

UNC 0777:

Removal of Obstacles to Market Withdrawal



Proposer: Pavilion Energy (represented by WWA Ltd)

Panel Date: 19 August 2021

Why change?



- The Proposer and National Grid may have alternative interpretations of capacity obligations regarding capacity transfers (in UNC TPD Section B5) following Voluntary Discontinuance as described in UNC TPD Section V4
- It is the Proposer's view that UNC GT B6 which describes the assignment of rights and obligations from one User to another is separate to the transfer of capacity as described in UNC TPD Section B5 and as such allows for the full of assignment of all rights and obligations, including those pertaining to the "ownership" of capacity
- Based on National Grid's potential interpretation of the UNC, where capacity assignments are for all intents and purposes treated as capacity transfers, the assignee would be subject to prevailing capacity prices and RRCs. This obstructs a User's ability to withdraw from the UNC.
- Based on the Proposer's interpretation the assignment of capacity includes the assignment of all rights and obligations held by the assignor
- In simple terms, the Proposer believes that UNC GT B6 means that where Existing Contracted Capacity is the subject of an assignment, post-assignment the rights associated with it are maintained.

Options



- To ensure all rights and obligations associated with entry capacity are fully assigned following User assignment as set out in GT B6.
- This can only be achieved via a UNC mod

Solution



- Amendment of UNC GT B6 to make it clear that the Transporter is not entitled to make it a condition of its agreement to an assignment of rights and obligations under the Code that the assignee enters into an agreement for the transfer of any System Capacity held by the withdrawing User under TPD Section B5, or otherwise accepts obligations with respect to that Capacity which are more onerous than the obligations that applied to the withdrawing User in respect of the same prior to the assignment.

In summary, UNC GT B6 to be modified to ensure:

- the assignee's Registered Capacity after the assignment would be the sum of its Registered Capacity prior to the assignment (if any) and the withdrawing User's Registered Capacity, as assigned to the assignee;
- the assignee's Existing Available Capacity after the assignment would be the sum of its Existing Available Capacity prior to the assignment (if any) and the withdrawing User's Existing Available Capacity, as assigned to the assignee.

Recommended Steps



- Not subject to self-governance because of the impacts on the commercial activities related to the shipping, transportation and supply of gas ensuring that Users can withdraw from the UNC following full and proper assignment of all rights and obligations, including NTS capacity.
- Proposing workgroup development period of 2 months as:
 - Choice is binary, either permit full assignment of capacity or not;
 - No supporting analysis can be produced as not possible to forecast withdrawing Users/volumes of assigned capacity