

UNC 0823:

Amendment to the Allocation of Entry Capacity and Flow Quantities to Qualifying CNCCD Routes



Proposer: Lauren Jauss

Panel Date: 15 September 2022

Why change?



- In order to be eligible for the CNCCD discount on nominated routes, Users must buy Entry Capacity and Exit Capacity and must flow gas at the Entry Point and Exit Point.
- If a User has two or more routes that share an Entry Point, the User's Entry Capacity holding and Entry flows are apportioned to each route for the purposes of determining eligibility for CNCCD. But the **Entry Capacity and Entry flow are apportioned differently**, based on the User's Exit Capacity and Exit flows respectively.
- However, **where there is unused Exit Capacity on one route**, that route will attract an unnecessary allocation of Entry Capacity not used on that route. A reduced and often insufficient amount of Entry Capacity is then allocated to the other routes i.e. the **allocated Entry flows can exceed the allocated Entry Capacities**.
- **In this scenario, a User does not fully qualify for the CNCCD discount on all the flows, even though the User has bought sufficient Entry Capacity and Exit Capacity and has flowed gas at the Entry Point and Exit Points.**
- The proposer believes that the effect was an unintended oversight when the CNCCD discount arrangements were developed and implemented with UNC728B.
- The current apportionment methodology does not reflect the operation, costs and benefits of access to and use of a pipeline that is owned and operated by the User, which is the intent of the current CNCCD arrangements.

Options



- The proposer has discussed the problem with National Grid Gas who have advised that an amendment to the calculation of Entry Capacity and Entry flow proportions would require a UNC modification proposal because they are defined in UNC TPD B9.3.8

Solution



- The proposed solution is to amend the apportionment calculation so that both the Entry Capacity and Entry Flow are allocated to nominated routes in the same proportions based on the minimum of both the Exit Capacity and Exit Flow at each of the Exit Points.
- The allocated proportions of Entry Capacity and Entry flows would then be matched and the Entry Capacity would be allocated to where it is used, to accommodate the Entry flows also allocated along each route. The overall ratio of Entry Capacity to flow for each route would then be the same as the actual total ratio at the Entry Point.
- The use of the minimum of Exit Capacity and flow to determine the Entry proportions correctly matches the quantities eligible for CNCCD which is also based on the minimum of Entry Capacity, Exit Capacity, Entry flow and Exit flow.
- The proposer believes this problem affects a minority of CNCCD qualifying routes because the majority of routes do not share Entry Points. The proposed arrangements would redistribute a relatively small amount of Entry and Exit Capacity charges that become eligible for the CNCCD discount across all Users.

Recommended Steps



- The Proposer recommends that this modification should be:
 - Subject to Self-Governance
 - Workgroup assessment to develop the modification for 3 months