Legal Text 0356

Amend paragraph 4.1.2(b)(ii) of TPD Section O to read:

(ii)   for each of years 0 to ~~2~~4, of 1-in-20 peak day demand in accordance with paragraph 4.1.3;

Amend paragraph 2.5.1 of Appendix C to TPD Section Y Part A to read:

2.5.1 The Transport Model

Model Input Data

(a)   The ~~transport model~~Transport Model calculates the marginal costs of investment ~~in the transmission system that would be~~ required in the National Transmission System as a consequence of an increase in demand for gas or supply of gas at each ~~connection point~~ System Point or node on the ~~transmission system,~~ National Transmission System. Such calculation is based ~~on~~upon analysis of peak conditions on the ~~transmission system. The measure of~~National Transmission System and the costs of investment ~~costs is~~which are expressed in ~~terms of~~ £/GWhkm~~, a concept used to calculate marginal costs, hence~~. Where there is an increase in demand for gas or supply of gas at a System Point the marginal changes in flow distances ~~based on increases at entry and exit points are~~(measured in GWhkm) for a small energy injection to the system (measured in GWh) shall be estimated initially ~~in terms of~~by reference to the increases or decreases in units of kilometres of the ~~transmission system for a small energy injection to the system~~National Transmission System.

(b)   The ~~transport model~~Transport Model requires a set of inputs ~~representative of~~which are consistent with the ~~cost of providing capacity~~costs incurred by National Grid NTS in making NTS Exit (Flat) Capacity available on the ~~transmission system~~National Transmission System:

•   (i)   Nodal supply and demand data (GWh)

~~o   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~~Joint Office of Gas Transporters

(A)   Demand data shall be derived in relation to each NTS Exit Point as the lesser of:

(1)   the National Grid NTS forecast undiversified 1-in-20 peak day demand at the relevant NTS Exit Point, provided that:

(aa)   for any NTS Connected Offtake System which is a Storage Facility or a pipeline interconnector and which has physical entry capability, demand at the relevant NTS Connected System Exit Point shall be deemed to be zero;

(bb) for NTS/LDZ Offtakes, the National Grid NTS forecast undiversified 1-in-20 peak day demand in the relevant LDZ shall be 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;

For the purposes of this paragraph, "National Grid NTS forecast undiversified 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 curves for each NTS Supply Point, NTS CSEP and NTS/LDZ Offtake; and

(2) the aggregate of the Baseline NTS Exit (Flat) Capacity and incremental NTS Exit (Flat) Capacity in respect of the relevant NTS Exit Point,

provided that paragraph (2) above shall be ignored for the purposes of setting or determining any indicative NTS Exit (Flat) Capacity Charges;

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

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

o (1) Existing pipelines

o (2) New pipelines expected to be operational ~~at~~on or before the ~~beginning~~start of the ~~gas year~~Gas Year under analysis

• (iii) Identification of a reference node

Model Inputs

(c) The nodal supply data for the Transport Model ~~will~~shall be derived from the supply/demand data set out in the most recent Ten Year Statement for each ~~year~~Gas Year for which prices are being ~~set~~determined. The aggregate ~~storage and Interconnector~~ supply flows ~~will~~shall be adjusted ~~such~~to ensure that ~~a supply and demand balance is achieved. This initial~~ the values for supply and demand ~~match is achieved~~are equal. This adjustment shall be carried out by reducing supplies in ~~a merit~~ the following order to ~~match~~the point at which supplies equal the forecast demand. ~~Supplies are reduced, until a match is achieved, using the following sequence;~~:

(i) short range ~~storage facilities (LNG),~~ Storage Facilities;
(ii) mid range ~~storage facilities, long range storage facilities, Interconnectors,~~ Storage Facilities;
(iii) LNG Importation Facilities~~, and Beach Terminals.~~;
(iv) long range Storage Facilities;
(v) pipeline interconnectors; and
(vi) beach terminals.

The supply figures for Individual System Entry Points at Storage Facilities and Interconnector entry points therefore/or pipeline interconnectors may be set at a level that is less than or equal to the expected entry point capability.

Nodal demand data for the transport model will be 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.

(d)   Nodal demand data for the Transport Model shall be derived from a range of different data sources as more particularly described in paragraph 2.5.1(b)(i).

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