

Workstream Report
Allocated Entry Capacity & Baseline Summary Report
Modification Reference Number 0137

Version 0.2

This Workstream Report is presented for the UNC Modification Panel's consideration. The consensus from the Transmission Workstream is that the Proposal should [now proceed to the Consultation Phase/other recommendation and that legal text is/is not required to support the consultation.]

1 The Modification Proposal

NTS Entry Capacity at Aggregate System Entry Points (ASEPs) is allocated by way of a series of auctions.

Following such auctions National Grid NTS is required to publish details of what NTS Entry Capacity has been allocated in the time periods stated in the auction invitation, along with certain purchase price details. It does this by posting a number of reports on its website, some of which can be downloaded in Excel spreadsheet format.

Each ASEP also has a NTS SO Baseline Entry Capacity, which is the amount of NTS Entry Capacity National Grid NTS is required to make available pursuant to its Transporter Licence.

Using this information Users are able to calculate the amount of capacity that has been allocated (in accordance with Uniform Network Code rules) and the amount that National Grid NTS is required to make available as per the baseline. From this they can determine what, if any, capacity remains unsold which will therefore be available to bid for in the various future auctions. Details of unsold capacity are also made available in the invitations to tender issued by National Grid NTS.

Despite this wealth of information being made available it can be difficult for Users and other interested market participants to determine what capacity has been allocated for what period at each ASEP.

This is because of the multiple rounds and the differing number of years and capacity strips that apply in the various entry capacity auctions. Any new User, or interested market participant, that wishes to determine how much capacity has already been allocated in previous auctions for a date six months ahead, for example, would have to go back and collate information from a number of previous LTSEC and AMSEC auction, each of which took place over a number of rounds. Even where User's record this information on an ongoing basis it is not unknown for errors to be made, or for information from auction rounds to be missed. These only come to light at the point when auction invitation letters are sent out.

To simplify the presentation of allocated NTS Entry Capacity therefore it is proposed that National Grid NTS be required to publish on their website a monthly summary report of the allocated entry capacity at each ASEP, along with the baseline applicable at each ASEP.

This report would be published monthly on the first calendar day of each month and would, for each ASEP, include:

- i) the quantity (in kWh/day) of NTS Entry Capacity allocated, if any, for each day of the month in which the report is published;
- ii) the quantity (in kWh/d) of NTS SO Baseline Entry Capacity for each day of the month in which the report is published;
- iii) the quantity (in kWh/d) of NTS Entry Capacity allocated, if any, for the month following the month in which the report is published and for each of the two hundred and three following months; and
- iv) the quantity (in kWh/d) of NTS SO Baseline Entry Capacity for the month following the month in which the report is published and for each of the two hundred and three following months (to the extent such information has been determined).

Publishing data this far ahead will ensure that all capacity that has been allocated in any LTSEC, AMSEC and RMSEC auction preceding that month will be captured.

The report is not intended to capture Daily NTS Entry Capacity and/or Daily Interruptible NTS Entry Capacity. Nor is it intended to capture Firm NTS Entry Capacity that a User surrenders and/or that National Grid NTS has bought back subject to a Forward Agreement or an Option Agreement.

In the event Modification Proposal 133 is approved, and AMTSEC auctions are introduced, the quantities referred to in point iii) above shall include:

- a) any NTS Entry Capacity which is deemed to have been sold (for the purposes of National Grid NTS's obligations under its Transporter Licence to make available baseline amounts) at a Donor ASEP as a consequence of a transfer to a Recipient ASEP; and
- b) any NTS Entry Capacity transferred to a Recipient ASEP from a Donor ASEP, after application of the appropriate Transfer Rate, as a consequence of an AMTSEC auction.

Any new ASEP for which NTS Entry Capacity is allocated in future will be added to the next published report following notification of allocation to the relevant User(s).

For the avoidance of doubt this requirement to publish an "Allocated Entry Capacity and Baseline Summary Report" is on top of the existing Uniform Network Code obligations placed on National Grid NTS to publish information following auctions, and does not impact in any way information currently being published to this effect on National Grid's website and/or Gemini. An example of and extract of what such a report might look like is shown as an Appendix to this Proposal.

2 Extent to which implementation of the proposed modification would better facilitate the relevant objectives

The following views were expressed in respect of better facilitation of the relevant objectives as set out in the Gas Transporter Licence Standard Special Condition

A11.1).

Standard Special Condition A11.1 (a): *the efficient and economic operation of the pipe-line system to which this licence relates;*

No view was expressed.

Standard Special Condition A11.1 (d): *so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers;*

In respect of Standard Special Condition A.11 paragraph 1 (d) implementation would ensure shippers and other market participants have, at all times, access to an accurate record of the quantity of entry capacity that has been allocated at each ASEP in previous LTSEC, AMSEC, RMSEC and AMTSEC auctions (in the event they come about) along with the baseline capacity available at each. As a result all parties will have a common understanding of the capacity they can bid for in future auctions and the extent to which gas may be supplied at ASEPs in future based on aggregate capacity bookings.

Standard Special Condition A11.1 (f): *so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code.*

In respect of Standard Special Condition A.11 paragraph 1 (f) implementation would increase the efficiency of the release of auction information under the UNC by reducing the current administrative burden placed on shippers and other market participants in capturing and recording this data.

3 The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation

No such implications have been identified.

4 The implications for Transporters and each Transporter of implementing the Modification Proposal, including:

a) implications for operation of the System:

No such implications have been identified.

b) development and capital cost and operating cost implications:

A minor impact on operating costs associated with the monthly production of the data is envisaged.

c) extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs:

No proposal has been made for the recovery of these costs.

d) Analysis of the consequences (if any) this proposal would have on price regulation:

No such consequences have been identified.

5 The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal

No such consequence has been identified.

6 The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users

No implications for the UK Link System have been identified. In terms of the related computer systems, National Grid NTS may already have the information available in spreadsheet form that this Proposal is seeking to be published, but should this not be the case, there may be some development costs associated with producing such a spreadsheet.

There may also be development costs involved in developing the process whereby such a spreadsheet can be loaded on to National Grid's website on the first calendar day of each month.

In both cases such development costs would be expected to be very low.

Users would no longer need to develop computer systems in order to assemble the relevant capacity booking data prior to effective participation in entry auctions.

7 The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk

Administrative and operational implications (including impact upon manual processes and procedures)

Users would be expected to benefit from simplification of manual processes and procedures if all the relevant capacity data was in a single place.

Development and capital cost and operating cost implications

The benefits identified above from simplification of processes and procedures would be expected to be reflected in minor reductions in Users' development and capital

costs.

Consequence for the level of contractual risk of Users

Minor reductions in the level of User risk would be envisaged due to consolidation of data.

8 The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non Code Party

No such implications have been identified.

9 Consequences on the legislative and regulatory obligations and contractual relationships of each Transporter and each User and Non Code Party of implementing the Modification Proposal

The requirement to publish an "Allocated Entry Capacity and Baseline Summary Report" would be in addition to the existing Uniform Network Code obligations placed on National Grid NTS to publish information following auctions. Implication would not impact in any way on information currently being published to this effect on National Grid's website and/or Gemini.

10 Analysis of any advantages or disadvantages of implementation of the Modification Proposal

Advantages

- Publication of a monthly summary report of the allocated entry capacity at each ASEP, along with the baseline applicable at each ASEP, on National Grid NTS's website, would simplify the presentation of allocated NTS Entry Capacity and facilitate greater transparency and clarity of published information.
- Publication of the agreed data on the first calendar day of each month for each ASEP would ensure that all capacity that has been allocated in any LTSEC, AMSEC and RMSEC auction preceding that month will be captured.

Disadvantages

- None have been identified.

11 Summary of representations received (to the extent that the import of those representations are not reflected elsewhere in the Workstream Report)

To date no written representations have been received in respect of this Proposal.

12 The extent to which the implementation is required to enable each Transporter to facilitate compliance with safety or other legislation

No such requirement has been identified.

13 The extent to which the implementation is required having regard to any proposed change in the methodology established under paragraph 5 of Condition A4 or the statement furnished by each Transporter under paragraph 1 of Condition 4 of the Transporter's Licence

No such requirement has been identified.

14 Programme for works required as a consequence of implementing the Modification Proposal

No programme for works has been identified that would affect the timely implementation of this Proposal.

15 Proposed implementation timetable (including timetable for any necessary information systems changes)

The Proposer suggested an implementation date of 01 October 2007.

16 Implications of implementing this Modification Proposal upon existing Code Standards of Service

No such implications have been identified.

17 Workstream recommendation regarding implementation of this Modification Proposal

The Transmission Workstream recommends that the Modification Panel should [send this Proposal to the Consultation Phase/other recommendation, and that legal text is/is not required to support the consultation.]

