

Workgroup Terms of Reference

0426: Amendment to the NTS System Entry Overrun Charge

Date referred from Panel:

17 May 2012

Background – Why Change?

Please refer to www.gasgovernance.co.uk/0426

Solution

It is proposed to amend UNC TPD Section B 2.12.3, the calculation of the System Entry Overrun Charge, to ensure a non-zero Overrun Charge applies to all instances where an entry overrun occurs.

This Modification retains the existing NTS Entry Capacity overrun calculation and includes the Monthly system Entry Capacity (MSEC) reserve price at the ASEP at which the overrun occurs, to the criteria for determining the overrun price as below:

Therefore it is proposed that the System Entry Overrun Charge shall be calculated as the amount of the overrun quantity multiplied by whichever is the greatest of:

- a) $(8 * A)$, where 'A' is the highest bid price in relation to a capacity bid in respect of which NTS Entry Capacity was allocated following any NTS Entry Capacity Release mechanism for that ASEP
- b) $(1.1 * B)$, where 'B' is the relevant average accepted offer price;
- c) $(1.1 * C)$, where 'C' is the relevant average accepted forward price;
- d) $(1.1 * D)$, where 'D' is the relevant average accepted exercise price;
- e) $(1.1 * E)$, where 'E' is the highest unit price accepted by National Grid NTS; and
- f) $(8 * F)$, where 'F' is the NTS Entry Capacity reserve price as defined in paragraph 2.2.3 (b), at that ASEP, applicable on the Day the overrun occurs,

where (a), (b), (c), (d), (e) and (f) are calculated by reference to information available to National Grid NTS at 02:00 hours on the relevant Day.

Topics for Discussion

- Understanding the objective
- Assessment of alternative means to achieve objective
- Development of Solution (including business rules if appropriate)
- Assessment of potential impacts of the modification
- Assessment of implementation costs
- Assessment of legal text.

Outputs

Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup.

Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate provided at least two Transporter and two User representatives are present.

Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice.