

Modification 0363: Commercial Arrangements for NTS Commingling Facilities

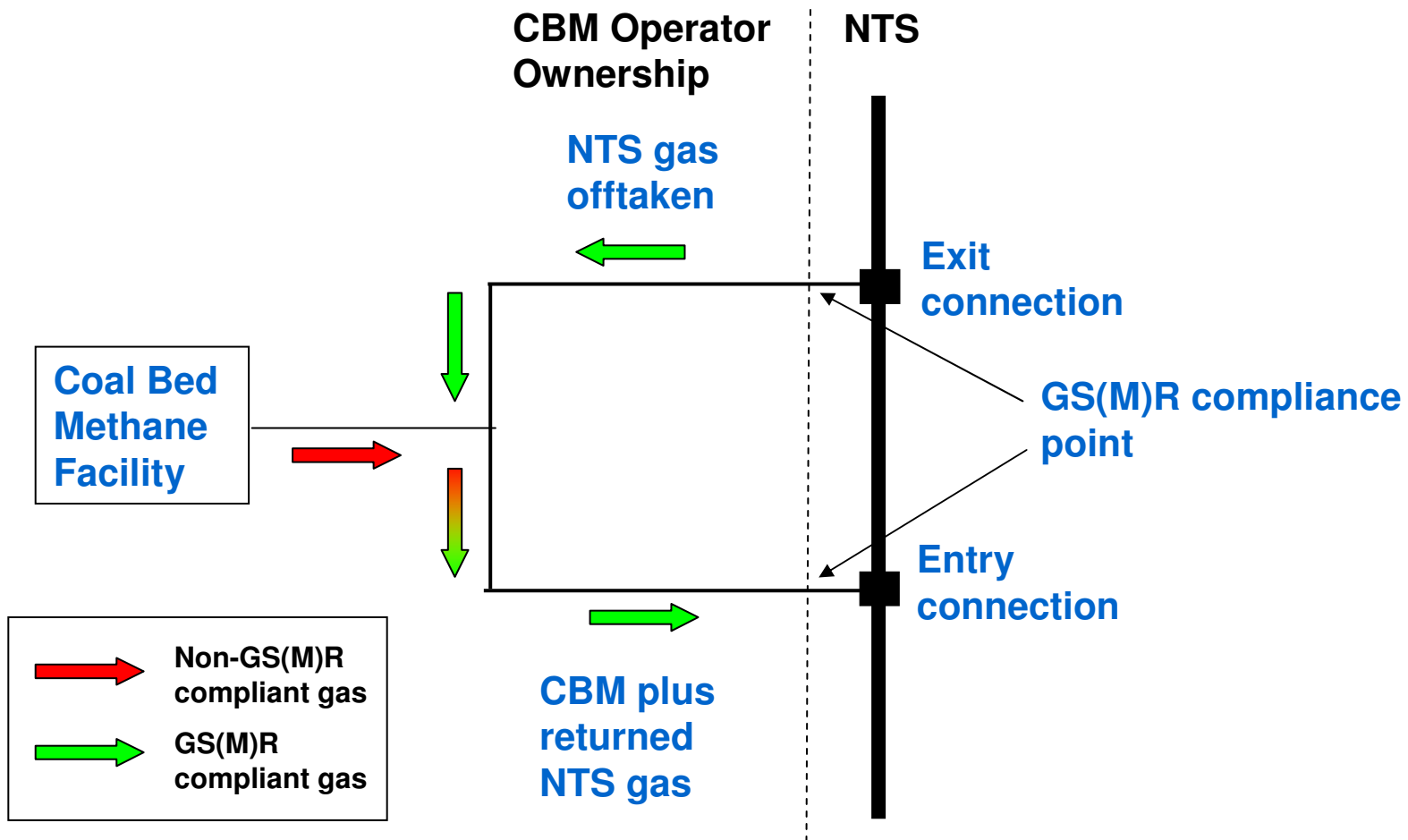


First Workgroup Meeting, 3rd March 2011

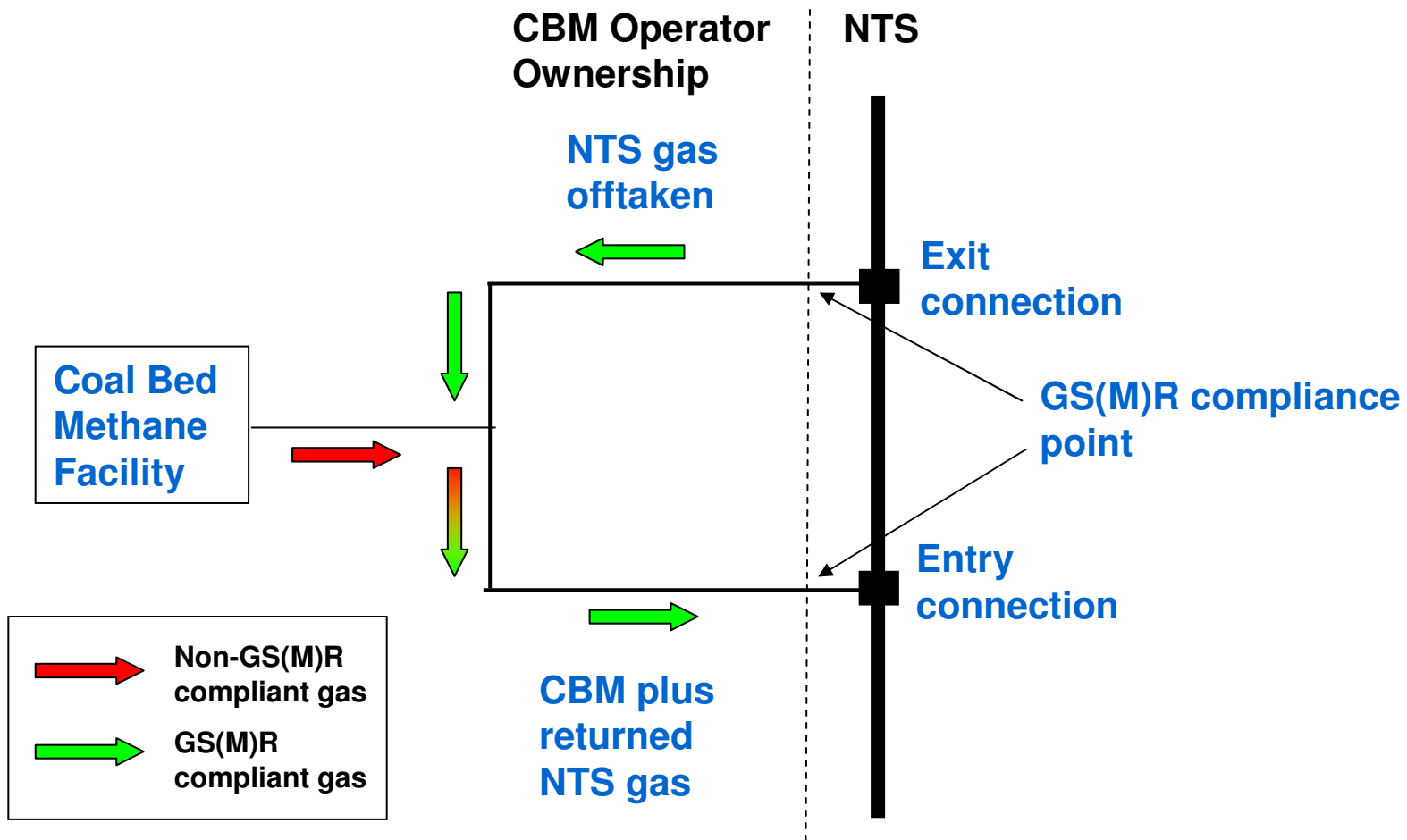
Background

- National Grid NTS has received an NTS entry connection request from a Coal Bed Methane (CBM) developer
 - Onshore, indigenous source of gas for the UK
 - CBM is non-GS(M)R compliant (low wobbe)
- A high level connection solution has been agreed
- National Grid NTS believes that a UNC change is required to deliver an appropriate commercial arrangement for this type of facility

Proposed Connection Arrangement



Proposed Connection Arrangement



Transportation charges levied on 'net' end of day flow

Current Status and Aims of the Modification

- The Panel voted to send the Modification to Workgroup for assessment and report back by June
- It aims to define the concept of an ‘NTS Commingling Facility’ within UNC and associated rules:
 - Application of NTS Commodity charges on a ‘net’ basis
 - Incentivise Users to book capacity and submit gas flow nominations consistent with their net end of day quantity
 - Define allocation rules and agency arrangements

Development of the Modification

- Explore the required UNC changes and impacts with the industry via business rules
- Our proposals have been published for this meeting
- Aim is to achieve a consensus on the business rules that can then be used as the basis for legal drafting
- Workgroup to consider legal drafting prior to the Workgroup Report going to Panel and the Modification being issued for consultation

Business Rules – Key Areas

- Classification and definition
- Operator Agreement
- Agency Arrangements
- Allocation Arrangements
- Gas Flow Nominations
- Entry and Exit Capacity
- System clearing & imbalances
- Transportation Charges