

Gas Charging Review



NTSCMF – 1 February 2017

Final slide pack – Update provided on 31 January 2017. All slides added or updated are marked with a blue star



Agenda

Area	Detail
Output from sub-workgroup	<ul style="list-style-type: none"> • Summary of the January Sub workgroup and overview of documents available • Key discussions and status on topics (RAG status) • Focus of future sub group meetings • Update on End to End Model development
Behavioural assessment of charge changes	<ul style="list-style-type: none"> • Use of Behavioural Questionnaire
Plan and change process	<ul style="list-style-type: none"> • Reminder of timescales working towards UNC change process for the Charging Review • Updates following discussions at NTSCMF / Sub Workgroups • UNC Modification Development
EU Tariffs Code – Current Outlook	<ul style="list-style-type: none"> • Key updates relevant to Gas Charging Review • Reference prices and when apply to different capacity products - Action 0102
Issues Log	<ul style="list-style-type: none"> • Review of Issues • Discussion on proposed new items
Next Steps	<ul style="list-style-type: none"> • Further development at Future NTSCMF and additional workshops

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Output from sub workgroups (January 2017)



Output from sub workgroup (1)

- One sub workgroup held in January
- Documentation and output from the meeting will be available by 30 January 2017 at:
<http://www.gasgovernance.co.uk/ntscmf> and
<http://www.gasgovernance.co.uk/ntscmf/subg>
- Papers will be added in stages up to 30th to these web pages to provide more time to read in advance of NTSCMF – please check for updates
- We welcome any comments or questions on any of the material produced or if there is anything you feel is relevant to feed into the meetings



Output from sub workgroup (2)

- In relation to the Gas Charging Review:
 - The Sub Group has continued to discuss a wide range of topics;
 - Updating or issuing new papers summarising discussions;
 - Providing conclusions based on discussions and with a rationale.
 - Will be used to inform Modelling and UNC Modification
- All comments welcome at and outside of NTSCMF / Sub group
- For those not at meetings comments can be given direct to National Grid



Output from sub workgroup (3)

- Papers on the topics under discussion are at various stages
 - New papers following January's sub group published and awaiting comments;
 - Updated drafts awaiting comments;
 - Locked down
- Where it is “locked down” this means the sub group have reached a conclusion and it can inform the modelling and UNC Modification
 - Still to be considered at NTSCMF for any additional views
 - These topics can be revisited should it be beneficial or necessary to do so.



Output from sub workgroup (4) Status after January Sub Group

Discussion area Status	Number	Topics*
Updated and locked down	7	<ul style="list-style-type: none">• Locational Signals• LRMC Sensitivity• CWD, PS Sensitivity• Overall LRMC vs CWD Conclusion• Formula Year versus Gas Year• Entry / Exit Split• Incremental (fixed versus floating)
Updated drafts (awaiting comments, additional work to complete to facilitate discussion)	6	<ul style="list-style-type: none">• Article 9• Multipliers• Avoiding inefficient bypass of NTS (was titled Optional Commodity Charge in earlier version)• Interruptible• Transmission Services Revenue Recovery• Non Transmission Services Revenue Recovery
New papers (awaiting comments)	2	<ul style="list-style-type: none">• Forecasted Contracted Capacity• Revenue Recovery Mechanisms

**All these papers made available on the Joint Office website on 27 January 2017*

<http://www.gasgovernance.co.uk/ntscmf/subg1page>



Gas Charging Review: Decisions List / RAG Status

- We have put together a draft decision List for the Gas Charging Review to cover:
 - Range of topics and if a decision is required on this area;
 - If there is a change, what would it impact (UNC, Licence);
 - Proposals and any links to discussion papers;
 - What the **Red/Amber/Green** (RAG) status is on this topic;

Red	No proposed/discussed conclusion or a lot of work remains on this issue
Amber	Issue discussed and open
Green	Proposal agreed

- <http://www.gasgovernance.co.uk/sites/default/files/GCR%20Decisions%20List%20v0.1.pdf>
- This list is not exhaustive, any comments or thoughts including any additional topics would be welcome at or outside of NTSCMF / Sub groups



Some key topics to discuss further

- Interruptible
 - Second draft of paper published for comments
- Avoiding inefficient bypass of the NTS (“Shorthaul”)
 - Second draft of paper published for comments
- Forecasted Contracted Capacity
 - First draft of paper published for comments
- Revenue Recovery Mechanisms
 - First draft of paper published for comments

<http://www.gasgovernance.co.uk/ntscmf/subg1page>



Model Development

- The outputs from the Sub Groups and NTSCMF are helping scope out the various options that the model will need to cover
- The aim of the model that is being developed is to help users consider the potential changes on charges
 - Will be capable of running options and allow adjustments to key variables
 - It will include all assumptions necessary to make
- To help inform and educate on the various interactions of charges, reconciliations including how discounts or other charging arrangements are accommodated



Sub workgroup – future development

- Key areas to focus on
 - Outstanding topics and analysis, discussions to support
 - Discuss output from Questionnaire on behavioural response to price changes
 - Review development of the Model that will be available to support the change process and help review ahead of wider release
 - Discussions ahead of any initial UNC Modification
- Outputs will all available on the JO website and will be discussed at future NTSCMFs

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Behavioural assessment of charge changes



Behavioural assessment of charge changes (1)

- One area that requires more review to help inform the Gas Charging Review is to consider any potential behavioural changes (especially in Capacity bookings) as a result of any price changes from the framework in place today
- To help this a questionnaire has been developed by the Midstream Gas Group
- Will be issued from National Grid via the Joint Office w/c 29 January
- Anonymous questionnaire to help inform some assumptions on behavioural changes



Behavioural assessment of charge changes (2)

- The output of the questionnaire will be discussed at the Sub Group and summarised back to NTSCMF
- If you wish to participate in the questionnaire and have not received the link from a Joint Office email please contact

box.transmissioncapacityandcharging@nationalgrid.com

Gas Charging Review



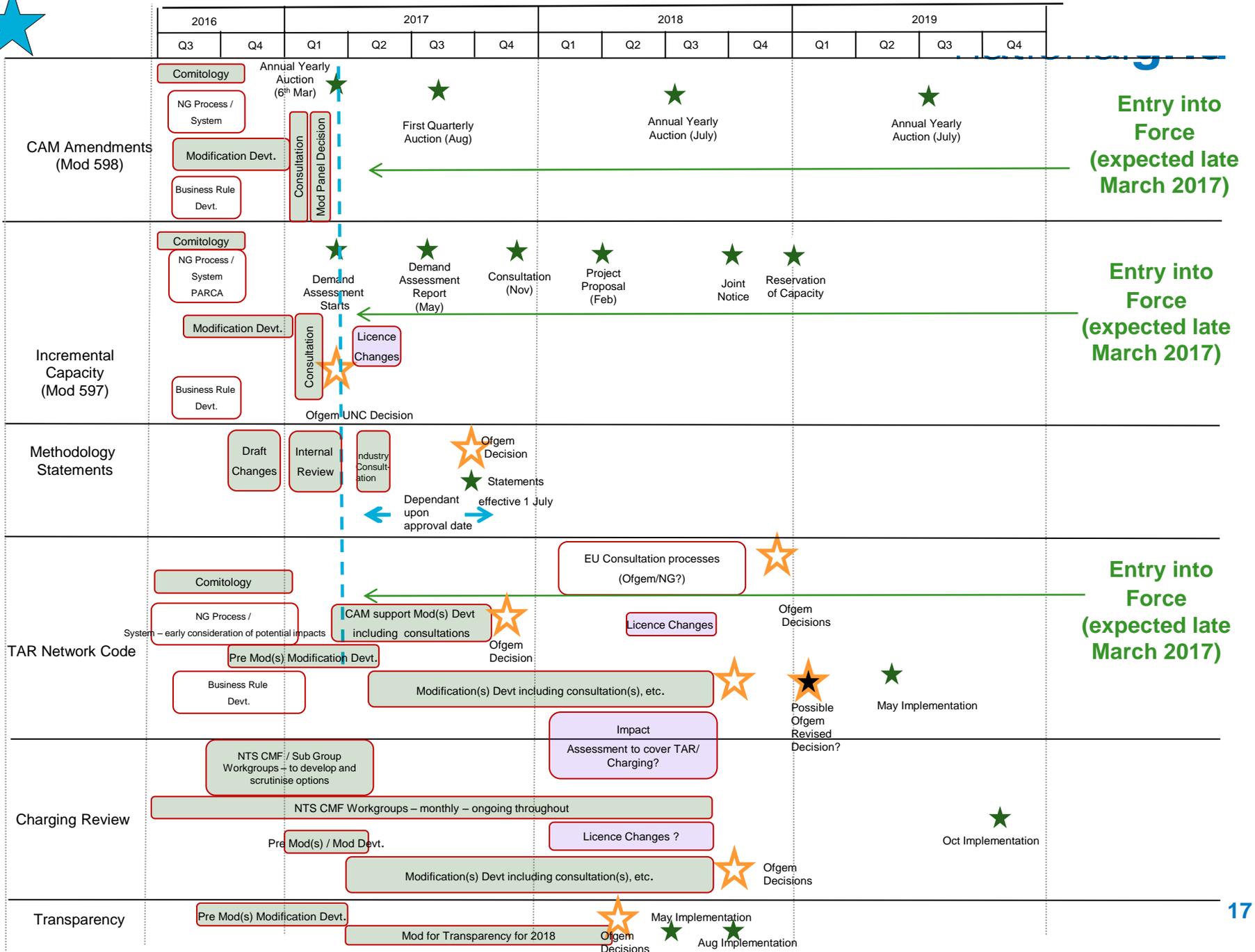
Plan and change process



Plan and change process

- There are a number of changes for EU / Gas Charging Review
- The following slide shows all of the areas of change and the timings (either known or forecast)
- A number of tasks (not on the slide) will support this process
 - E.g. development, release and continued development of End to End Model to support NTS Users in considering impacts of options
 - Discussion papers (outputs from Sub Group / NTSCMF)

Draft Indicative Timeline



Entry into Force (expected late March 2017)

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Plan and Change process

- Of the topics being reviewed on the Gas Charging Review, not all will need absolute answers before a UNC Modification is raised
 - Some topics can be developed as part of the UNC change process

Gas Charging Review



EU Tariff Code – Current Outlook

EU Tariff Code: Timeline

- **6-8 March 2017:** Latest from EC is this is still expected publication
- **26-28 March 2017:** Entry into Force 20 days after publication
- **29 March 2017?:** Industry Workshop, Brussels
 - This shall follow workshop on CAM amendment on **28 March**
- TAR NC implemented in phases:
 - **Entry into Force**
 - **From 1 October 2017**
 - **Before 31 May 2019**

UNC Mod to support CAM amendment

- Tariff code introduces changes to the rules governing the payable price at IPs
 - **Art 25(1):** requires the payable price for firm capacity at IPs to “float”
 - This already occurs with exit
 - **Art 33:** introduces the concept of a mandatory minimum premium to the payable price for incremental release at IPs.
- National Grid to raise mod to align UNC to reflect these changes.
 - See <http://www.gasgovernance.co.uk/tx/020217>



Action 0102:

- Pre Mod to be discussed on 2 February Transmission Workgroup

- Changes impact capacity from 1 October 2019

Gas Charging Review



Issues Log

Issues Log

- Review of Issues Log (review of the spreadsheet including links to the Gas Charging Review Decision list – and RAG Status)

- Discussion on any proposed new items

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Next Steps



Next Steps

- Continue the work with the sub workgroup to produce summary documents on the main topics and discussions on potential UNC change
- Continue development of end to end modelling using the sub workgroups and bring back to NTSCMF

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