Rough Order of Magnitude (ROM) Analysis

for

Amendment to Entry Overrun Charges

This ROM is Xoserve's response to the above Evaluation Service Request. The response is intended to support Networks involvement in the development of industry changes.

Should the request obtain approval for continuance then a Change Order must be raised for any further analysis / development.

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Xoserve reference:	Not Applicable
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Disclaimer:

This ROM Analysis has been prepared in good faith but by its very nature is only able to contain indicative information and estimates (including without limitation those of time, resource and cost) based on the circumstances known t at the time of its preparation. No representations of accuracy or completeness are included and any representations as may be implied are expressly excluded (except always for fraudulent misrepresentation).

Where it is apparent that inaccuracies or omissions in, or updates required to, this ROM exist, these shall be updated as soon as reasonably practicable but there shall be no liability in respect of any such inaccuracy or omission and any such liability as may be implied by law or otherwise is expressly excluded.

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Change Driver / Origin

The current National Transmission System (NTS) Entry Capacity Overrun rules under UNC (Uniform Network Code) allows Users to incur an NTS Entry Capacity Overrun quantity, with either zero or no charge when all capacity booked at an Aggregated System Entry Point (ASEP) has been at zero price or where no NTS Entry Capacity has been booked at all.

This reduces the incentive for a User to purchase sufficient capacity to cover their gas flow requirements undermining the 'ticket to ride' principles of the Entry capacity regime. This ROM is looking to explore the options to remove the possibility of zero or no NTS Entry Capacity charges being generated.

Analysis

The initial view indicates that existing functionality within Gemini will not be sufficient to execute the NTS Entry Overrun charge calculations as specified in Modification 0426. It has been identified that a functional enhancement would be required to satisfy the following requirements as specified by National Grid Transmission (NGT).

The proposed calculation of NTS Entry Overrun charges will be the greatest of the following prices:
1. 8*the highest bid price paid in any entry capacity release mechanism
2. 1.1 x the top 25% accepted offer price, forward price or exercise price
3. 1.1 x the highest unit price
4. 8 * the current MSEC reserve price applicable to the relevant gas day as detailed under the Statement of Gas Transmission Transportation Charges.

Rules 1 -3 are existing UNC rules, rule 4 has been added by NGT to remove the potential for zero or no Overrun charges to be generated.

Details of the functional enhancement include:
- Code change to the overrun prices calculation batch job in Gemini System.
- Testing of NTS Entry Capacity invoice process and impacted charges, including regression testing.
- Initial data setup for any new parameters.

ROM Costs & Timescales

Note: ROM information is not based on any formal systems analysis and should be used with caution.

Estimated costs:
The solution will cost at least **£86k**, but probably not more than **£102k**.

Estimated duration:
- The Analysis Phase, will take at least **9 weeks**, but probably not more than **13 weeks from the point that the work is sanctioned and scheduled.**
- Delivery; including detailed design and development, testing and post implementation support; will take at least **15 weeks**, but probably not more than **21 weeks from the point that the work is sanctioned and scheduled.**

The total of for the project is therefore in the range of 24-34 weeks from the point that the work is sanctioned and scheduled.

Timescale guidance:
- Project start dates and implementation dates need to take into consideration the existing programme of Gemini changes which may have an impact on delivery, i.e. Exit Reform and Gemini re-platforming.

Project costing assumptions:
- It is assumed that Analysis will be required to capture all requirements, affected screens and processes, and to confirm the technical design as a basis for robust costing and implementation planning.
- The estimated costs, above, are the full costs for a system solution.

Xoserve cost estimates included:

- Xoserve Project Team costs to implement the solution.
- Xoserve Operations Team costs to support implementation of the solution.
- Detailed analysis and application development.
- Infrastructure service implementation.

Xoserve cost estimates not included:

- The following costs are not expected to be significant enough to require extra funding; Code-IS, Environment costs.

Customer costs not included:

- None identified.

Assumptions

- Any changes to the parameter value can be achieved by a Xoserve Billing user via an existing Gemini screen (Define Price Parameter).
- The UNC Modification may be rejected after the commencement of the project.

Concerns

- No concerns identified.

Impacts on Xoserve

- Testing on Entry Capacity Invoicing process will be required.
- Possible changes to overrun charge verification.

Impacts on Networks

- No impacts have been identified.

Other Impacts

On Shippers:

- Possible changes to overrun charge verification.