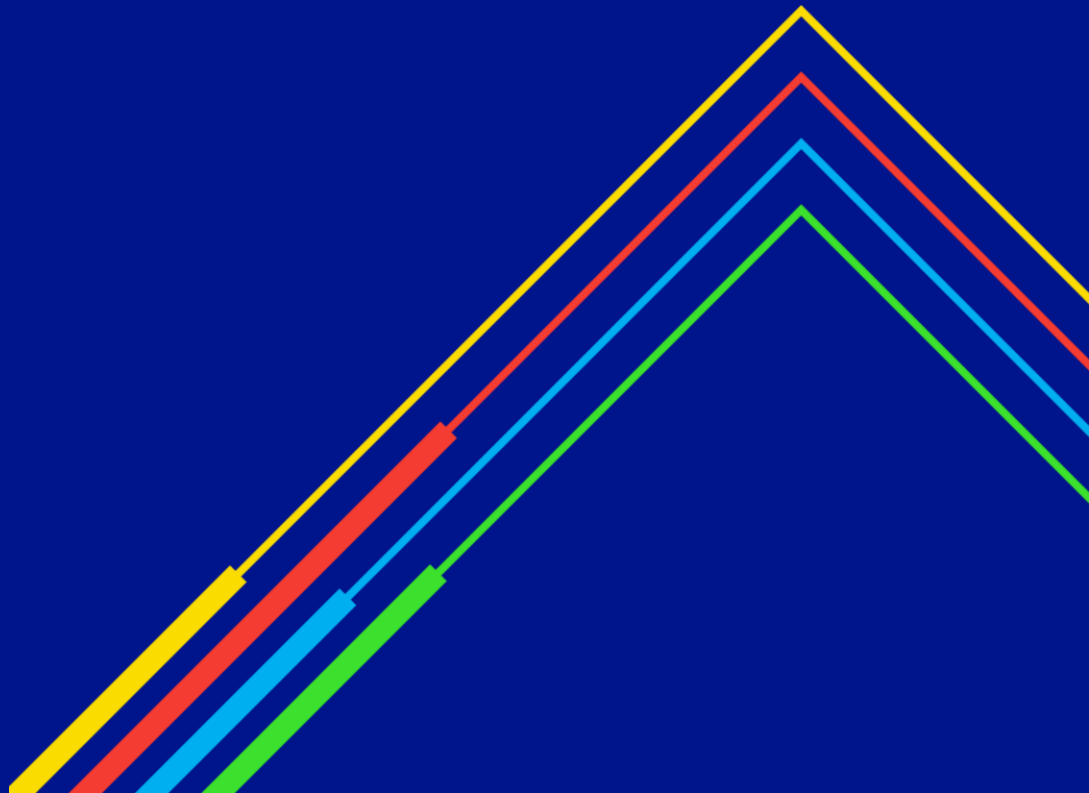
Capacity Access Review

Transmission Workgroup
4th February 2021



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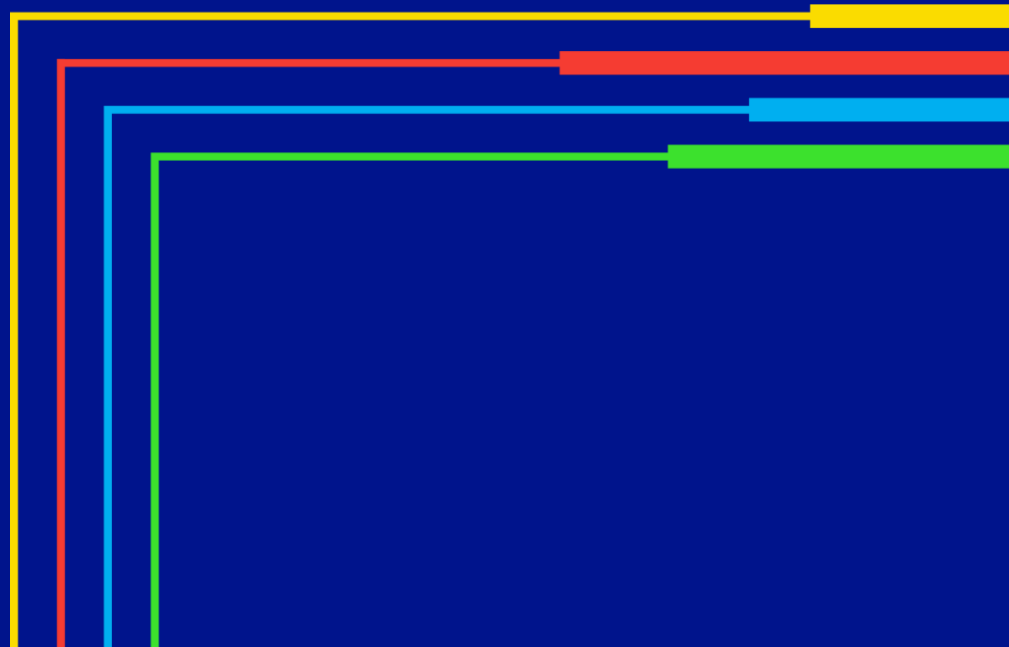
Introduction and Status Review



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Prioritisation

	Benefit	Impact	Effort	Priority	Who benefits?
Governance	N/A	N/A	N/A	N/A	N/A
Capacity Assignments	2	4	2	4.0	Shippers
Exit Regime Review					
Exit Capacity Planning Framework	4	4	3	5.3	GDNs, NTS, [NTS Connected Exit Parties]
Flexibility of capacity bookings for embedded	3	4	3	4.0	Embedded Generators, GDNs, NTS
PARCA process	3	4	2	6.0	All NTS current / future connected parties
Greater flexibility to book capacity	3	4	3	4.0	All NTS Exit connected parties
Increased access to unsold capacity	3	3	5	1.8	All NTS Exit connected parties
Within-day Firm Product	4	4	3	5.3	Shippers, Power Stations
Substitution - prioritisation of disconnected site	4	4	2	8.0	All NTS connected parties
2030 Access Review	5	3	5	3.0	All Gas Industry participants

In flight

To kick off

	Benefit*	Net Impact	Effort
1	1-2 Benefit Categories	Cost	Low
2	3-4 Benefit Categories		
3	5-6 Benefit Categories	Neutral	Medium
4	7-8 Benefit Categories		
5	9-10 Benefit Categories	Saving	High

Benefit x Impact / Effort

*Benefit	
Consumer Impact	**Industry Impact (RO's)**
Improved safety / reliability	Efficient / economic operation of the pipelines
Lower bills than would otherwise be	Efficient discharge of the licensee's obligations
Reduced environmental damage	Securing of effective competition between Shippers/Suppliers/DNs
Improved quality of service	Provision of economic incentives for suppliers
Benefits to society as a whole	Efficiency in implementation / administration of Code

02

Review of Exit Regime

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Exit Capacity Planning Framework

Ofgem's RIIO-2 Exit Capacity Planning Guidance document states;

"the guidance should …result in GDN's booking a level of NTS exit capacity…that effectively and efficiently provide for their 1-in-20 demand forecast for current and future years as signalled via NTS capacity bookings or data shared via this process" (para 2.2).

- Certain aspects may prevent this;
  - If the capacity was initially booked through enduring application process then User Commitment will apply, following the amendment to the ExCR methodology statement, this will be 2 years for capacity within baseline
  - NG's Licence requirement that only financially backed information should be relied upon in substitution analysis

The document then states; "where necessary, the existing Exit Capacity Release Methodology Statement, UNC and other documentation should be modified to facilitate and accommodate changes to capacity and pressure booking as appropriate" (para. 3.35)

Various options could be considered to resolve this;

- Removal of User Commitment
- Removal of NGG Licence Condition around substitution analysis must use financially backed information
- Ability to move capacity between offtake points
- Financial commitment made in a different way

GDN Embedded Generation purchasing NTS capacity

Problem:

Currently, GDN connected parties pay a flat cost for access to the network. Power stations connected to the GDN's may not run for 365 days of the year, meaning they pay for access when it's not required. Furthermore, GDN's are required to forecast their required NTS Exit capacity, power stations which are intermittently running may create inaccuracies in these forecasts.

Questions:

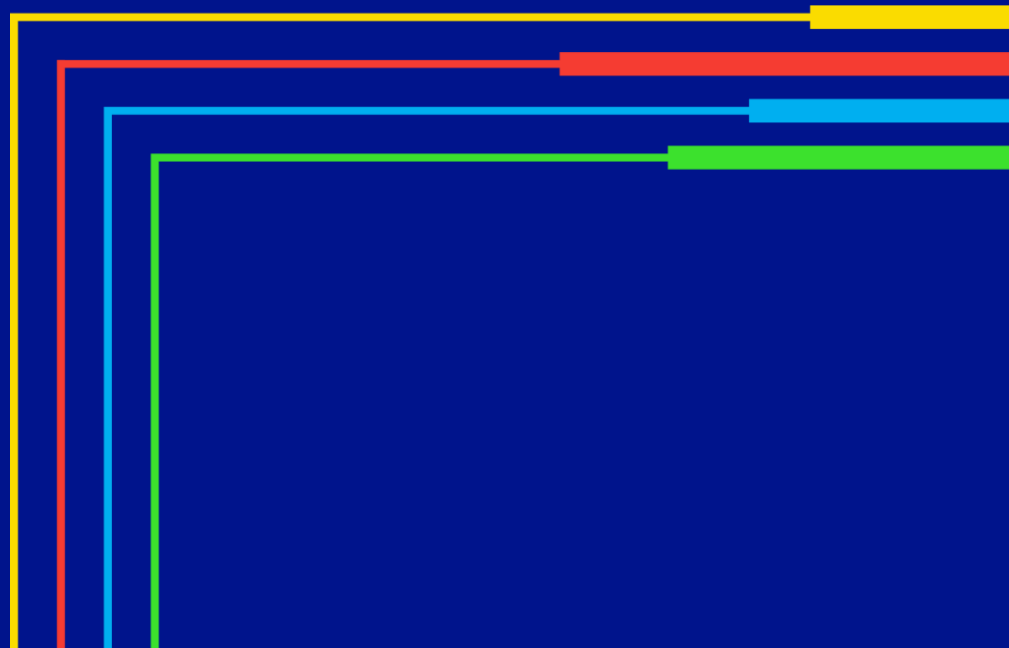
- Should this be limited to embedded power stations?
- Include embedded generation connected to IGTs?
- Should this be limited to connectees above a particular size?

Next steps:

- Clarity around the issue, quantification(?)
- Background and interactions
- Flesh out possible solution detail

04

Daily Firm Product Development



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