

UNC Modification Proposal 0090: Revised DN Interruption Arrangements

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20th September 2006

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Current Arrangements

- ◆ NTS able to request interruption of LDZ loads to relieve transportation constraint
- ◆ DNs provide annual information to NTS by exit zone:
 - ◆ Aggregate amount of supply point capacity held by Interruptible LDZ supply points
 - ◆ Aggregate amount of interruption (days * capacity)
 - ◆ Number of LDZ supply points
- ◆ Requirement for Interruption:
 - ◆ NTS provide exit zone, aggregate amount and time
 - ◆ DNs select sites within exit zone and confirm back to NTS
 - ◆ DNs revise OPNs
- ◆ >15 day payment pro-rated dependent on whether NTS or DN interruption

Interaction of DN Interruption Reform with Current NTS Arrangements

- ◆ Assume different incentive mechanism than at present
- ◆ Provisions of OAD section I 5 would need to be superseded to allow DNs to procure interruption on behalf of the NTS

Interaction of DN Interruption Reform with Revised NTS Arrangements (Mod 0116)

- ◆ NTS proposal for interruptible capacity:
 - ◆ Book daily interruptible capacity at 15:00 day ahead in pay-as-bid auction
 - ◆ Amount released based on UIOLI (based on 30 day average unutilised holdings) plus any discretionary release
 - ◆ Where NTS constraint NTS will scale back interruptible flat capacity holdings
- ◆ NTS also propose facility for options and forwards contracts and daily buyback auctions for flat capacity
- ◆ DNs provide 4 year commitment for capacity 3 years ahead of sale of firm flat capacity rights
- ◆ DNs pay prevailing price for firm flat capacity rights

Interaction of DN Interruption Reform with Revised NTS Arrangements (Mod 0116)

- ◆ Issues:
 - ◆ Should DNs enter into contracts with DN supply points to bid into firm capacity buyback processes (daily and options/forwards) ?
 - ◆ DNs potentially entering into 4 year commitment for capacity – 4 years minimum length of contract for interruption ?
 - ◆ 3 or 4 year leadtime to buy capacity – NTS protection against not being able to provide that capacity – DN protection ?
 - ◆ Prevailing prices do not allow DNs to do efficient trade-off of interruption and buying NTS capacity
 - ◆ Provisions on pressure commitments could mean DNs having to buy interruptible rights
 - ◆ Timescales – very tight in terms of getting demand information, selling interruptible rights and buying capacity from NTS

Information, Publication and Transparency

- ◆ Before sale of interruptible rights:
 - ◆ The location where interruptible capacity is available
 - ◆ The interruptible allowances (number of days) available for that location
 - ◆ The contract duration e.g. 1 to 5 years

Information, Publication and Transparency

- ◆ After sale of interruptible rights:
 - ◆ Made widely available for each year
 - ◆ Number of applications received (in aggregate)
 - ◆ The maximum potential cost if all accepted offers were fully exercised (in aggregate)
 - ◆ Interruptible LDZ capacity allocated (in aggregate)
 - ◆ Made available to the relevant User for each year:
 - ◆ The applications that were accepted
 - ◆ The applications that were not accepted
 - ◆ For accepted applications, contract terms e.g. price, interruptible allowance, duration, interruptible capacity
 - ◆ Identity of those sites that have changed firm/interruptible designation