

Exit Capacity Planning Guidance (ECPG) – Report Feedback



February 2022

- **Exit Capacity Planning Guidance (ECPG)**

- Devised for RIIO-2 in place of the RIIO-1 Exit Capacity booking incentive
- Introduced a new set of enhanced obligations in relation to the exit capacity booking process for GDNs and NGG
- Objectives are to ensure:
 - No loss of efficiency in the capacity booking process
 - All aspects of the booking process are managed in a way that is to the benefit of the gas system as a whole
- New ECPG made up of three elements:
 - *Methodology* – publication of a methodology statement, details of network structure and how bookings are informed by the 1 in 20 forecasts
 - **Engagement** – covering how and when the GDNs and NGG engage with each other to maximise booking efficiency across the gas system
 - **Reporting** – annual reporting requirements on the outcomes of applying the booking methodologies

- **General Conclusions**

- Enhanced Obligations/ECPG Framework has been successful
 - Evidence of networks looking to make decisions in the interest of consumers
- Evidence in some cases that appropriate discussion has taken place between NGG and GDNs
- Discussions have allowed the resolution of some difficulties and have identified alternative capacity booking patterns that resolve things without resorting to investment or increases in excessive risk
- All GDNs appear to be following similar methodologies

- **Areas for consideration**

- Justifications should link to tangible externalities and impacts
- Lack of justification in some areas
- Insufficient information regarding network topologies
- Suggestions regarding transparency for published document

- **Better descriptions (e.g. consequences of accepting/reasons for rejecting certain decisions)**
 - Generally recognise the need to better explain consequences down to customer level/showing approximate tangible costs/benefits in decision-making
 - Audience should be considered (i.e. to shippers, not necessarily another gas network analyst)
- **Example 1**
 - Two GDNs stated discrepancies between peak day forecasts and capacity bookings are:
"due to modelling factors, such as linepacking"
(Another GDN provided similar reasoning)
 - We note that a term like 'linepacking' is not defined which makes it difficult to understand this statement
 - Correspondingly difficult to understand the justification
 - *Potential better explanation could include:*
"...this would mean that at Day 46 and above we may need to curtail XXscm/h of demand for two hours, or build Xkm 42" pipeline at a cost of £Ym (+/- 50%)".

- **Example 2**

- One GDN stated that:

"...permanent reductions would be unacceptable".

- Statement fails to convey to reader the consequences of accepting the pressure reductions, or the costs associated with mitigating these consequences

- *Potential better explanation could be:*

"...this would mean that once every XX years, consumers in City A would have no heating/would require a new gas holder to be built at a XX cost and..."

- **Conclusion**

- Justifications should ideally be articulated in terms that relate back to tangible effects, for example:
 - Specific or general load growth (but not necessarily overusing '1 in 20 growth')
 - Costs
 - Security of supply
 - Impacts on reliability

- **RIIO-2 Exit Capacity Planning Guidance, 19 March 2021**
 - Assessed reports against the published RIIO-2 guidance
 - Highlighted certain areas of the ECPG obligations for further consideration
- **Paragraph 3.5. – Requirements for methodology to set out different scenarios**
 - Reports describe FES scenarios, and choice of 'central' forecast (i.e. demand forecast)
 - Do not describe any ECPG-defined 'scenarios' as per 3.5 (e.g. on offtake booking patterns)
 - One GDN does discuss the reasons for change and some alternative booking patterns

- **Paragraph 3.13. – 1 in 20 peak demand forecasts, per topology**
 - Mix of approaches
 - Key is “per topology” to allow readers to understand where there are potentially options
 - One GDN on per offtake basis
 - Others at LDZ level of granularity
 - Some additional information was provided by one GDN which did explain discrepancies
- **Paragraph 3.14 – Outputs from SSM and related assumptions**
 - This wasn't provided by any GDN

- **Paragraph 3.15. – ‘Curve data’; flow volumes, max flow rates, flex quantities**
 - One GDN did not provide anything
 - Other GDNs provided:
 - Full data for year 1 only
 - Peak demand data for years 2-6
- **Paragraph 3.16. – Minimum pressures per demand level**
 - Every GDN provided SOD and EOD pressures in a table
 - However, where supplied (for 2 out of 4 GDNs) there is little variation across the curve, suggesting that minimum pressures have not been considered
 - 2 GDNs provided no “down the curve” information

- **“GDNs should publish Network Topologies for the 2021 booking cycle by 30 April 2021”**
 - All GDNs – topology documents published, but fully redacted
 - Some GDNs – topologies listed in report document
- **Provide “description of any significant changes in booking patterns compared to the previous year, and an explanation of how these deliver an efficient outcome”**
 - GDN 1:
 - Document identifies increases and reductions, but does not identify any significant changes nor explain how the changes deliver an efficient outcome. The document does however include information to explain why peak day demand forecasts have increased.
 - GDNs 2 & 3:
 - Document identifies changes and provides brief justification for the change
 - GDN 4:
 - Document identifies a series of changes and provides transparent justification for the changes.

- **General Reflections on Transparency of Reports**

- Received feedback on level of redaction in public ECPG reports and have discussed issue with GDNs around the required level of redaction
- Certain elements are already public (e.g. relative magnitude of offtakes in licence, geographic arrangement of pipeline systems etc.)
- ECPG does allow for GDNs' discretion on redacting to not prejudice CNI etc. and BEIS are providing similar messaging expressing caution when publishing reports in the public domain
- Considering with GDNs and BEIS what can be done in the future to strike balance between sufficient redaction and accessibility of public reports

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