

# UNC Mod 417 Notice for Enduring Exit Capacity Reduction Applications

Jacopo Vignola

UNC Transmission Workgroup  
01 March 2012

**centrica**  
storage

# Agenda

## 1. Why change?

When Exit Charges are reviewed, Users holding incremental Enduring Exit Capacity may satisfy the UCA within 12 months but are not allowed to reduce their holdings;

## 2. Solution

Allow above Users to make an application for reduction during the July window with effect from the 1<sup>st</sup> of any month after the UCA has been satisfied;

## 3. Impact & Cost

System changes to be assessed by NGG and Xoserve

## 4. Implementation

Suggested implementation in advance of next July Reduction Window

# 1. Why Change?

- **User commitment**

- Users triggering new investment would be required to commit to pay the prevailing transmission charge at that offtake point for a period of four years (Ofgem implementation notice Mod 195AV)

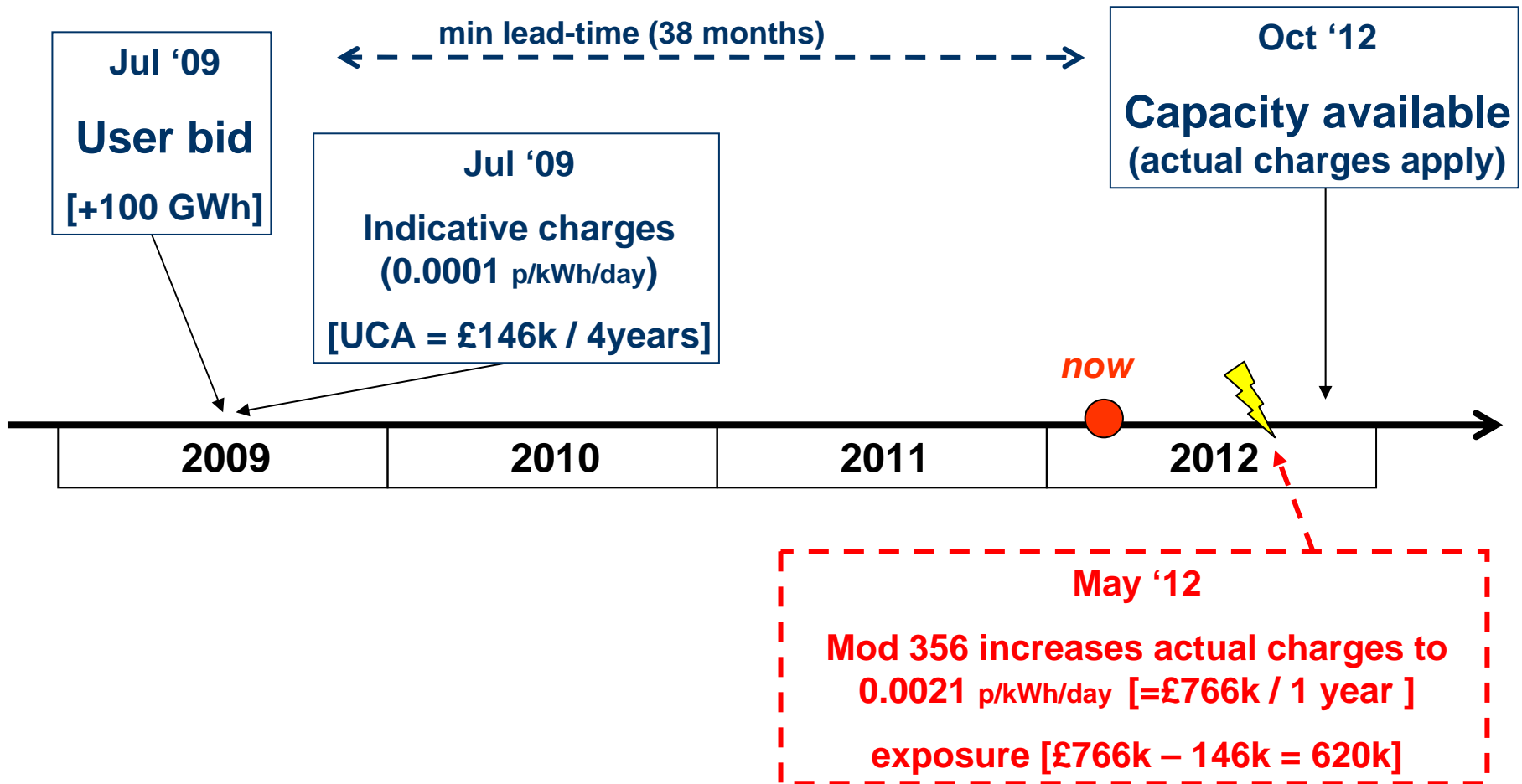
- **Implications**

- *if* Exit Capacity charges are reviewed after the booking
- *then* Users may satisfy UCA within 12 months
- *but* “14 months notice” rule prevents any reduction

- **Consequence**

- exposing Users to unnecessary additional operating costs above that specified by the User Commitment

# 1. Why Change? – Working case



## 2. Solution

- **Amending the “14 months notice” rule**

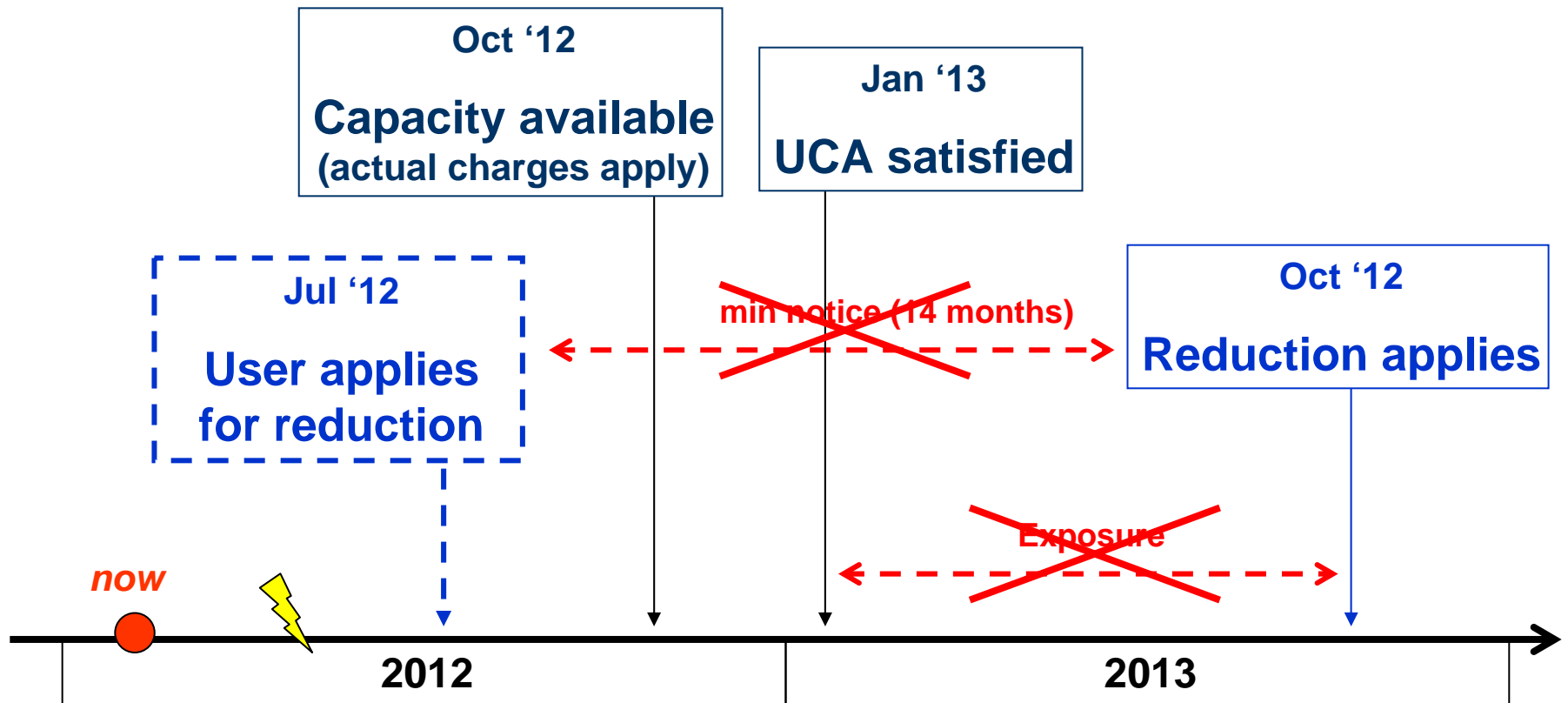
affected Users are allowed to make an application:

- *during* the Reduction Application Window preceding the first day of booking
- *for* a reduction of any quantity of registered capacity
- *with effect from* the 1<sup>st</sup> of any month after the UCA has been satisfied.

- **Acceptance and notification**

- Application rejected only if UCA not satisfied within 12 months given actual charges, as set by Notice of Transportation Charges
- Notification to User by 30 Sep (as std applications made in July)

## 2. Solution – Working case



## 3. Impact & Cost

### • Advantages

- Capacity signals are better align with actual requirements
  - No undermine financial commitment to fund incremental capacity
- Avoiding sterilisation of capacity
- Increasing cost-reflectivity
  - Charges reflect actual requirements

### • Disadvantages

- NGG certainty on planning capacity requirements shortened  
however, align with level of flexibility for increasing applications

### • Cost of implementation

to be assessed by National Grid NTS and Xoserve

# 3. Implementation

- **Timescale**

- No timescale proposed
- suggested implementation before Reduction window of July 2012

<input checked="" type="checkbox"/>	16 Feb	Mod raised and Panel accepted with self-governance
<input type="checkbox"/>	1 Mar	development at Tx workgroup (1)
<input type="checkbox"/>	5 Apr	development at Tx workgroup (2)
<input type="checkbox"/>	19 Apr	report back and Panel decision
	May/Jun	implementation
	1-15 July	reduction application window