

Transmission Workgroup

ISS066 – Implications of decommissioned entry / exit points

7th April 2016

Background

- Issue raised at both Transmission Workgroup and NTSCMF to explore the implications of decommissioning NTS Entry / Exit Points:
 - This is a complex area, it is unclear what is meant by 'decommissioning' as it may mean different things depending on the context i.e.
 - whether it is a physical process; or
 - a commercial process; or
 - a combination of the two
- Currently Users are able to physically decommission connections to the NTS however there is no process to facilitate a commercial decommissioning
- Whilst this is primarily a Licence/Price Control issue rather than a UNC issue, NG have been asked to provide a view on the potential complexities involved in such a process.

Physical

- What is meant by physical decommissioning?:
 - Mothballing?
 - Customer NTS disconnection (the physical separation of the two parties assets, positive isolation within the NTS compound to ensure safe and enduring capability of remaining NTS assets)
 - Customer asset decommissioning (where requested to do so NTS will remove customer/NTS assets from customers land)
 - NG NTS decommissioning (NTS removal of its own assets, may or may not be linked to customer NTS disconnection and decommissioning works)
- Issues that would need to be considered:
 - Contractual requirements
 - Costs
 - Interaction with commercial decommissioning

Commercial

- Feedback received indicates that this issue revolves around removing a site from NTS's Licence where:
 - it has been physically decommissioned; or
 - was never commissioned i.e. never connected to the NTS
- Whilst NTS does not believe this to be a UNC issue we have been asked to:
 - update the Workgroup on what we perceive the challenges to be
 - take a high level look at a number of scenarios to highlight potential complexity involved

Challenges (a)

- Complexity is influenced by:
 - Licence, i.e.;
 - what would the process trigger be:
 - no gas flows for a fixed period
 - physical decommissioning
 - User request
 - all of the above
 - how would Baselines / Revenue Drivers be taken into account?
 - Impact on NTS revenue
 - Site classification;
 - whether the site is an Entry or Exit Point
 - Entry – single SEP ASEP or multiple SEP ASEP
 - Exit – Supply Point or CSEP

Challenges (b)

- Capacity and User Commitment
 - Entry;
 - is NTS Entry Capacity held at the ASEP
 - what type (incremental / baseline) and for what duration
 - how should it be treated e.g reduction process, no concept of Capacity reduction on Entry
 - Impact on User Commitment principle
 - Exit;
 - is NTS Exit Capacity held at the Exit Point
 - for what duration (EAFLEC/AFLEC) & how should it be treated i.e. existing reduction process for EAFLEC but no concept for AFLEC
 - Impact on User Commitment principle
 - Substitution – impact upon NTS capability
- Charging impacts

Entry Point scenarios (a)

■ Single (or no Connection) ASEP

	Baseline	Connecte d to NTS	Inc Cap. / Revenue Driver	Capacity sold	Potential Capacity impact	Potential Substitutio n impact	Potential User Commitment impact	Potential Charging impact	Licence impact
1	0	x	x	x	x	x	x	Low	Low
2	0	✓	x	x	x	x	x	Low	Low
3	0	x	✓	✓	High	High	High	Med	High
4	>0	✓	✓	✓	High	High	High	Med	High
5	>0	x	✓	✓	High	High	High	Med	High
6	>0	✓	x	✓	High	High	High	Med	High
7	>0	✓	x	x	Low	High	Low	Med	High

Entry Point scenarios (b)

■ Multi SEP ASEP

	Baseline	Connecte d to NTS	Inc Cap. / Revenue Driver	Capacity sold	Potential Capacity impact	Potential Substitutio n impact	Potential User Commitment impact	Potential Charging impact	Licence impact
1	0	✓	✓	✓	High	✗	High	✗	✗
2	>0	✓	✓	✓	High	✗	High	✗	✗
3	>0	✓	✗	✓	High	✗	High	✗	✗

- **No potential charging / licence impact as assumption is point cannot be removed from licence as only one SEP is being decommissioned**

Exit Point scenarios

	Baseline	Connecte d to NTS	Inc Cap. / Revenue Driver	Capacity sold	Potential Capacity impact	Potential Substitutio n impact	Potential User Commitment impact	Potential Charging impact	Licence impact
1	0	✗	✗	✗	✗	✗	✗	Low	Low
2	0	✓	✗	✗	✗	✗	✗	Low	Low
3	0	✗	✓	✓	High	High	High	Med	High
4	>0	✓	✓	✓	High	High	High	Med	High
5	>0	✗	✓	✓	High	High	High	Med	High
6	>0	✓	✗	✓	High	High	High	Med	High
7	>0	✓	✗	✗	Low	High	Low	Med	High

Initial Thoughts

- Outside of the simple scenarios (1&2 for both entry and exit) this becomes complex very quickly.
- Potentially:
 - requires changes to:
 - Licence
 - UNC (e.g. development of new capacity reduction processes)
 - Methodologies
 - and impacts other areas:
 - User Commitment
 - NTS Revenues / incentives
- Can see there may be benefit in undertaking a 'housekeeping' exercise to remove sites that were placed in the licence but never progressed
- However anything beyond this would be a far reaching exercise that does not feel to be within the scope of the UNC.