

# Value at Risk

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26 January 2017





# Value at Risk

The definition of VAR per Uniform Network Code:

## UNC Section V 3.2.1

(d) Subject to paragraph 3.3.4, “**Value at Risk**” at any point in time is the sum of:

(i) The aggregate amount (other than Energy Balancing Charges) invoiced to the User pursuant to **Section S** but remaining unpaid (irrespective of whether such amount has become due for payment); and

(ii) The average daily rate of the aggregate amount (other than Energy Balancing Charges) invoiced to the User in the previous calendar month multiplied by 20.



## UNC 0606

# National Grid Gas plc and National Grid Gas Distribution Limited transitional invoicing arrangement post Project Nexus implementation

**Proposal:** Following the Project Nexus Implementation Date (PNID) on 01 June 2017, it will not be possible for National Grid Gas Distribution Limited (NGGDL) and National Grid Gas plc (NGG) to issue separate invoices in respect of certain Transportation Charges.

This would mean Shipper Users would receive, for a limited period, three invoices for certain Transportation Charges relating to the NTS.

**Invoice 1** - Includes Transportation charges relating to the NTS and NGGDL Distribution Networks

- LDZ Commodity (Exit/CSEPS/Unique Sites)
- Amendments (Transportation/Energy)

**Invoice 2** - Credit Invoice for Reversal of NTS Transportation charges in Invoice 1

**Invoice 3** - Ancillary invoice which includes NTS Transportation charges in Invoice 1



# Calculation Example

**Shipper: XXX**

**December:**

Invoice 1 £ 310	Paid 10/12
Invoice 2 £ 310	Paid 10/12
Invoice 3 £ 310	Paid 10/12

**January:**

Invoice 1 £ 310	Outstanding
Invoice 2 £ 310	Outstanding
Invoice 3 £ 310	Outstanding

VAR = 20 day proxy + Outstanding Balance

$$\text{VAR} = ((930/31)*20)+930$$

**VAR = £ 1,530.00**



## Impacts

There will not be any impact on the VAR calculation resulting from the introduction of Project Nexus.

## Risks

- ***The ancillary credit invoice related to NTS Transportation charges is not produced at the same time as the invoice containing both Transportation and NTS charges. The effect would be to increase the exposure which may result in issuing breach notices incorrectly.***
- ***It is important that shippers pay the designated funds into the correct bank accounts. Failure will result in breach notices being produced.***