



Proposed UNC Mod 501B

UNC Mod Panel Presentation
16 October 2014

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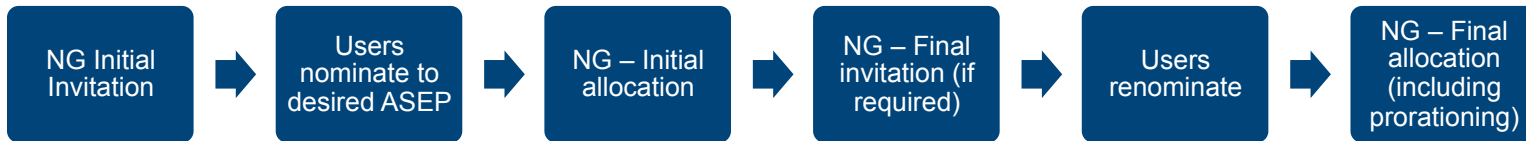
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What is CSL proposing?

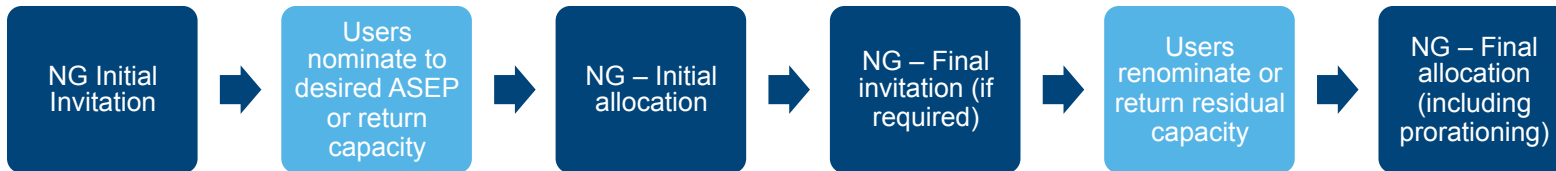
- **CSL is proposing to vary modification 501 to provide Users with the ability to return capacity which exceeds the amount the User applied for through the ‘Bacton Capacity Provisional Reallocation Process’**
- **CSL’s view is that the simplest process is for the User to have the right to return ‘*Returnable Capacity*’ after NG makes a ‘*Provisional Final Allocation*’**
 - Returnable capacity would consist of any capacity that NG allocates to the User (following the prorating process) which is in excess of the amount the User nominated in response to the ‘Bacton Capacity Final Reallocation Invitation’

What are the key elements of the different proposals

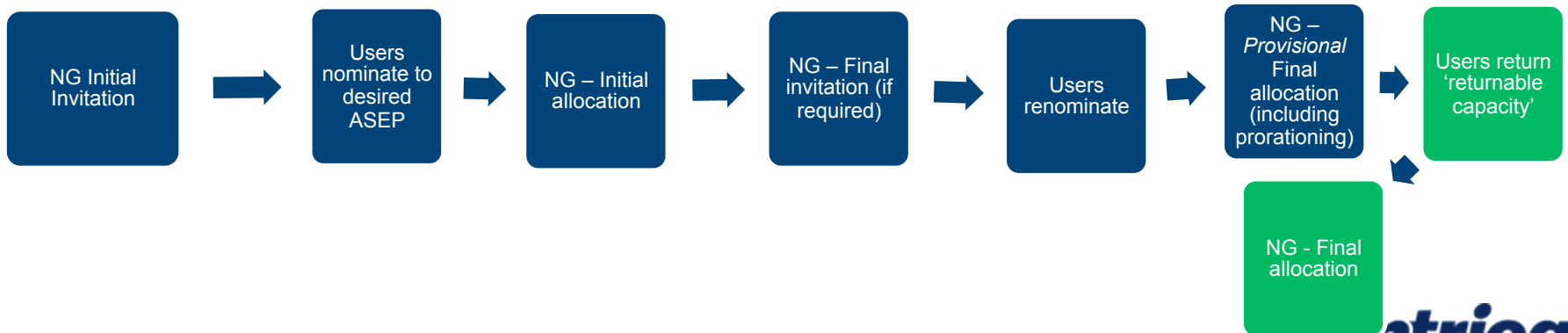
Mod 501



Mod 501A



Mod 501B



How would this proposal work in practice

		Scenario 1: All capacity reallocated in initial round	Scenario 2: All capacity reallocated in provision final round	Scenario 3: Return Process - partial return of Entry Capacity	Scenario 4: Return process - full return of Entry Capacity
User's Current Bacton Entry Capacity		100	100	100	100
User's request initial reallocation invitation	UK	0	50	50	100
	IP	100	50	50	0
User's final reallocation invitation response	UK	N/A	40	50	100
	IP	N/A	60	50	0
Provisional Final Reallocation	UK	N/A	40	30	70
	IP	N/A	60	70	30
Returnable Capacity	IP	N/A	N/A	20	30
Capacity Return Invitation response	UK	N/A	N/A	N/A	N/A
	IP	N/A	N/A	10	30
Final Reallocation	UK	0	40	30	70
	IP	100	60	60	0
Entry Capacity Returned to NG NTS				10	30

- This table sets out how the proposed Reallocation and Return process would work under different assumptions about how the Bacton User requests to reallocate their NTS entry capacity and the extent to which there is an over-subscription to the Bacton UK ASEP***

Why is CSL proposing this alternative

1. Provides a remedy which is (more) proportionate to the potential harm

- *Hence it better maintains the integrity of the User Commitment regime (compared to other alternatives)*

2. Minimises discrimination, either for or against Bacton shippers

- *Hence, better facilitates economy and efficiency in the provision of gas transmission services.*