

Stage 02: Workgroup Report

0454:

Introduction of a Long Term Non Firm Capacity Product

This modification seeks to introduce non-firm NTS capacity products that can be offered to a User in the case that they require access to the NTS ahead of firm Capacity being available.



The Workgroup recommends that this modification should now proceed to consultation.



High Impact: -



Medium Impact: Shipper Users, DN Users and National Grid NTS



Low Impact: -

At what stage is this document in the process?



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About this document:

This report will be presented to the panel on 19 September 2013.

The panel will consider whether the modification is sufficiently developed to proceed to Consultation.


Any questions?
Contact: Code Administrator
 enquiries@gasgovernance.co.uk
 0121 288 2107
Proposer: National Grid Transmission
 sarah.lloyd@nationalgrid.com
 01926 654246
Licence Holder: National Grid Transmission
Systems Provider: Xoserve
 commercial.enquiries@xoserve.com

1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that this is not a self-governance modification.

Why Change?

National Grid NTS has had feedback asking them to consider the release of a product that could be utilised where an incremental capacity signal has been received and allocated to the customer but the firm capacity delivery date is beyond when the customer requires access to the NTS. The UNC does not provide for any such product to be made available.

Solution

The proposed solution is to introduce a Long Term Non Firm capacity product that is exclusively available to a User who has provided an incremental capacity signal (see section 3) which has subsequently been allocated (or as the case may be reserved¹). This change would allow a User to hold capacity ahead of the effective date of the Quarterly NTS Entry Capacity/Enduring Annual NTS Exit (Flat) Capacity allocated to or reserved by that same User. Any Long Term Non Firm capacity released would be in the form of Firm NTS Entry/Exit Capacity with an associated Buy Back Option Agreement for all days on which the Long Term Non Firm Capacity is held.

For the avoidance of doubt, Long Term Non Firm NTS Entry/Exit Capacity is envisaged as an interruptible/off-peak product which we are using existing firm capacity and buyback option products to facilitate.

Relevant Objectives

~~It is considered that this modification~~ **Implementation** would better facilitate the relevant objectives by allowing earlier access to the NTS ~~system~~ than would otherwise be ~~permitted~~ **possible**.

Implementation

- No implementation timescales are proposed.
- Testing of existing systems functionality is required to give confidence that the modification can be supported **with no system changes**, with estimated testing costs of £10k to £50k.
- This is a User Pays Modification, with costs apportioned equally between National Grid NTS and Users (including DN and Shipper Users).

¹ National Grid NTS recognises that under the current regime the reservation of NTS Exit Capacity is not possible for Users and the reservation of NTS Entry Capacity is not possible for any party; however this Modification does not exclude the possibility that such arrangements may be introduced in the future.

2 Why Change?

~~The Planning Act (2008) extended the expected planning timescales for NTS reinforcements; with total lead times beyond those allowed for in the Gas Transporter Licence. Customers wishing to connect to the NTS may trigger a need for reinforcement, and the timetable for delivering this is constrained by the Planning Act. Developments involving NTS connections may require incremental NTS capacity. Some customer of these projects may be ready to commence operation before National Grid NTS can complete the network investment programme that is necessary to support the development connection. The Planning Act (2008) extended the expected planning timescales for NTS reinforcements, thereby increasing the possibility that the NTS may be unable to support firm capacity commitments when first required by the customer.~~

Stakeholders have asked National Grid NTS to consider developing a capacity product that could be utilised where an incremental capacity signal has been received and allocated to the customer but the firm capacity delivery date is beyond the customer's first potential gas flow date (including where the incremental capacity signal is to be met via substitution from another NTS Entry/Exit Point). ~~There would be benefits in providing additional flexibility for the release of NTS Entry and Exit Capacity, which would help to meet customer expectations and reduce uncertainty and delay where project timelines are not aligned.~~

3 Solution

The proposed solution is to introduce a Long Term Non Firm capacity product for both NTS Entry and Exit Capacity. Long Term Non Firm Capacity would be made available via the release of Firm NTS Entry/Exit (Flat) Capacity with an associated Option Agreement. This change would allow a customer access to the NTS prior to the effective date of the Quarterly NTS Entry Capacity/Enduring Annual NTS Exit (Flat) Capacity allocated to (or as the case may be, reserved by) the customer following the receipt of an incremental capacity signal from that customer.

It is further proposed that any such release of Long Term Non Firm Entry or Exit Capacity shall be subject to the provisions of UNC Section TPD V3. For the avoidance of doubt, any NTS Entry or Exit Capacity allocated through this process shall be considered in respect of Overruns. Allocated capacity shall be included in the User's Fully Adjusted Available NTS Entry Capacity/Fully Adjusted Available NTS Exit (Flat) Capacity to determine the Overrun Quantity. For the purposes of the Overrun charge calculation, the price paid for Firm NTS Entry Capacity released in response to the Long Term Non Firm Capacity request will be considered to be a bid price. For the purposes of the NTS Exit (Flat) Overrun charge calculation the Long Term Non Firm Exit Capacity request will be considered to be a capacity application.

For the purposes of this modification an incremental capacity signal is:

- in respect of Entry Capacity a bid for Quarterly NTS Entry Capacity that satisfies the Net Present Value test as described in National Grid's Entry Capacity Release Methodology Statement and/or
- in respect of Exit Capacity an application for Enduring Annual NTS Exit (Flat) Capacity which if allocated or reserved would take the Enduring Annual NTS Exit (Flat) Capacity registered or reserved to all Users in aggregate above the Baseline NTS Exit (Flat) Capacity.

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A User may only request Long Term Non Firm Capacity where the following conditions have been satisfied:

- An incremental capacity signal has been provided either
 - by a User via an auction/application window that has triggered the allocation of Firm NTS Entry/Exit Capacity or
 - via the reservation of capacity by a User, or Reservation Party on behalf of a nominated User requesting Long Term Non Firm Capacity, that is over and above the Available NTS Entry Capacity/Remaining Available NTS Exit (Flat) Capacity.
- For NTS Entry Capacity: The amount of Available NTS Entry Capacity that is available for all Gas Days within the relevant Month at the relevant NTS Entry Point is less than 100,000kWh/day.
- For NTS Exit Capacity: The amount of Remaining Available NTS Exit (Flat) Capacity that is available for all Gas Days within the relevant Gas Year at the relevant NTS Exit Point is less than 100,000kWh/day.

In the case that the capacity constituting the Incremental Firm Capacity signal has been reserved by a Reservation Party, they would need to nominate a User or Users to be registered as holding, some, or all, of the reserved capacity. In this case the nominated User will be eligible to apply for Long Term Non Firm capacity.

Amendments to other documents:

Please note that implementation of this Proposal will require National Grid NTS to amend the following:

- 'The Statement of Gas Transmission Transportation Charges'
- 'UNC TPD Section Y – Charging Methodologies'
- 'Entry Capacity Release Methodology Statement'
- 'Exit Capacity Release Methodology Statement'

For clarity, if amendments to any documents (i.e. other than the UNC) are required, this will need to be considered when the effective implementation date of this solution is set.

The following general rules expand and define the solution.

1. Initial notification of capacity requirements

- a. The User or Reservation Party signals their requirement for additional Quarterly NTS Entry Capacity/Enduring Annual NTS Exit (Flat) Capacity in respect of a new or existing NTS Entry or Exit Point via one of the following mechanisms:
 - i. a bid or request being placed and subsequently allocated in an Entry Capacity Auction or Exit Capacity Application Window respectively, or
 - ii. reservation of NTS Entry/Exit capacity.

2. Long Term Non Firm Request Process

If the User, or in the case of capacity reserved by a Reservation Party a nominated User, requires access to the NTS prior to the Firm NTS Entry/Exit Capacity delivery date, they will be eligible to submit request(s) for Long Term Non Firm Capacity for the relevant NTS Entry/Exit Point. The following rules and criteria will apply for such requests:

- a. The Long Term Non Firm Capacity request must include the following information:
 - i. The identity of the User
 - ii. The relevant NTS Entry/Exit Point
 - iii. The calendar month for which the Long Term Non Firm Capacity is requested

- iv. The quantity of Long Term Non Firm Capacity requested (not less than 100,000 kWh/day) for each month within the relevant Gas Year
- b. Capacity Quantity: The requested amount of Long Term Non Firm Capacity must be no larger than the amount of NTS Entry/Exit Capacity which constituted the incremental capacity signal which was allocated to the User prior to the request for Long Term Non Firm Capacity.
- c. Capacity Duration
 - i. Long Term Non Firm Capacity would cover some or all of the period up to the estimated Incremental Firm Entry/Exit Capacity delivery date.
 - ii. Quantities will be agreed on a monthly basis for a period up to the end of Gas Year Y+1 where a request is made during Gas Year Y. If the Long Term Non Firm Capacity is required for further Gas Years the quantity may be requested, agreed and allocated at earliest within the Gas Year prior to the start of the relevant Gas Year.
 - iii. Capacity cannot be requested for a period beyond Gas Year Y+1.
 - iv. A User may submit a single request for each calendar month within the relevant period at the same time through the submission of a single pro-forma. Only one pro-forma may be submitted for a single Gas Year.
 - v. Where Long Term Non Firm Capacity has been released following the reservation of NTS Entry/Exit Capacity or allocation of Enduring NTS Exit (Flat) Capacity via an Ad-hoc request in the October to June Exit Capacity Application Window and the relevant agreement has subsequently been terminated, meaning that there is no longer a firm incremental capacity signal in place; the (Exit) Option Agreement will be exercised for all Long Term Non Firm Capacity released for the remainder of the period and no further release of Long Term Non Firm Capacity will be considered.
- d. Timeline
 - i. Requests for Long Term Non Firm Capacity must be sent to National Grid NTS by no later than the 10th Business Day of month M where Long Term Non Firm capacity is required for Month M+2 at the earliest. No request(s) can be made for Long Term Non Firm Capacity within Gas Year Y+1 unless the relevant Notice of Gas Transmission Transportation Charges, stating either the AMSEC auction Reserve Prices or the Exit Capacity Actual prices, as appropriate, has been published. Such requests will be rejected. In this case the User could resubmit their request(s) once the relevant Notice of Gas Transmission Transportation Charges has been published for that Gas Year.
 - ii. National Grid NTS will respond to the User within [2] Business Days to acknowledge the request and state whether the request meets the relevant criteria.
 - iii. If the request passes the relevant criteria, National Grid NTS will then have 1 month to determine and confirm to the User if Long Term Non Firm Capacity can be released for the relevant period.
 - iv. If it is decided that Long Term Non Firm Capacity can be released, National Grid NTS will then set up the Application window and associated Option Offer window, place the appropriate request(s) on behalf of the User, allocate, and provide confirmation to the user within 5 Business Days.

3. Long Term Non Firm Capacity Release Mechanism

Any Long Term Non Firm capacity released would be in the form of Firm NTS Entry/Exit Capacity with an associated Buy Back Option Agreement for all days on which the Long Term Non Firm Capacity is held.

a. Customer Participation:

Following confirmation that a request is successful, National Grid NTS will set up an Auction/Application window and an Option Agreement offer window. On the day of the Auction/Application Window and the associated Option Agreement window, National Grid NTS will enter the details of the firm capacity request and the associated buyback onto the system on behalf of the User.

b. *Charges to be paid:*

- i. For the avoidance of doubt Users will pay Capacity Charges for the capacity allocated through this process i.e. the quantity of NTS Entry or Exit Firm Capacity allocated, multiplied by the capacity price, multiplied by the relevant period for which capacity has been allocated.
- ii. In the event that the relevant Option Agreement is exercised, National Grid NTS will pay a strike/an option exercise price to the User and the User will surrender Firm NTS Entry/Exit (Flat) Capacity for that Gas Day.

Firm NTS Entry Capacity with associated Option Agreement

- For the purposes of the Long Term Non Firm Capacity product, the Firm NTS Entry Capacity is such additional amount of NTS Entry Capacity above the NTS SO Baseline Entry Capacity as National Grid NTS may decide to release for that Gas Year in response to a Long Term Non Firm Entry Capacity request.
- The additional Firm NTS Entry Capacity will be released to a pre determined User.
- Additional Firm NTS Entry Capacity will be made available, utilising existing system processes, in monthly intervals for up to one Gas Year.
- If Long Term Non Firm capacity is applied for during Month M of Gas Year Y the earliest period which capacity may be applied for is Month M+2.
- The latest period for which Long Term Non Firm capacity may be applied for is the earlier of the final month of Gas Year Y+1 and the month preceding the Firm Capacity effective start date.

An Option Agreement would be entered into at the same time as the allocation of additional Firm NTS Entry Capacity (together constituting the Long Term Non Firm Capacity allocation).

- The Option Agreement must be entered into for all days on which capacity is to be released, for the same quantity as the capacity to be released.
- The additional Firm NTS Entry Capacity and Option Agreement will be exclusive to the pre determined User who has signalled a requirement for Incremental Quarterly NTS Entry Capacity, as such there will be no need for a Tender invitation Notice to be issued prior to the Agreement being entered into.

Pricing

- Any additional Firm NTS Entry Capacity released will be subject to capacity charges, however the customer will recover their Long Term Non Firm NTS

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Entry Capacity costs where the Option is exercised. It is proposed that any such release of Long Term Non Firm Entry Capacity shall:

- In the case of additional Firm NTS Entry Capacity be subject to a fixed price. For clarification this fixed price will be the prevailing AMSEC auction Reserve Price for the relevant period and NTS Entry Point at which the NTS Entry Capacity is released, as specified in the relevant Notice of Gas Transmission Transportation Charges.
- in the case of the Option Agreement be subject only to a strike price which shall be equal to the price paid for the additional Firm NTS Entry Capacity.

Informing the User of allocations:

National Grid NTS will as soon as reasonably practicable and in any case no later than 2 (two) Business Days prior to the first day for which requests for Long Term Non Firm Capacity have been made, inform the User that its request has been allocated, the amount of additional Firm NTS Entry Capacity which it is registered as holding for the NTS Entry Point and the relevant period (for clarification the relevant period will be the period for which the capacity has been allocated).

Publication of Information:

By no later than one Business Day following the notification to the User of its allocations, National Grid NTS will provide the following information to all Users in accordance with UNC Section B paragraph 2.14.2 in respect of the relevant NTS Entry Point:

- The Long Term Non Firm Capacity Period
- Total Requested Volume of Long Term Non Firm Capacity
- Total Successful Volume of Long Term Non Firm Capacity
- Long Term Non Firm Capacity Price
- Option Agreement Strike Price

NTS Exit (Flat) Capacity with associated Exit Option Agreement

- For the purposes of the Long Term Non Firm Capacity product, the Firm NTS Exit (Flat) Capacity is such additional amount of Annual NTS Exit (Flat) Capacity above the Baseline NTS Exit (Flat) Capacity as National Grid NTS may decide to release for that Gas Year in response to a Long Term Non Firm Exit Capacity request.
- Additional Firm NTS Exit (Flat) Capacity will be released to pre determined Users.
- The additional Firm NTS Exit (Flat) Capacity will be made available, via Application Window processes, in monthly intervals for up to one Gas Year if the User requests capacity during Gas Year Y for months within Gas Year Y but for an annual period if requested for Gas Year Y+1.
- If Long Term Non Firm capacity is applied for during Month M of Gas Year Y the earliest period which capacity may be applied for is Month M+2.
- The latest period for which Long Term Non Firm capacity may be applied for will be the earlier of the final month of Gas Year Y+1 and the month preceding the Firm Capacity effective start date.

An Exit Option Agreement would be agreed at the same time as the allocation of additional Firm NTS Exit (Flat) Capacity (together constituting the Long Term Non Firm Capacity allocation).

- The Exit Option Agreement must be entered into for all days on which capacity is to be released, for the same quantity as the capacity to be released.
- The additional Firm NTS Exit (Flat) Capacity and Exit Option Agreement will be exclusive to the pre determined User who has signalled the incremental Enduring NTS Exit (Flat) Capacity, as such there will be no need for a tender to be carried out by National Grid NTS for offers by Users prior to the Agreement being entered into.

Pricing:

- Any additional Firm NTS Exit (Flat) Capacity released will be subject to capacity charges, however the customer will recover their Long Term Non Firm NTS Exit (Flat) Capacity costs where the Option is exercised. It is proposed that any such release of Long Term Non Firm Exit Capacity shall:
 - in the case of additional Firm NTS Exit (Flat) Capacity be subject to a fixed price. For clarification this fixed price will be the prevailing actual price for the relevant period and NTS Exit Point at which the NTS Exit Capacity is released, as specified in the relevant Notice of Gas Transmission Transportation Charges.
 - in the case of the Exit Option Agreement be subject only to an option exercise price which shall be equal to the price paid for the additional Firm NTS Exit (Flat) Capacity.

Informing the User of Allocations:

National Grid NTS will as soon as reasonably practicable and in any case no later than 2 (two) Business Days prior to the first day for which requests for Long Term Non Firm Capacity have been made, inform the User that its request has been allocated, the amount of additional Firm NTS Exit Capacity which it is registered as holding for the NTS Exit Point and the relevant period (for clarification the relevant period will be the period for which the capacity has been allocated).

Publication of Information:

By no later than one Business Day following the notification to the User of it's allocations, National Grid NTS will provide information to all Users in accordance with Table B-1 of UNC Section B Annex B1 in respect of the relevant NTS Exit Point:

- The Long Term Non Firm Capacity Period
- Total Requested Volume of Long Term Non Firm Capacity
- Total Successful Volume of Long Term Non Firm Capacity
- Long Term Non Firm Capacity Price
- Option Exercise Price

User Pays

Classification of the modification as User Pays, or not, and the justification for such classification

This modification has been raised as User Pays. This modification benefits both National Grid NTS and Users by improving the operation of the System and effective competition between Users.

National Grid NTS has raised a Rough Order of Magnitude (ROM) and Xoserve have confirmed that existing Gemini system functionality should satisfy the requirements of this modification however there may be costs associated with testing of existing functionality to give confidence that it is fit for purpose. These costs are expected to be between £10k and £50k.

Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view

This modification benefits both National Grid NTS and Users by improving the operation of the System and effective competition between Users.

This modification apportions the costs as:

- 50% Shipper & DN Users (further apportionment to be determined)
- 50% National Grid NTS

The cost apportionment is based on the potential benefits accrued by different parties under the relevant objectives under Standard Special Condition A11 1(a), (b)(i) and (d)(i).

Proposed charge(s) for application of User Pays charges to Shippers

The costs apportioned to Shipper & DN Users, as described above, would be split equally between Shipper and DN Users that hold NTS Entry Capacity and/or NTS Exit (Flat) Capacity on 01 December 2013~~2~~.

Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve

Xoserve testing costs are expected to be in the range of £10k to £50k.

Actual costs to be determined following completion of systems testing in September 2013.

4 Relevant Objectives

Impact of the modification on the **Relevant Objectives**:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	Positive
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	Positive
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None

f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	Negative one

~~**Achievement of relevant objective (a) “Efficient and economic operation of the pipe-line system”** Implementation of this modification would facilitate a more efficient and economic use of the pipe-line system as it would provide additional flexibility in the release arrangements of NTS Entry and Exit Capacity to allow Users to connect their project to and access capacity on the NTS earlier, if required, where the Firm Capacity delivery date is beyond the first potential gas flow date for the User’s project.~~

~~**Achievement of relevant objective (b) “Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters”** Implementation of this modification would remove barriers that may otherwise delay new projects being connected to the NTS, allowing earlier network access for connecting parties, where required, and earlier utilisation of the combined pipe-line system.~~

Achievement of relevant objective (d) “Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.”

~~Implementation of this modification would facilitate the effective competition between shippers for additional capacity since it would remove a barrier that may otherwise delay new projects being connected to the NTS and allow earlier utilisation.~~

Implementation of this modification would allow customers to choose to connect to the NTS earlier than is currently permitted under the UNC. Increasing the range of choices available to Users would enable their requirements to be better met, and would remove a potential barrier to operating as required in a competitive market. By removing a barrier to Users operating as desired, market requirements would be better met and hence implementation could be expected to facilitate the securing of effective competition between Shippers.

Implementation would facilitate earlier access to both entry and exit capacity. In the case of entry capacity, being able to bring gas to the market earlier than otherwise would be expected to increase liquidity in the period for which extra gas was available, and additional choice would be available to Shippers regarding which sources of gas to procure to meet their needs. Through normal competitive processes, the gas entering the system would be expected to be optimised in the best interests of consumers. As such, the increase in supply to the market means that implementation would be consistent with facilitating the securing of effective competition between Shippers.

In the case of an exit capacity being available earlier than otherwise, implementation of the modification would offer the possibility of an increased total load being connected to the NTS. This increase in the scale of the market would allow fixed costs to be spread over a wider base, and would provide additional demand which Shippers could compete to supply. Implementation would therefore be consistent with facilitating the securing of effective competition between Shippers.

~~Implementation may be inconsistent with Relevant Objective g. There is an EU requirement to price interruptible connections on the basis of the probability of interruption and this modification is inconsistent with this. However, National Grid NTS have emphasised that alternative pricing could not be implemented at this stage due to~~

IS system constraints, and that this is a firm product and so should be priced on a firm basis.

The legal text to implement this modification includes a change to the NTS Transportation Charging Methodology, as contained in Section Y of the UNC. As such, the impact on the relevant objectives for modification of the charging methodology also needs to be considered.

~~In addition to the above statements it is believed this modification has a positive impact upon the following relevant transportation charging methodology objectives:~~

Impact of the modification on the Relevant Charging Methodology Objectives:	
Relevant Objective	Identified impact
a) Save in so far as paragraphs (aa) or (d) apply, that compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business;	Positive
aa) That, in so far as prices in respect of transportation arrangements are established by auction, either: (i) no reserve price is applied, or (ii) that reserve price is set at a level - (I) best calculated to promote efficiency and avoid undue preference in the supply of transportation services; and (II) best calculated to promote competition between gas suppliers and between gas shippers;	Positive
b) That, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business;	Positive
c) That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers; and	None
d) That the charging methodology reflects any alternative arrangements put in place in accordance with a determination made by the Secretary of State under paragraph 2A(a) of Standard Special Condition A27 (Disposal of Assets).	None
e) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

~~Achievement of relevant objective (a) "Save in so far as paragraphs (aa) or (d) apply, that compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business" Implementation of this modification would maintain the cost reflectivity of reserve prices calculated for both Entry and Exit Capacity as the prices used are the same as the latest reserve prices calculated using the established Long Run Marginal Cost (LRMC) principles and applied in the calculation of Entry and Exit Capacity prices~~

~~in accordance with the Transportation Charging Methodology.~~

~~Achievement of relevant objective (aa) “That, in so far as prices in respect of transportation arrangements are established by auction that reserve price is set at a level that:~~

~~(I) best calculated to promote efficiency and avoid undue preference in the supply of transportation services; and (II) best calculated to promote competition between gas suppliers and between gas shippers~~

~~Implementation of this modification would ensure that reserve prices used would be the same as the most up to date reserve prices calculated and issued in accordance with the Transportation Charging Methodology and updated in accordance with the Licence. This helps promote the competition between suppliers and shippers and avoids undue preference given the use of established methodologies to determine prices calculated using the Transportation Charging Methodology and issued in a timeframe and format familiar to all suppliers and shippers.~~

Achievement of relevant objective b) That, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business;

Consequential changes to the transportation charging methodology are required to support the introduction of Long Term Non Firm Capacity products and, as such, the proposed changes facilitate achievement of ~~the~~ relevant objective b by properly take account of this developments in the transportation business.

5 Implementation

- No implementation timescales are proposed.
- National Grid NTS has raised a Rough Order of Magnitude (ROM) and Xoserve has confirmed that existing Gemini system functionality should satisfy the requirements of this modification however there may be costs associated with testing of existing functionality to give confidence that it is fit for purpose. These costs are expected to be between £10k and £50k.
- ~~• The project duration for testing of solutions for both entry and exit is expected to take at least 3 months, but probably not more than 6 months from the time that Xoserve receives a Change Order.~~
- This modification has been raised as a User Pays Modification since implementation may provide benefit for both shippers and National Grid NTS. The proposed cost apportionment is Transporters 50%/Shippers 50%.

6 Legal Text

Text

Suggested Text has been prepared by National Grid NTS and published alongside this document. No issues were raised by the Workgroup regarding its content.

7 Recommendation

The Workgroup invites the Panel to:

- AGREE that this [modification should be submitted for consultation.