

Assignment Workshop Notes
Wednesday 16th September
31 Homer Road, Solihull, B91 3LT

Attendees

Fergus Healy	FH	National Grid NTS
Natasha Ranatunga	NR	National Grid NTS
Rekha Patel	RP	Waters Wye Associates
Richard Fairholme	RF	E.ON UK
Seán M ^c Goldrick	SM	National Grid NTS
Sharon Cox	SC	Xoserve
Steve Ganney	SG	Xoserve

Background and Rough Order of Magnitudes (ROMs)

FH began the workshop with an overview of the history of NTS Entry Assignment and the work that had been undertaken to date. In addition, FH highlighted the business requirements that were specified in the ROMs raised by National Grid NTS to xoserve.

It was clarified that ROM 1387 is based on the following requirements:

- User driven (NG or Shipper)
- Applicable from a future date
- On an enduring basis
- Includes both full and partial assignment
- Assigned NTS Entry Capacity to be tradable
- Assigned NTS Entry Capacity to be tracked

ROM 1585 was based on delivering National Grid NTS' UNC obligation: to facilitate the voluntary discontinuance of a redundant shipper short-code. This included:

- Enabling the assignment of long term entry capacity rights as part of an assignment of rights and obligations – not as an assignment of NTS Entry Capacity.
- The existence of long term entry capacity entitlement and liabilities are assigned to 1 single specified shipper

The ROMs are not based on formal systems analysis and is not a replacement for a detailed analysis and must not be taken as a formal quote. The ROM process is limited by time and is only a snapshot of xoserve's understanding of the requirement as they stand at that moment

RP queried whether the Voluntary Discontinuance process would be like a termination. FH confirmed that National Grid NTS intent was to use the same system functionality as a termination process for Voluntary Discontinuance from a termination is:

RP asked why ROM 1387 was considered to be more difficult than ROM 1585. FH clarified that the requirements for ROM 1585 were clear and detailed as it was tailored to meeting National Grid NTS' obligations and existing system functionality had been identified that could accelerate development of functionality to fulfil the obligations.

ROM 1387 catered for both National Grid NTS' initial view on its obligation as well as National Grid NTS' interpretation of Industry's requirements and therefore the ROM had to consider a wide spectrum of potential scenarios, rules and requirements, and assume the most complex end of the spectrum when estimating the high end costs.

ROM Process Overview

SG provided an overview on ROMs explaining both the remit of the process in addition to its limitations. It was highlighted that a ROM requires clear requirement in order for xoserve to be able to provide an effective ROM.

Discussions on systems ensued and the importance of tracking capacity sold with its originating capacity still tagged to the quantity holder 'pots' and revenue treatment was reiterated. In National Grid NTS' view any assignment process would have to ensure that the capacity being assigned is tracked properly within the system and that UKT remains revenue neutral.

Any set of Industry business requirements will need to clarify how neutrality will be assured; potential issues to consider include:

- How will the pricing element work?
- Which capacity will be selected (from which originating auction?)
- If a User has traded (on the secondary market) – will the financial liability from the traded capacity move with the assigned capacity or not?

The business rules may also need to consider the implications of long term entry capacity commitment rules that may be applicable.

RF queried that if the business rules removed the ability for Users to assign capacity that had already been traded would the solution be less complex. FH confirmed that a solution would be less complex however the User would need to identify the capacity (which auction/ what price). It was also pointed out that less a complex solution would still be complex.

FH highlighted that future system changes for full NTS Exit Capacity assignment may provide some system functionality that may be useful when developing NTS Entry Capacity assignment. However, full NTS Exit Capacity assignment is considered to not be as complex as the Industry requirements for NTS Entry Capacity assignment and dependent on Industry requirements it may not be suitable as it does not have the same price complexity.

RF commented that he would have liked to have seen the breakdown in costs for the different ROMs. He had hoped that this would have identified which

elements could be amended to avoid high costs. SM specified that in order for the ROMs to provide the information RF requires, the business objectives, rules and principles need to be set out in addition to estimated usage of NTS Entry Capacity assignment (i.e. volume of assignments etc). FH pointed out that to provide the level of cost breakdown linked to functionality it would require a Detailed Cost Analysis (DCA) to be carried out by xoserve.

It was again clarified that the analysis is limited by time and is only a snapshot of xoserve's understanding of the requirement at that moment. NR highlighted that the Industry requirements have not been clearly defined and that ROM 1387 was based on National Grid NTS' interpretation of Industry requirements.

RP stated that the transfer of long term capacity and the ability to partially assign capacity are two specific business rules that would be of benefit to her clients. RF clarified that he expected that assignment would be restricted to QSEC Capacity as there are auctions available that allow Users to Transfer and trade capacity in the shorter term.

SM highlighted that ROMs only provide an indicative cost and for a more robust quote a detailed cost analysis is required. FH clarified that in order for this to move forward either it would require Industry to put forward a modification proposal explaining the how the assignment process would work and who would pay for it or set up a review group to define the business rules. National Grid NTS have stated that it will participate in a review group if Industry requires further assistance.

User Pays

Clarification was sought on the impact of User Pays on the Industry pursuing NTS Entry Capacity Assignment. SM stated that any new Modification proposal would need to clarify how the changes will be paid for; this would require identification of the payees for implementation and post implementation.

RF asked whether it would be possible to restrict usage of NTS Entry Capacity Assignment to those Users who have paid for the service. It was clarified that xoserve own Gemini and any new signatories to the UNC and Gemini have unrestricted access to Gemini. However, it could be possible to specify that access to an assignment process may be restricted Users that have contributed for a short period.

RF recognised that if Industry wish to drive this forward it has two options; a) raise a modification proposal or b) instigate a review group. RF conceded identifying an implementation date for a modification proposal would be difficult to ascertain.

The meeting concluded with RF and RP agreeing to consult both internally and with other Users as to how to progress this forward.