  - change the NTS Optional Commodity tariff methodology
  - change the justification for such a tariff
  - require a Licence change to establish a new ASEP for the purposes of the release of NTS Entry Capacity

# Recommended steps

- The Proposer recommends that this modification should be referred to workgroup for assessment and development
- The Proposer recommends the following timetable:

– Initial consideration by Workgroup	02 April 2015
– Workgroup Report considered by Panel	21 May 2015
– Draft Modification Report issued for consultation	21 May 2015
– Consultation Close-out for representations	11 June 2015
– Final Modification Report produced for Panel	12 June 2015
– UNC Modification Panel decision	18 June 2015
- The timetable aims to allow sufficient time National Grid to implement the modification by November 1, 2015
- There should be no additional implementation costs for industry parties as this preserves the status quo in light of the implementation of EU law