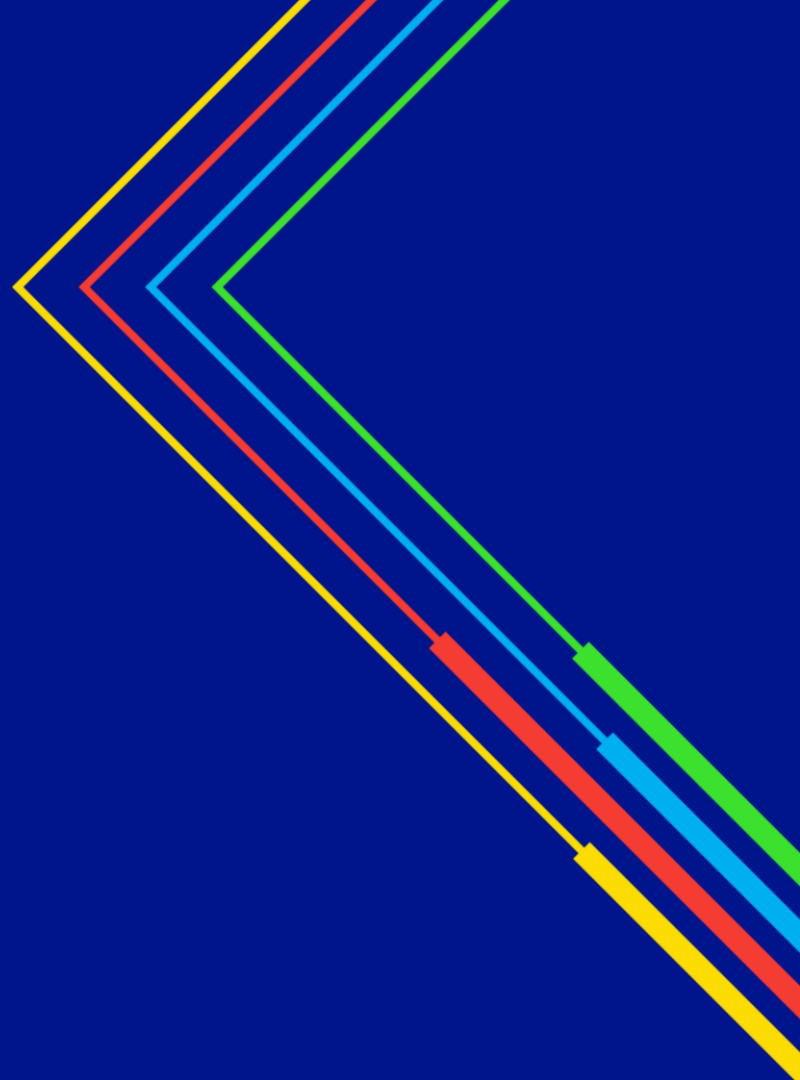


Capacity Access Review

Transmission Workgroup
7th September

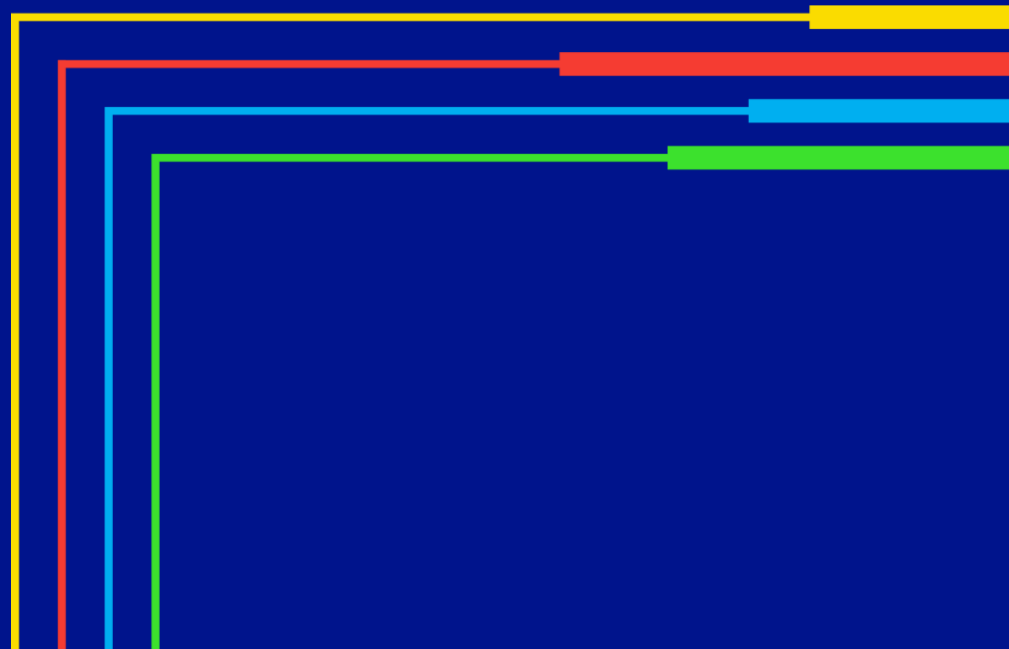
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01

Exit User Commitment

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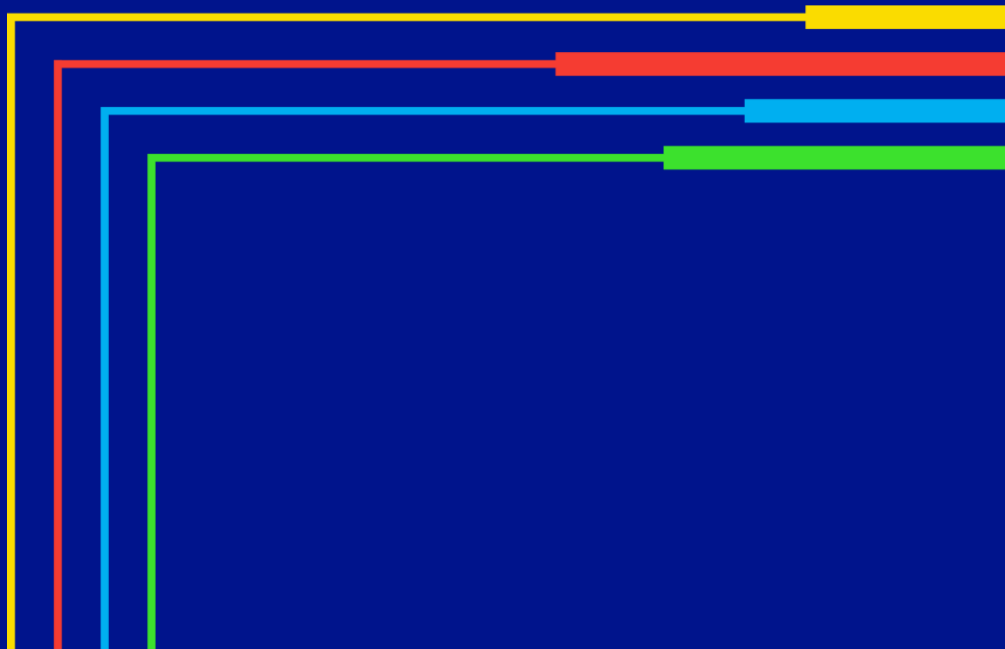
Exit User commitment

- Over the past couple of months we have been considering a reduction in exit incremental user commitment
- A further option may be to change the evergreen nature of the exit enduring product to a product whereby capacity is purchased for the duration required.
 - The user commitment would be inherent in the capacity booking
 - To trigger incremental capacity, a sustained commitment to capacity above baseline would be required
- An extension to the annual product could be made, or a long-term quarterly product could be developed to replace the enduring product
- Question: do Workgroup think that changing the nature of the long-term exit capacity product would help resolve User Commitment issues, and is proportionate?
- Question: would a long-term quarterly product, rather than the current enduring exit or annual product, be beneficial?

02

Moving Capacity between offtake points

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Analysis

- We have been looking at the potential impact of the capacity moved as per data submitted by GDNs in the July window
- Due to a number of requests received we have concentrated on looking at impact on NTS pressures rather than trying to determine exchange rates for each request
- Assumption is being made that if the impact is minimal, the exchange is 1:1
- The examples on the following slides demonstrate how the requests could impact on NTS pressures in more detail
- Next steps: develop criteria to establish basis on which NTS can accept/reject capacity movement requests

Analysis – example 1

LDZ	Offtake		Applicable from (dd/mm/yy)	Quantity (mcm/d)
	From	To		
LDZ1	Offtake 1	Offtake 2	01/10/2021	0.75
LDZ1	Offtake 1	Offtake 3		0.85
LDZ1	Offtake 1	Offtake 4		0.67
LDZ1	Offtake 1	Offtake 5		1.86

Largest pressure drops

Offtake	Original pressure	Pressure after movement	Difference
Offtake A	56.44	54.11	-2.33
Offtake B	56.44	54.11	-2.33
Offtake C	53.06	50.11	-2.95
Offtake D	53.05	50.11	-2.94
Offtake E	55.96	53.61	-2.35
Offtake F	48.15	43.88	-4.27

Largest pressure increases

Offtake	Original pressure	Pressure after movement	Difference
Offtake G	50.50	52.92	2.42
Offtake H	50.50	52.92	2.42
Offtake I	51.66	54.01	2.35
Offtake J	58.95	63.16	4.21
Offtake K	58.95	63.17	4.22
Offtake L	58.95	63.16	4.21

Significant pressure loss along FDR[X], particularly at extremity (offtake F obligation is 45)

Analysis – example 2

LDZ	Offtake		Applicable from (dd/mm/yy)	Quantity (mcm/d)
	From	To		
LDZ 2	Offtake 1	Offtake 2	1/10/2021	0.676
LDZ 2	Offtake 1	Offtake 3		0.676
LDZ 2	Offtake 1	Offtake 4		0.136

Largest pressure drops

Offtake	Original pressure	Pressure after movement	Difference
Offtake X	54.10	54.05	-0.05

Favourable movement of capacity for pressures on the network

Largest pressure increases

Offtake	Original pressure	Pressure after movement	Difference
Offtake A	50.50	52.02	1.52
Offtake B	50.50	52.02	1.52
Offtake C	63.95	64.32	0.37
Offtake D	54.48	55.67	1.19
Offtake E	62.91	63.33	0.42
Offtake F	62.91	63.33	0.42
Offtake G	51.66	53.02	1.36
Offtake H	58.95	59.61	0.66
Offtake I	58.95	59.61	0.66
Offtake J	58.95	59.61	0.66

Principles *(changes since the last meeting marked in red)*

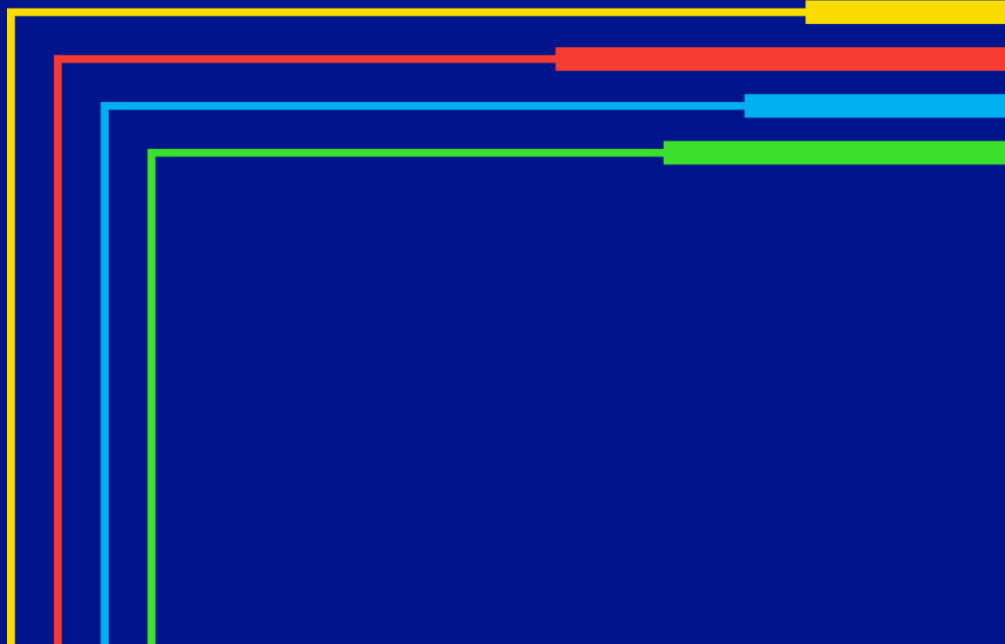
Principle	Applicability
Users	Any party operating under the same shipper/ transporter licence wanting to move capacity between offtakes.
Request submission process	Part of ECPG (July request submission for Y+1 Oct effective bookings)/ combined submission with Section H demand forecast. Would need to be developed for directly connected customers.
Reason for request	Any; change in demand forecast/ better network synchronisation/offtake becomes inactive/disconnected.
Duration	Ongoing from the date it is applicable to expiry of capacity holding.
Type of capacity to be swapped	Annual/enduring obligated capacity. Annual – annual, enduring – enduring.
Location of swap out/in	Predominantly LDZs, but movement between other locations can be considered if required.
Volume	Unlimited, but subject to NTS approval
Liability	Liability for capacity is to be moved to the 'swap in' location.
Impact analysis	Network Capability will need to conduct the analysis to determine the impact on NTS pressures of the changes requested. Accept/reject request criteria to be developed.
Exchange rates	Where the exchange rates are to be determined, is 3:1 rule to be applicable? Where no major negative impact on NTS pressures determined, 1:1 exchange rates would be assumed
System impact	Systemised solution
Overrun charges	Will be calculated on flows against new/net fully adjusted capacity
Baseline	See next slide

User Commitment and Baseline

Point A	Point B	User Commitment	Baseline
Baseline	Baseline	[2] year User Commitment would move with the capacity (continuation)	Doesn't change
Baseline	Incremental	Capacity subject to [4] years User Commitment once moved to point B	Baseline changes at Point B to reflect the added incremental amount
Incremental	Baseline	Capacity would maintain the [4] year User Commitment once moved to point B	Doesn't change
Incremental	Incremental	[4] year User Commitment would move with the capacity (continuation)	Baseline changes at Point B to reflect the added incremental amount

03

Overruns



Entry data (October 2020 – June 2021)

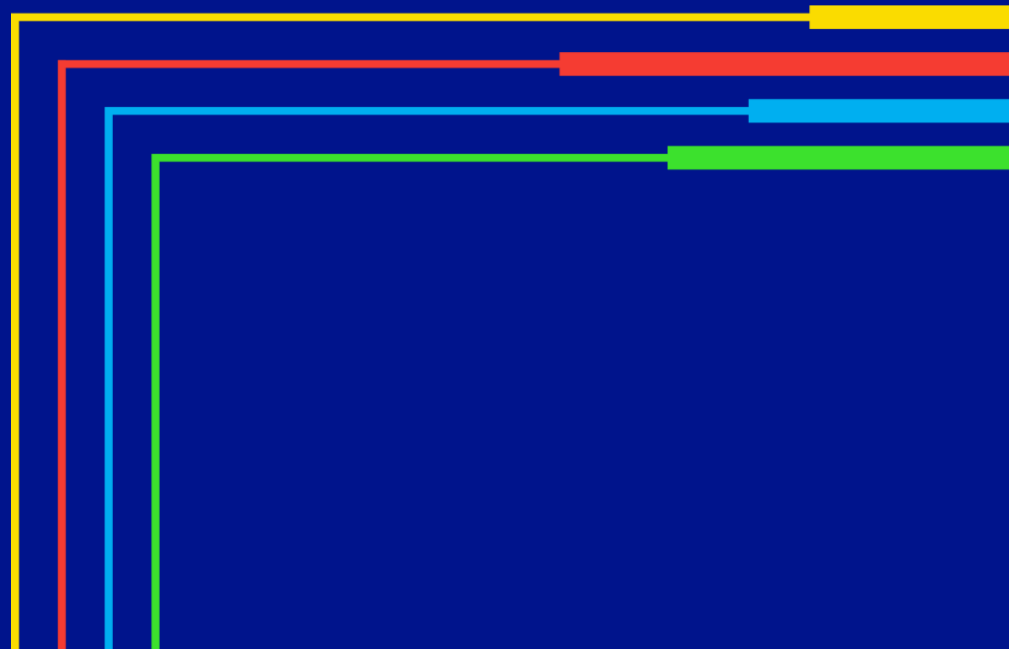
	No of Overruns		Charge Quantity (mcm)		Charge Amount (£)		No of Users		No of ASEPs	
	20/21	19/20	20/21	19/20	20/21	19/20	20/21	19/20	20/21	19/20
Oct	319	129	10.84	3.40	270,470.21	34,373.94	31	21	9	8
Nov	369	98	15.83	3.77	442,615.19	10,749.94	25	17	8	9
Dec	403	123	7.63	5.41	180,741.39	35,823.08	26	18	10	7
Jan	379	200	8.73	6.64	203,889.59	69,319.21	23	25	8	10
Feb	410	117	8.31	2.93	196,899.49	30,807.88	24	15	8	8
Mar	500	160	10.90	6.48	273,012.66	82,350.69	24	24	8	7
Apr	565	146	25.93	15.64	606,193.82	57,607.67	29	20	8	9
May	551	141	9.93	3.55	227,449.21	36,474.81	29	17	10	6
Jun	405	132	12.82	2.43	303,336.73	26,130.22	26	18	8	8
Total*	3901	1246	110.91	50.25	2,704,608.29	383,637.44	237	175		

Exit data (October 2020 – June 2021)

	No of Overruns		Charge Quantity (mcm)		Charge Amount (£)		No of Users		No of Offtakes	
	20/21	19/20	20/21	19/20	20/21	19/20	20/21	19/20	20/21	19/20
Oct	137	1	9.11	0.21	111,795	2,874.67	16	1	28	1
Nov	158	0	8.40	-	102,316.93		19		30	0
Dec	178	0	8.53	-	96,007.55		21		31	0
Jan	142	2	10.25	0.02	131,626.60	1.32	17	1	31	2
Feb	166	8	8.59	1.24	92,831.55	8,746.03	15	4	29	4
Mar	144	5	3.12	0.22	38,972.44	19.52	15	3	25	3
Apr	218	0	6.85	0.00	83,208.21		20	0	34	
May	179	2	5.45	0.61	66,865.05	6,906.76	20	2	31	2
Jun	121	7	2.74	0.18	35,604.23	4,786.78	15	3	26	3
Total	1443	25	63.02	2.47	759,227.43	23,335.08	158	14		

Appendix

Moving capacity between offtake points scenarios



Baseline to baseline scenario

Baseline to baseline	Point A	Point B	Total
Baseline before	100	100	200
Current booking	90	80	170
Capacity moved	-10	10	
New/net (fully adjusted) total capacity	80	90	
Net position (invoiced)	80	80+10	170
UDQO	100	100	
Overrun quantity	20	10	
Baseline after	100	100	200

- This scenario will be beneficial if 2 year User Commitment on baseline capacity will be maintained
- If User Commitment for baseline capacity is reduced to 0 for GDNs, GDNs will use the July window to reduce booking at Point A and increase at Point B rather than using the capacity movement process. Directly connected Users might still find the process useful.
- User Commitment will be payable on the remaining of the 2 year commitment period at point B on **10** Units (*in addition to exiting commitment on Point B on 80, if any*) – User Commitment continues rather than restarts.
- If you didn't have any User Commitment at Point A, you wouldn't incur any once capacity moved
- Baseline will not change as NTS obligation doesn't change

Baseline to Incremental scenario

Baseline to incremental	Point A	Point B	Total
Baseline before	100	100	200
Current booking	90	80	170
Capacity moved	-45	45	
New/net (fully adjusted) total capacity	45	125	
Net position (invoiced)	45	80+45	170
UDQO	120	120	
Overrun quantity	-75	0	
Baseline after	75	125	200

- [4] year User Commitment starts on **125** units at point B once capacity is moved
- Potentially only beneficial if Users have existing User Commitment on baseline capacity at Point A (if not, Users would be able to do this via current process of booking reduction and increase in the July window)
- *Point A continues being liable for the User Commitment on 45, if applicable*
- Baseline will be changed (unsold baseline capacity will be used first):
 - - Point B baseline increase = 20 units of unsold baseline at Point B plus 25 capacity moved (to make total 45 required)
 - - Point A baseline reduction = 45 (movement request) – 20 (unsold available at point B) = 25 units of sold moved away from Point A - therefore baseline reduction of 25

Incremental to Baseline scenario

Incremental to Baseline	Point A	Point B	Total
Baseline	100	100	200
Current booking	110	70	180
Capacity moved	-20	20	
New total capacity	90	90	
Net position (invoiced)	90	70+20	180
UDQO	120	120	
<i>Overrun quantity</i>	-30	-30	
Baseline	110	100	210

- [4] year User Commitment continues at Point A on **90** units
- Remaining of [4] year User Commitment continues being paid on **20** units moved to Point B (in addition to existing commitment, if any, on **70**)
- Baseline assumption: once a booking for 110 is received at point A, substitution analysis are completed and approved by Ofgem (baseline gets changed). The baseline gets changed before that capacity is later requested to be moved and doesn't need to change afterwards.

Incremental to Incremental scenario

Incremental to Incremental	Point A	Point B	Total
Baseline	100	100	200
Current booking	120	110	230
Capacity moved	-10	10	
New/net (fully adjusted) total capacity	110	120	
Net position (invoiced)	110	110+10	230
UDQO	150	150	
<i>Overrun quantity</i>	-40	-30	
Baseline	110	120	230

- Baseline will need to be changed once new incremental capacity is added at point B.
- Point A: User Commitment continues being paid on **110** for the rest of the commitment period
- Point B: User Commitment at point B continues being paid on **110** units plus remaining commitment from point A (**10** units)

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