

Annual Review Entry Capacity Transfer and Trade Methodology Statement



Transmission Workgroup 10 January 2013

Background

- National Grid NTS is required to annually review the ECTT methodology
- The 2012 Ofgem approval letter stated that "a comprehensive review of the ECTT methodology in 2013 will be required in order to reflect the outcome of the RIIO-T1 price control"
- Following this request National Grid NTS undertook an internal review

Internal Review

- Noted that there has been no stage 2 trade or transfers for the last 3 years;
 - all capacity demand has been met within stage 1 (i.e. at the same ASEP)
- The commercial mechanism facilitated through the ECTT is unable, even if modified, to resolve physical system limitations.
 - e.g. additional physical capacity at an ASEP cannot be provided by reducing commercial obligations elsewhere.
- Consideration for ECTT process to extend beyond M+1 to cover M+2 to Y+2 (AMSEC) identified that
 - a longer term increase in risk subsequently leads to higher exchange rates
 - additional analysis necessary would lengthen the ECTT timeline significantly
- As current capacity requirements are being satisfied, it may be prudent to defer any changes until final decision/outcome known for:
 - CMP (EU Constraint Management Procedures)
 - includes a requirement for a surrender process at EU Interconnector points (Entry and Exit) when capacity is sold out
 - Capacity / Connection

Propose

- National Grid NTS proposes that
 - fundamental changes are not made at this time
 - but seeks industry views:
 - would fundamental changes be practical / beneficial?
 - what changes should be considered?
 - National Grid NTS requests that potential revisions to the methodology are notified to National Grid NTS via email by the 31st January 2013
 - Issues to be sent via email to box.transmissioncapacityandcharging@nationalgrid.com
 - Subject to Industry responses the formal consultation on any proposed changes to the Methodology Statement is expected to begin later in 2013
 - Alternatively, and subject to the proposed Licence being accepted, the standard annual review may be deferred until May 2014