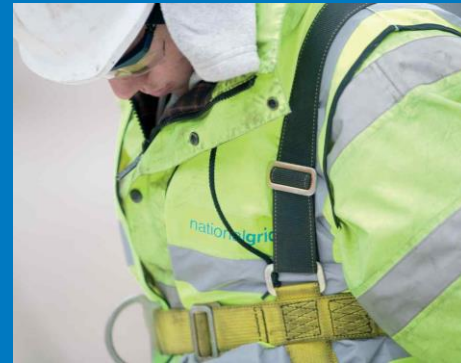


Action ref 240418 407 & 250418 401



Effective date and QSEC 19
02/05/2018

Action ref 240418 407 & 250418 401

- The effective date for the purposes of when capacity is classified as an Interim Contract, and therefore a Historical Contract has been discussed in the workgroups on 24 April and 25 April.
- This is for non-incremental capacity. Incremental is via the PARCA process.
- Rough timeline:
 - QSEC price publication – Mid January 2019
 - QSEC invitation – Feb 2019
 - QSEC auction – Mid March 2019
 - Allocation – after the QSEC and timescales can vary.
- This does not impact the main implementation of the proposal that it is to impact prices from 1 October 2019 and that the auctions or allocation processes it will impact, post any decision and date given in this decision, will be those where capacity is sold for October 2019 or later.

Action ref 240418 407 & 250418 401

- UNC0621 proposes the effective date to be the earlier of the end of the month in which the Authority issues a decision or 31 May 2019. This is the 'cut-off' for whether capacity is classified as a Historical Contract
- In the absence of a decision the QSEC steps (as per prev slide) will continue under the current regime
- Capacity can only be classified as a Historical Contract if the allocation is complete
- Therefore there is an interaction with the decision date and the QSEC if the decision is likely to be in this period.
- All comms would highlight that a decision has yet to be reached and would mean shippers enter into the QSEC 'at risk' as the payable price could be under the LRMC (current) fixed method or under the floating payable as per UNC0621 (and the alternates).