

Value at Risk

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26 January 2017





Value at Risk

The definition of VAR per Uniform Network Code:

UNC Section V 3.2.1

(d) Subject to paragraph 3.3.4, “**Value at Risk**” at any point in time is the sum of:

(i) The aggregate amount (other than Energy Balancing Charges) invoiced to the User pursuant to **Section S** but remaining unpaid (irrespective of whether such amount has become due for payment); and

(ii) The average daily rate of the aggregate amount (other than Energy Balancing Charges) invoiced to the User in the previous calendar month multiplied by 20.



UNC 0606

National Grid Gas plc and National Grid Gas Distribution Limited transitional invoicing arrangement post Project Nexus implementation

Proposal: Following the Project Nexus Implementation Date (PNID) on 01 June 2017, it will not be possible for National Grid Gas Distribution Limited (NGGDL) and National Grid Gas plc (NGG) to issue invoices in respect of certain Transportation Charges.

This would mean Shipper Users would receive, for a limited period, three invoices for certain Transportation Charges relating to the NTS.



Calculation Example

Shipper: XXX

December:

Invoice 1 £ 310	Paid 10/12
Invoice 2 £ 310	Paid 10/12
Invoice 3 £ 310	Paid 10/12

January:

Invoice 1 £ 310	Outstanding
Invoice 2 £ 310	Outstanding
Invoice 3 £ 310	Outstanding

VAR = 20 day proxy + Outstanding Balance

$$\text{VAR} = ((930/31)*20)+930$$

$$\text{VAR} = \text{£ } 1,530.00$$



Impacts

There will not be any impact on the VAR calculation resulting from the introduction of Project Nexus.

Risks

- **The ancillary credit invoice related to NTS Transportation charges is not produced at the same time as the invoice containing both Distribution and NTS charges.** The legal text of Mod 606 provides that the credit invoice must be produced on the same date as the first invoice containing both Distribution and NTS charges. If this is not the case the first invoice is invalid, will not count towards VAR and is not payable by the Shipper . NGG and NGGDL will need to issue a new set of invoices on the same date in order to be paid.
- **It is important that shippers pay the designated funds into the correct bank accounts.** NGGDL are investigating a process to transfer the funds incorrectly paid to NGGDL/NGG to the correct party on a case by case basis. This would always need to be subject to the relevant Shipper's written consent with the default being any excess funds are returned to the Shipper