

## Legal Text 0356

Amend paragraph 2.5.1 of Appendix C to Section TPDY to read:

### 2.5.1 The Transport Model

#### Model Input Data

- (a) ~~The Transport Model calculates the marginal costs of investment required in the National Transmission System that would be required as a consequence of an increase in demand for gas or supply at each connection System Point or node on the National Transmission System. Such calculation is based upon analysis of peak conditions on the National Transmission System. The measure of the investment costs is in terms of and the costs of investment which are expressed in £/GWhkm, a concept used to calculate marginal costs, hence marginal changes. Where there is an increase in demand for gas or supply at a System Point the marginal changes in flow distances (measured in GWhkm) for a small energy injection to the system (measured in GWh) shall be estimated initially by reference to the based on increases at entry and exit points are estimated initially in terms of increases or decreases in units of kilometres of the National Transmission System, for a small energy injection to the system.~~
- (b) ~~The Transport Model requires a set of inputs which are consistent with the costs incurred by National Grid NTS in making NTS Exit (Flat) representative of the cost of providing Capacity available on the National Transmission System:~~
- (i) ~~•~~ Nodal supply and demand data (GWh)
    - (1) ~~Demand data shall be derived from a range of data sources as follows:~~
      - (aa) ~~for Connected Offtake Systems which are Storage Facilities or pipeline interconnectors, the undiversified forecast National Grid NTS 1-in-20 peak day demand, provided that for any such Connected Offtake System which has physical entry capability demand shall be zero;~~
      - (bb) ~~for NTS/LDZ Offtakes, the undiversified forecast National Grid NTS 1-in-20 peak day demand in the relevant LDZ prorated between the relevant NTS/LDZ Offtakes on the basis of the amount of NTS Exit (Flat) Capacity registered at each of the relevant NTS/LDZ Offtakes;~~
      - (cc) ~~for NTS Supply Points and NTS CSEPS (other than pipeline interconnectors), the aggregate of the Baseline NTS Exit (Flat) Capacity and incremental NTS Exit (Flat) Capacity in respect of the relevant NTS Exit Point or CSEP (as the case may be), provided that for any NTS Supply Point or NTS CSEP which either has not been commissioned such that it is not yet capable of consuming gas or has been decommissioned such that it is no longer capable of consuming gas, demand shall be zero; • Distribution Network (DN) and Direct Connection (DC) baseline plus obligated incremental exit capacity levels by offtake other than bi-directional sites where the demand will be zero~~

For the purposes of this paragraph 2.5.1 “undiversified forecast National Grid NTS 1-in-20 peak day demand” means the 1-in-20 peak day demand for the National Transmission System that is derived from the summation of the forecast peak demands and load duration curve for each location on the National Transmission System.

(2) ⊖ Aggregate System Entry Point (ASEP) supplies

(ii) • Transmission pipelines between each node (measured in km) and calculated by reference to:

(1) \_\_\_ Existing pipelines

(2) \_\_\_ New pipelines expected to be operational on or before the start at the beginning of the gas year under analysis

(iii) • Identification of a reference node

### **Model Inputs**

(c) \_\_\_ The nodal supply data for the Transport Model ~~shall~~ will be derived from the supply/demand data set out in the most recent Ten Year Statement for each Gas ~~Year~~ for which prices are being determined ~~set~~. The aggregate storage and Interconnector flows ~~shall~~ will be adjusted to ensure such that the values for a supply and demand are equal ~~balance is achieved~~. This adjustment shall be carried out by ~~initial supply and demand match is achieved~~ by reducing supplies in a merit order to equal ~~match~~ the forecast demand. Supplies ~~shall be~~ are reduced in the following order; until the values for supply and demand are equal a match is achieved, using the following sequence; short range sStorage fFacilities (LNG), mid range sStorage fFacilities, LNG Importation Facilities, long range sStorage fFacilities, pipeline Interconnectors, LNG Importation Facilities, and Bbeach TTerminals. The supply figures for Individual System Entry Points at Storage Facilities and/or pipeline Interconnectors ~~entry points therefore~~ may be set at a level that is less than or equal to the expected entry point capability.

(d) \_\_\_ Nodal demand data for the ~~tTransport mModel~~ shall ~~will~~ be derived from a range of different data sources as more particularly described in paragraph 2.5.1(b)(i)(1) ~~the~~ baseline plus obligated incremental exit flat capacity for DN offtakes and direct connections other than for bi-directional sites where the demand will be zero.

(e) \_\_\_ National Transmission System network data for the charging year will be based on data taken from National Grid’s NTS’s most recent Ten Year Statement.