

UNC [Request] Workgroup Individual Terms of Reference

0869 – Revision to the Calculation Methodology of the Security Amount for Planning and Advanced Reservation of Capacity Agreement (PARCA)

Introduction

This is an Individual Terms of Reference that includes matters referred from Panel or identified within any initial representations. It replaces the standard Terms of Reference.

Purpose of the Modification and its Solution

Please refer to www.gasgovernance.co.uk/0869

It is proposed that this Modification would revise the price used in the calculation of the Security Amount for reservation of Capacity through a Planning and Advanced Reservation of Capacity Agreement (PARCA) from a Weighted Average Price (WAP) for Entry and Exit sites to the Reserve Price. This will ensure the Security Amount reflects the current Reserve Price determination rather than an average of geographically different prices that are no longer applicable.

Topics for Discussion

- Understanding the objective (Why Change?)
- Assessment of alternative means to achieve the objective
- Assessment of Governance and whether the Modification meets/continues to meet the Self-Governance criteria
- Assessment of Code-Specific Matters
- Assessment of the Solution (including business rules if appropriate)
- Assessment of impacts, including but not limited to Consumer and System Impacts
- Identification of potential impacts on other energy codes
- Identification of potential impacts on Settlement
- Consideration of potential performance assurance impacts
- Assessment of how the Modification furthers the Relevant Objectives
- Consideration of a suitable Implementation Date(s)
- Assessment of Implementation costs
- Consideration/Assessment of the Legal Text, to satisfy it meets the intent of the Solution.

Panel Questions:

- Pricing methodology and pricing structure to be clarified.
- Consider the impact on gas-intensive industries of the increase in volatility of the calorific value.
- What has been the cost to NGT over the past 10 years relative to if the proposed methodology had been adopted?
- Consider the cash-flow/loan impacts on applicants in respect of the security deposit.

Output

To produce a Workgroup Report, for submission to the UNC Modification Panel, containing the assessment and recommendation of the Workgroup.

Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate provided at least two Transporter and two Shipper User representatives are present.

Meeting Arrangements

Meetings will be administered by the Joint Office of Gas Transporters and conducted in accordance with the Code Administration Code of Practice (www.gasgovernance.co.uk/cacop)