

Workgroup Terms of Reference

0585 –Separation of NTS and National Grid owned networks - Calculation of Code Credit Limit and Value at Risk

Date referred from Panel: 16 June 2016

Background – Why Change?

Please refer to www.gasgovernance.co.uk/0585

Solution

It is proposed to make changes to the Modification of the UNC (Transition Document only) as follows:

- A Shipper User's CCL at the hive-across date for NGGDL will be calculated based on a VAR determined as the sum of:
 - distribution charges included in the LDZ Capacity Invoice, Commodity Invoice, Reconciliation Invoices and Small Value Invoices invoiced by National Grid Gas to the User in the period between the 1st and 19th of October 2015; plus
 - the average daily rate of the aggregate amount of transportation charges invoiced to the User in September 2015, multiplied by 20.

Note: NGGDL's VAR will be the true VAR from day 1. the 'deemed' VAR is to ensure Shipper Users have in place a CCL for NGGDL prior to 1st October 2016. By utilising a VAR based on the position at 19th October 2015 this should provide the Shippers with a more accurate CCL to cover the first months VAR for NGGDL.

- A Shipper User's NGGDL CCL will be determined prior to the hive-across date of 1st October 2016
- In the case of Users who are not party to the Code:
 - on 30 September 2015, the VAR will be determined by reference to the User's peak VAR in the period to 31 August 2016;
 - on 31 August 2016, the VAR will be the forecast VAR used by National Grid for the purposes of determining the User's initial Code Credit Limit on the User's accession to Code.

Note: This modification is contingent upon implementation of UNC Modification 0582S.

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