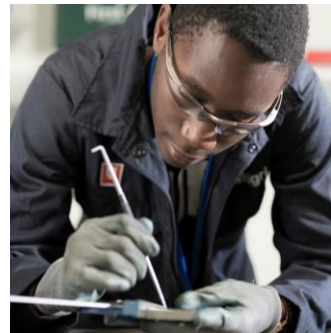


# UNC0653



## UNC0653 Workgroup

Action 0701

# Overview

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- UNC0653 Analysis development:
  - This builds on the background information shared at the workgroup on 3<sup>rd</sup> July 2018 <https://www.gasgovernance.co.uk/0653/030718> and the discussions that took place
  - Further analysis is required and additional information and detail will be made available w/c 23<sup>rd</sup> July

# UNC0653 Analysis development: Key Assumptions / questions

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- The assessment of this modification at this time is based upon
  - Current charging methodology (i.e. makes no assumptions around other modifications or dependencies)
  - This is based on the historical flows using the NTS Optional Commodity Charge (NTS OCC) seen in formula year April 17 to March 18
  - The capacity charging discounts are on the assumption that sufficient firm capacity has been procured by all those availing of the NTS Optional Charge
    - Further thought is needed for interactions with booked levels of capacity
  - No behavioural changes are assumed, all those using the NTS OCC for the year in question use the replacement charge
  - CWD distance is the Weighted Average Distance (WAD) for the entry or exit point. CWD distance (WAD) is using obligated levels of capacity
    - Same as per those modelled under UNC0621 development
  - As this is a discount to capacity charges (assumed firm capacity) then this would discount from TO Capacity revenue. No NTS Optional income would contribute to SO Revenue recovery

# UNC0653 Analysis development: Potential impacts on Commodity charges

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	April 2017 Rates	Adjusted for 0653
TO Entry Commodity	0.0530	0.0381
TO Exit Commodity	0.0234	0.0168
SO Entry Commodity	0.0105	0.0130
SO Exit Commodity	0.0105	0.0130

- The TO Commodity charges have been adjusted only to account for the additional volumes picking up the TO Entry and TO Exit Commodity charges
- Further thinking is needed on the rules for the under recovery on the revenue basis which may or may not increase the revenues to be recovered from the TO Commodity charges
- The SO Commodity has been adjusted only to account for the revenue the current NTS OCC is no longer contributing to SO revenue. Therefore more monies are required to be recovered from the same denominator volumes.
- The eligible flows for NTS Optional Charge would pay the TO Commodity but not the SO Commodity as per 0653

# UNC0653 Analysis development: The calculations required

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- Capacity adjustment, Entry Capacity:
  - $(\text{SLD/CWD}) \times \text{prevailing Entry Reserve Price}$
  - Where prevailing entry reserve = MSEC price
- Capacity adjustment, Exit Capacity
  - $(\text{SLD/CWD}) \times \text{prevailing Exit Reserve Price}$
  - Where prevailing exit reserve = exit annual payable price
- All eligible flows pick up TO Entry and TO Exit Commodity charges
- All eligible flows do not pay SO Commodity

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- Further detail on the capacity charges will be published ahead of the next workgroup on 1<sup>st</sup> August 2018 and will be made available here in w/c 23 July:

<https://www.gasgovernance.co.uk/0653/010818>