

1 Solution

Reimbursing Users at GMT Terminals for Time Shift Charges by creating a second category of Capacity and Balancing Neutrality Charges for Users at GMT Terminals only.

This would mean that Users would be reimbursed for Time Shift Charges and would have the effect of preventing Users incurring unearned charges, restore the correct financial incentives to balance and avoid discrimination of Users at GMT Terminals and cross subsidisation by Users at GMT Terminals of all other Users. For the avoidance of doubt, charges will continue to be applied for User imbalances arising from physical imbalances and as such the Users allocated gas at GMT Terminals will not benefit from any positive discrimination.

The Claims Validation Agent will be able to provide National Grid NTS for each User at a System Point at a GMT Terminal (a "GMT System Entry Point") for each Day with a UDQI calculated from National Grid's Entry Point Daily Quantity Delivered (0500 hours to 0500 hours basis) and with a "GMT UDQI" calculated from the User's Claim on an 0600 hours to 0600 hours basis for the "GMT Day" starting on the Day. The User's "Time Shift Quantity" for the Day, being the difference between the UDQI and the GMT UDQI, whether positive or negative, can therefore be calculated. It is therefore impossible for shippers to abuse the mechanism for the purpose of reducing non-Time Shift imbalances, since the calculation of the Time Shift Quantity does not depend on shipper nominations.

Changes should be made to, inter alia, the following Sections of the Uniform Network Code:

TPD Sections A and E

Add concept of "GMT Day" (i.e. 0600 hours to 0600 hours) and a concept of "Associated GMT Day", being the GMT Day starting on the Day, to General Terms.

Add a new Section A.5 introducing concept of "GMT System Entry Point" being a System Entry Point connected to facilities using a GMT Day.

Add concept of a "GMT UDQI" being the quantity of gas treated as being entered by the by the User to the Total System on the Associated GMT Day at a GMT System Entry Point to Section E1.1.2 and a new Section E2.4 detailing how GMT UDQI's will be calculated. Then add concept of a "Time Shift Quantity" being the difference between the UDQI and the GMT UDQI.

TPD Section B – Capacity Neutrality Arrangements

Exclude "Time Shift Entry Overrun Charges" (being System Entry Overrun Charges arising solely from Time Shift Quantities) from the calculation of Relevant Capacity Revenues in Section 2.13.2.

Add new Sections from 2.13.8 onwards setting up a new "Time Shift Capacity Neutrality Arrangements" scheme. This scheme should follow the existing Capacity Neutrality Arrangements but:

- only be in respect of Time Shift Entry Overrun Charges less any applicable National Grid NTS costs ("Relevant Time Shift Capacity Revenues)
- be in respect of GMT System Entry Points only

- shall return the Relevant Time Shift Capacity Revenues arising at a GMT System Entry Point to Users at such GMT System Entry Point pro rata to the amount of Time Shift Entry Overrun Charges paid by them in the relevant period.

TPD Section I – Balancing Neutrality Charges

Exclude “Time Shift Daily Imbalance Charges” payable to National Grid NTS (being Daily Imbalance Charges arising solely from Time Shift Quantities), “Time Shift Scheduling Charges” (being Scheduling Charges arising solely from Time Shift Quantities) and “Time Shift Incentivised Nomination Charges” (being Incentivised Nomination Charges arising solely from Time Shift Quantities) from the calculation of Aggregate System Receipts in Section 4.4.2 and the calculation of the Monthly Adjustment Neutrality Amount in Section 4.5.3.

Exclude “Time Shift Daily Imbalance Charges” payable by National Grid NTS (being Daily Imbalance Charges arising solely from Time Shift Quantities) from the calculation of Aggregate System Payments in Section 4.4.3 and the calculation of the Monthly Adjustment Neutrality Amount in Section 4.5.3.

Add new Sections from 4.7 onwards setting up a new “Time Shift Balancing Neutrality Arrangements” scheme. This scheme should follow the existing Balancing Neutrality Arrangements but:

- only be in respect of Time Shift Entry Daily Imbalance Charges (positive and negative), Time Shift Scheduling Charges and Time Shift Incentivised Nomination Charges less any applicable National Grid costs and adjusted by any interest due for late payments (“Time Shift Balancing Neutrality Charge”)
- be in respect of GMT System Entry Points only
- shall return the Time Shift Balancing Neutrality Charge arising at a GMT System Entry Point to Users at such GMT System Entry Point pro rata to the amount of such charges paid by them in the relevant period.

TPD Section C – Nominations and Renominations

Amend Section 1.1.5 to say that Users will use reasonable endeavours based on the information available to them nominate and renominate accurately

Reconciliation

If this Modification is not in force for 01 October 2015, National Grid NTS to run a reconciliation process from the date of implementation of the Modification back to 01 October 2015 to reimburse Users for Relevant Time Shift Capacity Revenues and Time Shift Balancing Neutrality Charges due to the Users in the period from 01 October 2015. Note: National Grid NTS to use Reconciliation process to reallocate any such Relevant Time Shift Capacity Revenues and Time Shift Balancing Neutrality Charges that have been returned to all Users using the existing neutrality processes in the interim period.

Business Rules For the purpose of reconciling Time Shift Balancing Neutrality Charges and Time Shift Capacity Neutrality Charges the following process shall be implemented and followed.

In all cases, NGG obtains GMT UDQI (6:6) for purpose of calculating Time Shift Imbalances (need confirmation as to whether this data is already being provided by CVSL).

Balancing Neutrality Charge Adjustment (including Scheduling Charges)

1. Month +15 Business Days – Close out deadline for users to settle their allocations for the preceding month M
2. Month +19 Business Days – Balancing Neutrality Charges are calculated
3. Month +23 Business Days – Invoices to Users are issued
4. Month +XX Business Days – User GMT UDQI (6:6) is compared to the User UDQI (5:5) to calculate the value of the Time Shift Balancing Neutrality Charge adjustment for the relevant invoice issued at Month +23 Business Days
5. Time Shift Balancing Neutrality Charge calculated as follows:

$$\text{UDQI (5:5)} - \text{GMT UDQI (6:6)} = \text{Time Shift volume}$$

$$\text{UDQI (5:5)} - \text{UDQO (5:5)} = \text{Time Shift adjusted imbalance}$$

$$\text{Neutrality Charge Adjustment} = \text{Imbalance (5:5)} - \text{Time Shift adjusted imbalance}$$

6. Relevant User Time Shift Balancing Neutrality Charge adjustment for month M, is included in the Month (+1) +23 Business Days invoice.
7. Scheduling charges are subject to the same Invoice timetable as Balancing Neutrality, the calculation for the Scheduling Charge Adjustment is as follows:

Gas Flow nominations (entry) – (Time Shift adjusted imbalance + UDQI (5:5)) = Time Shift adjusted scheduling charge

$$\text{Neutrality Charge Adjustment} = \text{Scheduling Charge} - \text{Time Shift adjusted scheduling charge}$$

Capacity Neutrality Overrun Charge Adjustment

1. Month +4 Business Days - NTS Entry Capacity and NTS Capacity Neutrality Invoices are issued
2. M+1 (+4 Business Days) = NTS Entry Capacity Invoices issued to include overruns from month M
3. Month + xx Business Days – User GMT UDQI (6:6) is compared to User UDQI (5:5) to calculate the value of the Time Shift Adjusted Overrun Charge to adjust the relevant NTS Entry Capacity Invoice via a Capacity Neutrality Charge Invoice
4. NTS Entry Capacity Overrun Charge adjustment is calculated as follows:

$$\text{Booked System Entry Capacity} - ((\text{UDQI (5:5)} + \text{Time Shift adjusted imbalance})) = \text{Time Shift adjusted overrun charge}$$

$$\text{Capacity Neutrality Charge Adjustment} = \text{Overrun Charge} - \text{Time Shift adjusted overrun charge}$$

5. Relevant User Time Shift Capacity Neutrality Charge adjustment for month M, is included in the Month +1 (+ 4 Business Days invoice)

<p>Classification of the modification as User Pays, or not, and the justification for such classification.</p>	<p>No User Pays service would be created or amended by implementation of this modification and it is not, therefore, classified as a User Pays Modification.</p>
<p>Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.</p>	<p>N/A</p>
<p>Proposed charge(s) for application of User Pays charges to Shippers.</p>	<p>N/A</p>
<p>Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.</p>	<p>N/A</p>