

Following on from May's NTSCMF, National Grid agreed to put together some scoping questions to help understand the scope of the area on secondary capacity that has been raised recently. This note covers a summary of the ambition for those interested in the topic, based on NTSCMF discussions. It also covers some important assumptions and background information necessary to consider. It then poses some scoping questions to help the discussion.

The aim is to gather evidence on the appetite for any such development or review to gain broader industry views, including views on this draft note.

Ambition (based on initial discussion at NTSCMF) from this topic for those interested in its review:

- To move Entry Capacity more flexibly between Shippers such that the liability to National Grid moves with this capacity and the amount paid (to National Grid) would be no less than the amount the original party would have been liable for (therefore done "at cost").
- Such Entry capacity could be moved multiple times and in multiple denominations as it moves between parties.

Assumptions/Background:

- This places no assumptions on how any such potential resolutions may be carried out or the deliverability from a systems or processes perspective.
- The emphasis is to understand to an appropriate level of detail the ambitions of any potential change (not any precise solution) to establish the key principles and drivers necessary to determine how any potential focused development may be taken forward.
- This makes no assumption on any formal steps beyond this scoping exercise. There are options on how this could progress subject to strength of opinion, likely UNC relevant objective benefits and considering other activities and / or UNC changes in progress. These can be discussed as appropriate during the scoping activity.
- This would be a capacity focused activity and whilst raised in light of Shorthaul developments under 0718/A/B/C and 0670R (via [letter](#) from Gazprom to National Grid), looking at moving capacity would have broader charging implications to consider beyond Shorthaul. Therefore, it is not Shorthaul specific and does not need to be intertwined with this and should proceed on its own timeline.
- Assuming 0678 (or alternative) is approved, this would be the baseline to discuss against.
- Following a 0678 modification being implemented means Existing Contracts would be in effect (long term Entry Capacity booked before 05 April 2017).
- Expectation that no capacity reserve prices for the Existing Contract capacity would be changeable in any movement (i.e. no discounts would be available to Existing Contracts).

Initial Scoping Questions

- Reflecting on the "Ambition" above, is this supported? Any additional views on this summary?
- What assumptions or expectations would there be or additional commercial relationships between parties (e.g. like trades)?
- What processes and / or additional costs do you envisage could be involved associated to the capacity being moved?
- Should this also include Exit Capacity?
- Parallels with Exit are noted with regards to potentially assigning Entry capacity. Does this mean the Exit assignments mechanism is desirable for Entry or something more flexible?
- Following this scoping exercise, do you have any views on how this topic should progress?