

Removal of UNC TPD Section O requirement to publish nodal forecast data “at the same time” as the Ten Year Statement



*Richard Hounslea
National Grid NTS, Gas Charging & Access Development
UNC Transmission Workgroup
02 February 2012*

Background

- UNC TPD Section O, paragraph 4.1.2(b)(ii) (as amended by UNC Modification 0134V) contains restrictions with regards to the publication of nodal forecast demand data used in NTS entry and exit capacity price setting models.

Section O reads;

4.1.2 The Ten Year Statement will typically include:

b) estimates:

i) ...

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

...Notwithstanding the foregoing, National Grid NTS may elect to publish all or part of the information set out above either within the Ten Year Statement or separately (but at the same time as publishing the Ten Year Statement). Where National Grid elects to publish such information separately from the Ten Year Statement, National Grid NTS shall not be required to update such information at any time after publication.

Primary Issue – the “at the same time” wording

- Paragraph 4.1.2(b)(ii) of UNC TPD Section O was modified by UNC Modification 0134V*.
- The provisions in UNC TPD Section O paragraph 4.1.2(b)(ii) has created issues in respect of;
 - The publication of the nodal forecast demand data used for the QSEC 2012 (Y+3) model.
 - The use, and publication, of updated (mid-May) demand forecast data used in the models to set prices for auctions of monthly entry capacity.

...thus restricting the transparency of the data used in the capacity charge setting process.
- National Grid believes there may be an inconsistency between Modification 0134V and the legal text as there was no reference to “at the same time” in the proposal text.

* UNC Modification 0134V sought to remove restrictions in respect of the publication of demand forecast data at a nodal granularity such that National Grid NTS may publish, without breaching confidentiality obligations, the data it utilises to determine indicative and final capacity charges.

Secondary Issue – the “0-2” limitation

- Notwithstanding any potential removal of the “at the same time” issue there may be a requirement to amend the “0-2” year limitation. This is subject to Ofgem’s decision to implement either Modification 0356 or 0356A.
 - If 0356 is approved the “0-2” will be amended to “0-4”.
 - If 0356A is approved there will be a requirement to address the “0-2” years limitation due to the timing of the QSEC auction.

Benefits of removing the “at the same time” wording

- National Grid NTS believes that removing the “at the same time” wording in UNC TPD Section O, in the first instance, will:
 - Further facilitate the publication of QSEC 2012 model forecast demand data.
 - Further facilitate the use, and publication, of the most up-to-date forecast demand data in the models, used to set price for auctions of monthly entry capacity, in advance of the subsequent Ten Year Statement.
 - Promote timely provision of information to the market.
 - Improve transparency and clarity of the charge setting process....thereby better facilitating competition.

Possible way forward...

- National Grid believes there may be an inconsistency between Modification 0134V and the legal text and, therefore, raising a Consent to Modify UNC TPD Section O, paragraph 4.1.2(b)(ii) to remove the “at the same time” wording might be an appropriate solution.
- At such time as the Ofgem decision on Modification 0356/A is known National Grid NTS will seek to address any outstanding issues as deemed necessary.

Questions

1. Would removing the “at the same time” wording in Section O be an appropriate course of action?
2. Subject to the answer to Question 1, would a Consent to Modify be appropriate or would an alternate route be preferable?