

Commercial Arrangements for NTS Commingling Facilities

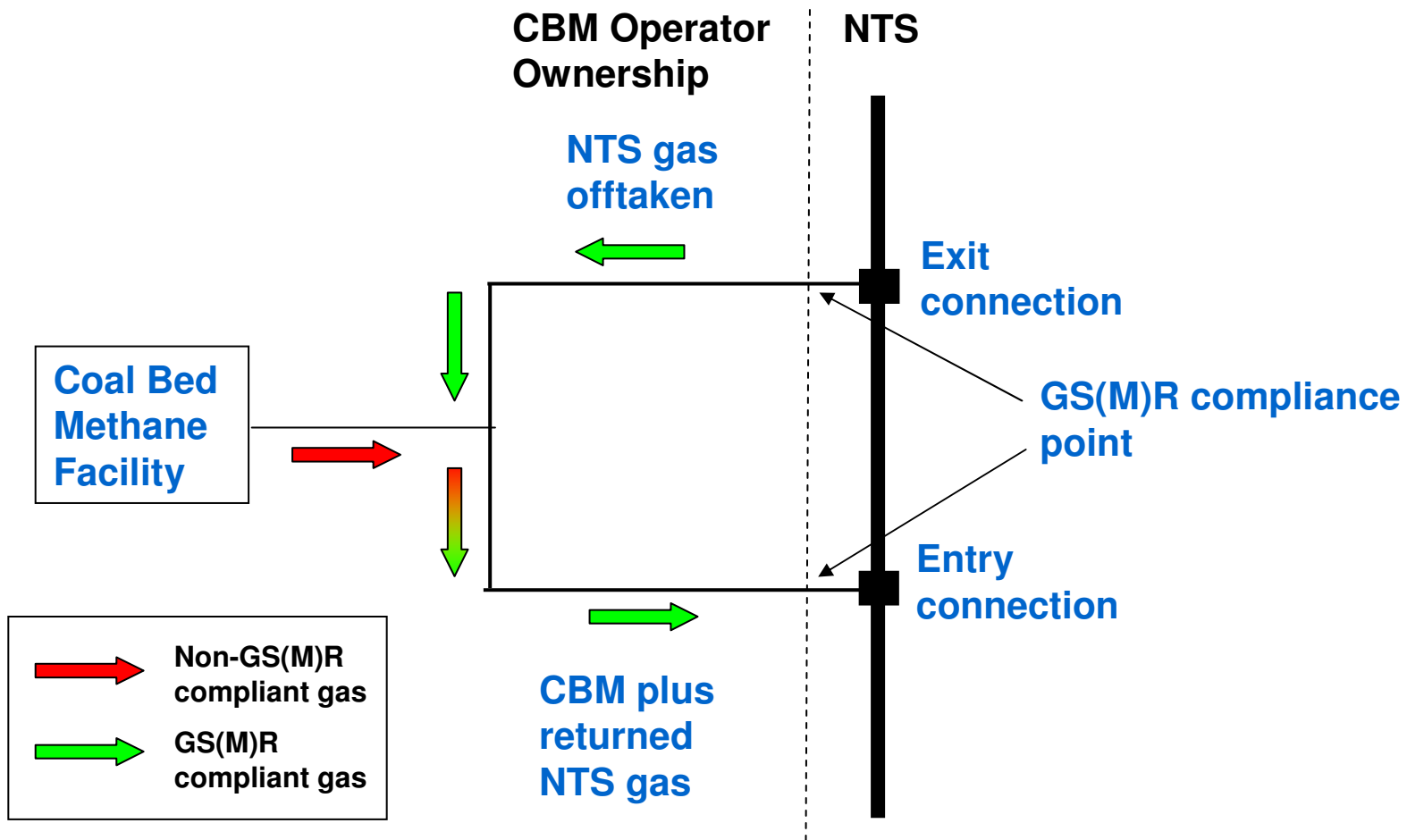


Transmission Workgroup, 3rd February 2011

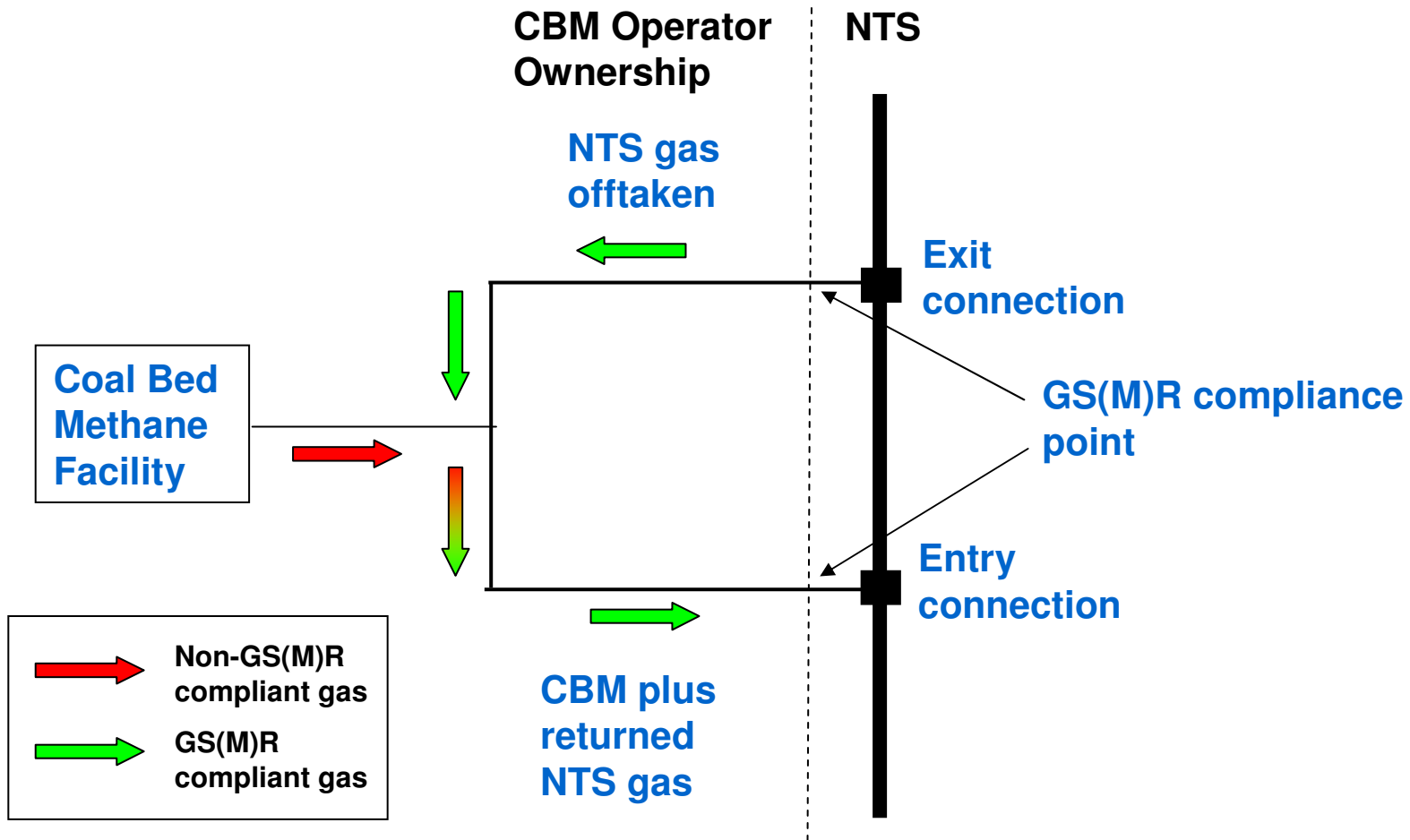
Background

- 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

Aims of the Modification Proposal

- Introduce the concept of an ‘NTS Commingling Facility’ into UNC
 - Include a definition to describe the proposed unique connection arrangement
 - Apply NTS Commodity charges to the net end of day quantity
 - Incentivise Users to book capacity and submit gas flow nominations consistent with their net end of day quantity
 - Define allocation rules and agency arrangements

Implementation Solution

- We currently expect that the Proposal can be implemented using existing UK Link functionality
- No User Pays costs are therefore expected
- If the number of NTS Commingling Facilities were to proliferate, there may be a requirement to introduce new systems functionality, however, this is currently out of scope

Indicative UNC Process Timetable

- February – Present draft Proposal to Transmission Workgroup and then actual Proposal to Panel
- March & April – Discuss and develop Proposal and business rules with industry
- May – Workgroup report and suggested legal text finalised by Workgroup, Panel issues Proposal for consultation
- July – Final Modification Report to Panel
- August – Ofgem decision