

EU/GB Charging Project – Delivery Timescales



March 2018

Delivery Timelines

- Development of EU/GB Change Roadmap for Charging began summer 2017
 - Project teams formed between NG & Xoserve
 - Acceptance that we would have to “work at risk” – i.e. implementation would begin before detailed requirements agreed
 - Need for Change Requirements is built into the programme

Delivery Timelines

- Implementation programme formally began in January 2018
 - Start date required to ensure ability to deliver for early 2019
- Project split into 2 Phases
 - **Phase A** aims to deliver required changes for first half of 2019 to facilitate Annual Auction in July 2019
 - **Phase B** aims to deliver remainder of required changes for October 2019 gas year
- Splitting project allows flexibility to incorporate changes associated with alternates if required

EU/GB Charging Project – Delivery Timescales

Part A

Analysis &
Design (Jan to
Apr 18)

Build (May/
June 18)

Testing (July to
Oct 18)**

Implementation
(Nov18)

Part B

Analysis &
Design (May to
Aug 18)

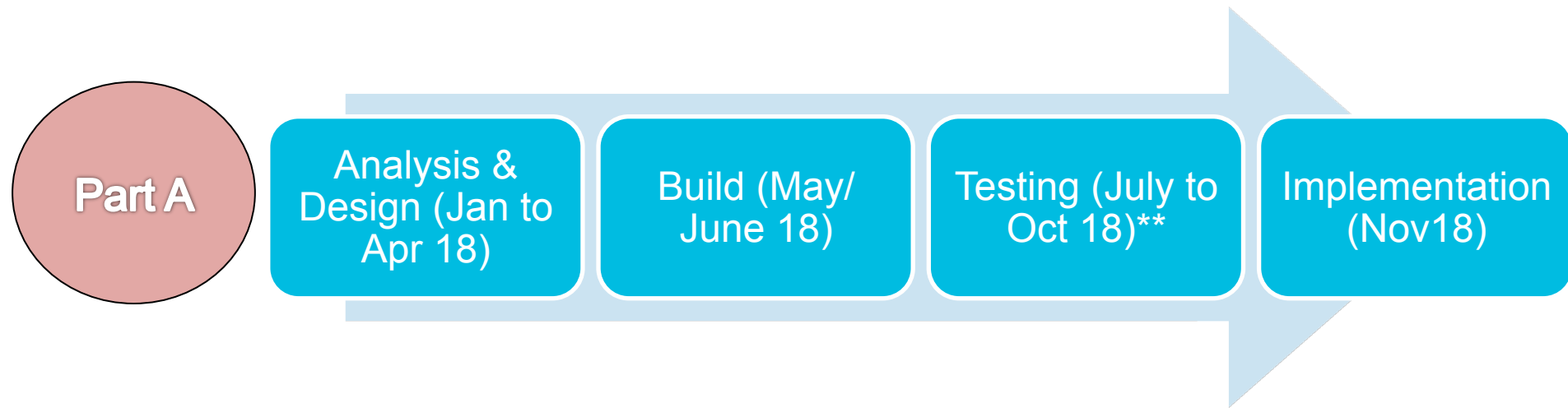
Build (Sept 18
to Jan 19)

Testing (Feb to
July 19)

User Trials
(July/August
19)

Implementation
(Sept 19)

EU/GB Charging Project – Delivery Timescales



- Focussed on
 - Systems changes required for setting up Annual Auction
 - Transparency requirements
 - Assumes all long-term auctions prior to **31 May 2019** are under existing rules

EU/GB Charging Project – Delivery Timescales

- Focussed on all remaining system changes, including
 - Fixed/floating rules at all points
 - Treatment of historic capacity and new allocations
 - New charge types etc.
- Delay in Analysis & Design in Phase B allows all alternates to be considered

Part B

Analysis &
Design (May to
Aug 18)

Build (Sept 18
to Jan 19)

Testing (Feb to
July 19)

User Trials
(July/August
19)

Implementation
(Sept 19)

EU/GB Charging Project – Impact of Alternates

- Requirements gathering for system changes has considered impact of alternates
- System changes have been designed to incorporate a degree of flexibility to allow for possible outcomes for approved solutions
- Some alternates have no system impacts on NG proposed approach (e.g. storage discount 50% or 86%)
- Latest alternates shall be assessed as part of Phase B and may require a formal Change to current project
 - Such requirement has been allowed in planning of project



EU Regulations &
Network Codes

UNC Modifications

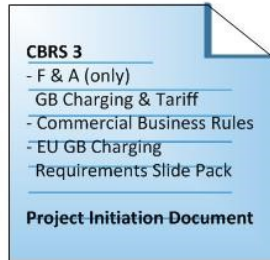
Source Documents

Project Scope

Impacted
System(s)

Impacted
Stakeholders

Regulatory Go
Live
/First Use Date



TAR Code



- **Reference Price & Multipliers**
Gemini to facilitate to input the Reference Price, Multiplier and Interruptible/Off-peak discount factors and pass through to MIPI from both Gemini and Exit. This requirement is for IPs only (Transparency)
- **Gemini Revenue data to GCS Talend**
Gemini to send all revenue details to GCS Talend and facilitate National Grid to generate RRP in GCS Talend
- **Decommissioning MIPI files**
Decommissioning 4 unused revenue based Interface files due to enhancement to NORD07 report
- **Entry Capacity Availability (NORD07) Report**
To simplify the report data calculation, Gemini to send two new interfaces to MIPI and Existing LCD will continue as is. All data required for the report will be sent from Gemini
- **Gemini Exit Revenue Report**
Requirement to calculate revenue in one report for all processes in both Gemini and Exit. Requirement to re-label price fields in existing revenue reports, which are considering WAP (Weighted Average Price)

Gemini

MIPI

GCS
Talend

GEMAPI

Commercial
Operations
Steve Fisher

NCOG





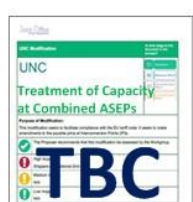


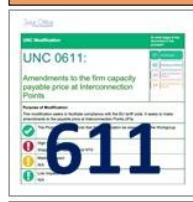
Shippers

May
2019

Nov
2018

Gas Regulatory Change Programme

GB Charging and Incremental (IP PARCA) Capacity Allocation Change (2019) – Part B

EU Regulations & Network Codes	UNC Modifications	Document References	Project Scope	Impacted System(s)	Impacted Stakeholders	Regulatory Go Live /First Use Date
	 621	CBRS 3 -F & A (only) GB Charging & Tariff -MCG to create new CBRS Commercial Business Rules PID	<ul style="list-style-type: none"> Pricing of different types of Capacity 2 Mods that incorporate GB Charging 621 and TBC Some system change necessary for GB charging and some for Tariff Code Content: <ul style="list-style-type: none"> Fixed/floating prices – payable price for entry capacity Reference Price & Multipliers – new Reference price methodology Tariff – Interruptible/Off peak Capacity – discount based on the firm capacity products 	<input type="checkbox"/> Gemini <input type="checkbox"/> MIPI <input type="checkbox"/> GCS <input type="checkbox"/> UK Link <input type="checkbox"/> GEMIPi	Commercial Operations Steve Fisher GNCC Glenn B-J Xoserve Invoicing Shippers MCG Charging	April 2017 Jan 2019 May 2019 Oct 2019 Sept 2019
 TAR Code	 TBC	CBRS 3 F & A (only) GB Charging & Tariff MCG to create new CBRS PID	<ul style="list-style-type: none"> New mod to be raised for GB Charging Mod number to be confirmed Split ASEPs may need to be considered 	<input type="checkbox"/> Gemini <input type="checkbox"/> MIPI <input type="checkbox"/> GCS <input type="checkbox"/> UK Link <input type="checkbox"/> GEMIPi	Commercial Operations Steve Fisher GNCC Glenn B-J MCG Charging Ops Liaison NG Finance Xoserve Invoicing Shippers	TBC TBC
 611	 611	CBRS 2 CAM Incremental, PRISMA Upgrade, MMP PID	<ul style="list-style-type: none"> Mandatory Minimum Premium Price to pass NVP test MMP Entry into force 1st April 2017 Comments: <ul style="list-style-type: none"> MMP system change linked with Stage C Incremental Capacity change First use date now out to 2019 after 2017 Market Demand Window Closed No ENTSG Transparency Platform impacts 	<input type="checkbox"/> Gemini <input type="checkbox"/> MIPI	Commercial Operations Steve Fisher Ops Liaison Jon Davies Shippers	April 2017
 597	 597	CBRS 2 CAM Incremental, PRISMA Upgrade, MMP Documents available on EU Programme SharePoint Site in Shared Area	<ul style="list-style-type: none"> System change required to allocate and reserve IP PARCA capacity on Gemini including substitution from non IPs Comments: <ul style="list-style-type: none"> Process change (Stages A & B) Non system process/procedure governed by Business Readiness Group 	<input type="checkbox"/> MIPI <input type="checkbox"/> GCS	Invoicing Xoserve Contracts Craig Dyke	Q4 2019/ Q1 2020

*CBRS = Change, Business Requirements and Solutions Document

Please direct any queries to: Box.GasOps.BusinessC@nationalgrid.com

Version: DRAFT 2/3/18
Please note this document is subject to change

Dual Reconciliation Mechanisms



March 2018

Dual Reconciliation Mechanisms

- Dual Reconciliation Mechanisms – situations where one reconciliation rule is applied to some capacity, and another reconciliation rule is applied to the rest of the capacity.
- Such a situation exists under Proposal 0621 in the enduring arrangements for Storage
 - Capacity obtained under Historical Contracts will not pay a capacity-based Revenue Recovery charge
 - Any Fully Adjusted Entitlements in excess of the Historical Contract Capacity will pay a capacity-based Revenue Recovery charge.
- Reminder: Historical Contract is defined as ‘...entry capacity... allocated up to and including the end of the month in which Ofgem issues direction to implement’

Example (Storage > Oct 21)

Capacity	Amount
Registered _{Historical}	300
Registered _{Non-Historical}	100
Transfer	-50
Surrender	0
Net entitlements	350

- The general rule for sites in the enduring (post October 2021) arrangements is to pay capacity-based Revenue Recovery on the Fully Adjusted entitlements i.e. 350.
- For Storage:
 - exempt quantity = Historical Contracts = 300
 - capacity-based Revenue Recovery = $\max(350-300,0) = 50$

2nd Example (Storage > October 2021)

Capacity	Amount
Registered _{Historical}	0
Registered _{Non-Historical}	0
Transfer	50
Surrender	0
Net entitlements	50

- Only capacity registered in an auction is captured by the definition of Historical Contracts.
- For Storage, the exempt quantity should be considered:
 - exempt quantity = Historical Contracts = 0
 - Capacity-based Revenue Recovery = $\max(50-0,0) = 50$

Similar arrangements for IPs?

- National Grid is considering similar arrangements for the IPs during the transition period (October 2019 – September 2021)

Site	Storage	Interconnection Point
Period	Enduring (2021 onwards)	Transition (2019-2021)
exempt* quantity	Historical Contracts	Existing Contracts
Charge on exempt quantity	None	Flow based (commodity)
Charge on any further capacity	Capacity-based Revenue Recovery	Capacity-based Revenue Recovery

- A case for exemption from the capacity-based Revenue Recovery can only be made for Existing Contracts (rather than Capacity allocated in Historical Contracts)
- Reminder: Existing Contracts is entry capacity allocated before 6 April 2017 (Entry into Force of EU Tariff Code)

*Exempt from capacity reconciliation

Example (IP October 2019 – September 2021)

Capacity	Amount
Registered _{Existing}	300
Registered _{Non-Existing}	100
Transfer	-50
Surrender	0
Net entitlements	350

- exempt quantity = Existing Contracts = 300
 - This can be treated as an allowance. So a commodity (flow-based) charge will be applied on allocations up to 300.
 - No commodity charge will be levied on flow above this, but further capacity will need to be acquired to avoid an overrun.
- Capacity-based Revenue Recovery = $\max(350-300,0) = 50$

Dual Reconciliation Mechanisms - Conclusion

- We welcome feedback on the approaches proposed
- In particular, we are aware that other Proposals (e.g. 621E) also have dual reconciliation mechanisms. We would welcome further bilateral discussions with any proposer whose Proposal has such a mechanism.