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UNC Mod 501C

Workgroup Meeting 28 November 2014

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Mod 0501C: Two types of capacity after 1st November 2015

Two types of Bacton Capacity Entitlement at two new Bacton ASEPs:

Residual Capacity: re-allocated Pre-CAM capacity entitlements; fungibility remains imbedded in this type of entitlement which attracts the application of aggregate overrun and bundled rebate.

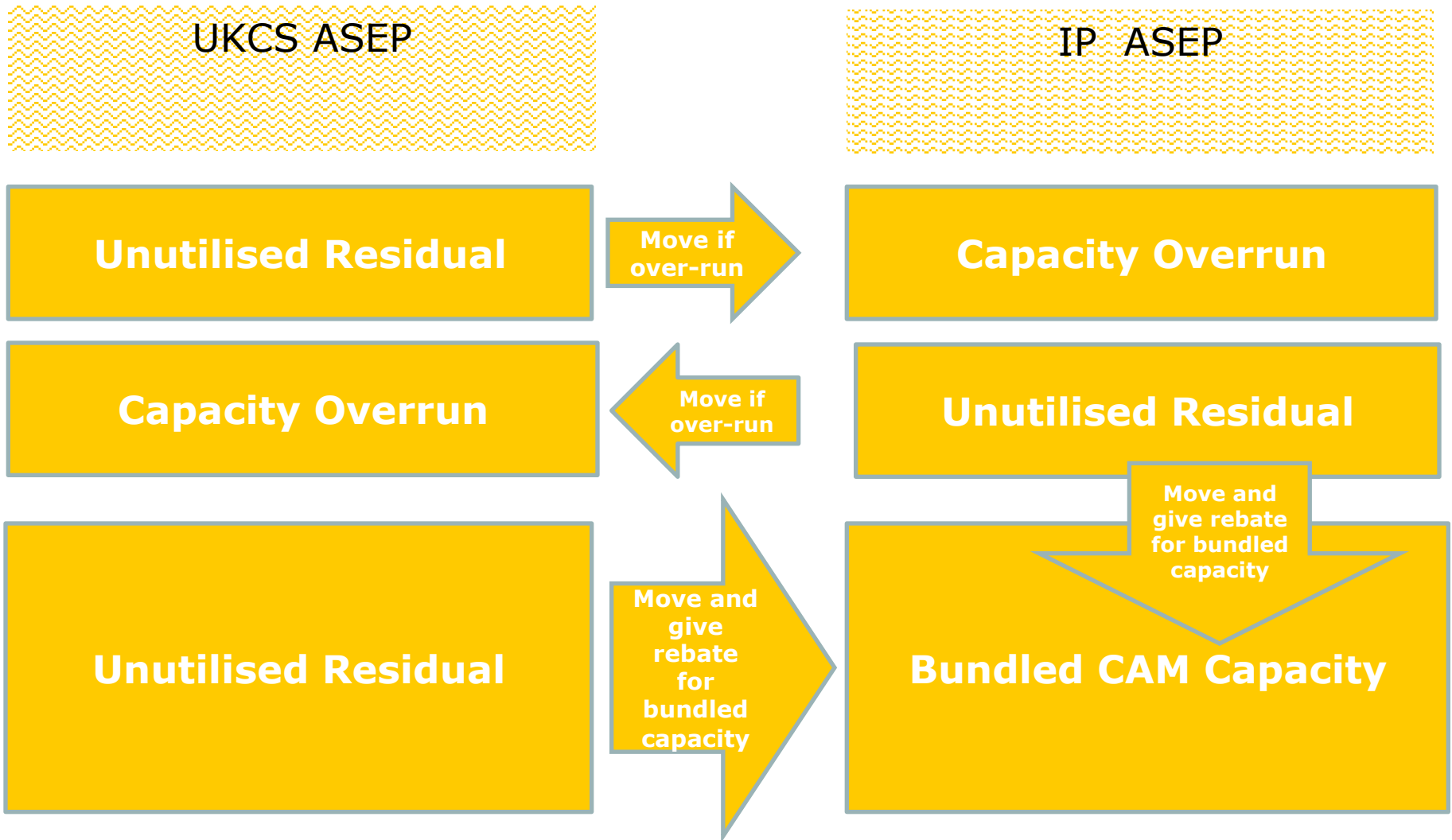
New Capacity: Post-CAM capacity that is ASEP specific. On allocation, always utilized before Residual Capacity.

Capacity Utilization Priority Order:

1. Priority given to New Capacity Rights.
2. Utilize Residual Capacity.
3. Off-set any over-runs at either new ASEPs through application of any unutilized Residual Capacity at the other ASEP.
4. Rebate given for bundled capacity that can be off-set by unutilized Residual Capacity at either of the new Bacton ASEPs.



Priority Steps 3 and 4: examples



Mod 0501C: Impact on other processes

Capacity Transfers

Shippers are able to determine if they are transferring Residual (fungible) or New (non-fungible) capacity rights; the Residual Capacity rights at Bacton aggregate level remain until the expiration of the existing contracts.

Buy Back and Surrender Capacity

When shippers offer to sell capacity back to NG, New Capacity (post-CAM) takes priority over the Residual (pre-CAM).

CMP LT UIOLI process: utilisation calculation based solely on IP ASEP specific capacity entitlements: Residual + New.

Interruptible capacity release?

Constraint ?



UKCS ASEP

IP ASEP

Residual Capacity	10	Residual Capacity (unbundled)	40
New QSEC capacity	20	New CAM Capacity (bundled)	0
Total Capacity	30	Total Capacity	40
UKCS gas allocations	70	IP gas allocations	0
Capacity less allocations	-40	Capacity less allocations (Unutilised: 40 Residual + 0 CAM)	40
Receive Residual Capacity	40	Unutilised residual capacity	-40



UKCS ASEP		IP ASEP	
Residual Capacity	10	Residual Capacity (unbundled)	40
New QSEC capacity	20	New CAM Capacity (bundled)	0
Total Capacity	30	Total Capacity	40
UKCS gas allocations	10	IP gas allocations	50
Capacity less allocations (Unutilised: 10 New + 10 Residual)	20	Capacity less allocations	-10
Unutilised Residual Capacity	10	Receive residual capacity	10



Mod 501C – Rebate for bundled products Example 1

IP ASEP fully utilised

If a shipper, with unused Residual UKCS Capacity, purchases an IP capacity bundled product, they receive a rebate that is limited to the extent of the unutilised Residual Capacity at the UKCS ASEP applied to the NG cost component of the bundled capacity (cleared reserve price + any premium).

UKCS ASEP		IP ASEP	
Residual Capacity	10	Residual Capacity (unbundled)	10
New QSEC capacity	20	New CAM Capacity (bundled)	20
Total Capacity	30	Total Capacity	30
UKCS gas allocations	10	IP gas allocations	30
Capacity less allocations (Unutilised :10 New + 10 Residual)	20	Capacity less allocations	0
Unutilised Residual Capacity	- 10	Rebate to be given for double booking	10



Mod 501C – rebate for bundled products Example 2

IP allocations below residual capacity bookings

If a shipper with unused Residual UKCS Capacity purchases an IP capacity bundled product, they receive a rebate that is limited to the extent of the unutilised Residual Capacity at the UKCS ASEP applied to the NG cost component of the bundled capacity (cleared reserve price + any premium). Note that CAM bundled capacity requires to be nominated to a dedicated ISIS screen.

UKCS ASEP		IP ASEP	
Residual Capacity	10	Residual Capacity (unbundled)	10
New QSEC capacity	20	New CAM Capacity (bundled)	20
Total Capacity	30	Total Capacity	30
UKCS gas allocations	10	IP gas allocations	5
Capacity less allocations (10 New QSEC + 10 Residual)	20	Capacity less allocations (15 New + 10 Residual)	25
Unutilised Residual Capacity	-10	rebate to be given for double booking	20



Mod 501C – rebate for bundled products Example 2

IP allocations below residual capacity bookings

If a shipper with unused Residual UKCS Capacity purchases an IP capacity bundled product, they receive a rebate that is limited to the extent of the unutilised Residual Capacity at the UKCS ASEP applied to the NG cost component of the bundled capacity (cleared reserve price + any premium). Note that CAM bundled capacity requires to be nominated to a dedicated ISIS screen.

UKCS ASEP		IP ASEP	
Residual Capacity	10	Residual Capacity (unbundled)	10
New QSEC capacity	20	New CAM Capacity (bundled)	20
Total Capacity	30	Total Capacity	30
UKCS gas allocations	10	IP gas allocations	35
Capacity less allocations (10 New QSEC + 10 Residual)	20	Capacity less allocations	-5
Unutilised Residual Capacity	-10	Receive residual capacity-overrun	5
		Rebate to be given for double booking	5



CMP LT UIOLI (IP ASEP only) – Residual Capacity

- LT UIOLI utilisation monitoring periods: 1 April to 30 September and 1 October to 31 March
- No later than **20 Business Days** after the expiry of each utilisation monitoring period NG will issue a notification to each relevant User detailing the level of utilisation of Available Firm Interconnection Point Capacity
- Residual Capacity utilization to be meshed with timings for allocations 'close out'/ and invoice calculation. **LT UIOLI reporting occurs D+20. This requirement can cater for Residual Capacity utilization at the other ASEP**

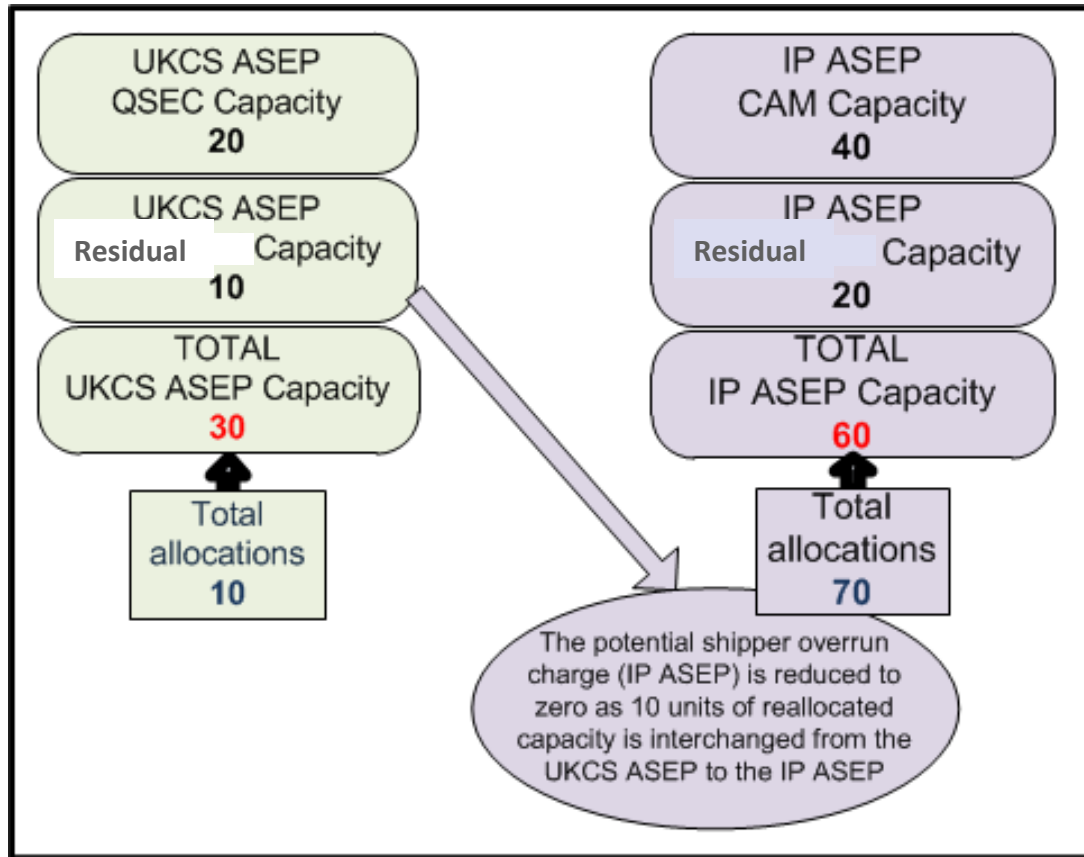
Monitoring Period Tue 1/4 to Tue 30/9	Allocation 'close out' Wed 21/10 M+15 business days	Initial invoice calculation
		20 business days @ 28/10



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CMP LT UIOLI (IP ASEP only) – Residual Capacity



Reporting clarification? -
Where interchangeability is excluded:

- 1) UKCS ASEP capacity-v-allocations = 20 capacity under-utilisation
- 2) IP ASEP capacity-v-allocations = 10 capacity overrun

However, where interchangeable capacity taken into account (as per the overrun calculation):

- 1) UKCS ASEP capacity-v-allocations = 10 capacity under-utilisation
- 2) IP ASEP capacity-v-allocations = 0 capacity overrun

Should the LT UIOLI reporting process include Residual Capacity which is interchanged across ASEPs?



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Interruptible capacity release processes apply at both the IP ASEP and the UKCS ASEP

- **Query – Should the firm UIOLI calculation (used for daily interruptible capacity quantity release) include any aspect of Residual Capacity interchangeability?**

This would not currently be possible as the order of events for calculating the capacity to be released and the determination of any capacity interchange do not permit e.g.

- On gasday 18 November NG perform a calculation of unutilised firm capacity for the 30 day (historic) gasday period 14 October to 12 November
- This calculation leads to a quantity of interruptible capacity being released for the period 19 November to 25 November
- However, shipper capacity allocations do not 'close out' until month end + 15 business days (December +15 business days). Following this process event Xoserve process system data and generate the invoice overrun charge.
- **Interruptible capacity is released before any quantity of Residual Capacity to be interchanged is determined**



Constraint management - nominations

Constraint management at the IP ASEP (Gas Balancing code) -

- NG will continue to have an option to manage a transportation constraint by a buyback contract and/or buyback auction
- Buyback contracts and buyback auctions will be ASEP specific: IP ASEP, UKCS ASEP
- NG buyback actions generate an ASEP specific buyback prices which consequently impacts ASEP specific overrun prices.

Query – Should ASEP specific overrun prices apply after any capacity interchange has been completed

- Once a constraint is declared NG may adjust a shipper nomination consistent with the respective shipper capacity entitlement
 - **D-0 nomination adjustments (constraint management) cannot take into account interchanged capacity as the extent of capacity interchange is not known until the invoice is calculated**



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