

Gas  
Transmission

# NTSCMF

Capacity Neutrality –  
(Retrospective) update

Covering October 2020 to  
December 2020

2 March 2021

nationalgrid



# Pre-Modifications: Capacity Neutrality – Review October to December 2020

- **Summary**

- Retrospective Modification for Capacity neutrality – potential solutions regarding how to redistribute any charge back of capacity neutrality payments for 01 October to 31 December 2020 inclusive.

- **Current Status**

- From conversations in recent months the solution needs to be revised to an approach that does not impact published charges. National Grid to share some thinking on ways this could be achieved.

- **Solution for discussion and views**

- To consider option(s) that do not impact published charges

- **Next Steps for April NTSCMF, still under the Pre-Modification section**

- Share a summary of potential distributional impacts
- Updates, reflections from any feedback received today and between NTSCMFs
- Update views on the modification proposal

# Pre-Modifications: Capacity Neutrality – Review October to December 2020

- **Potential Solution Feedback and Considerations**

- To Charge back the capacity neutrality without impacting any published tariffs

Topic	Feedback received	Accommodated in updated thinking
Customer Impacts in terms of how a charge would be levied (in one lump-sum or phased)	Not to impact via a one off charge or payment. Phase it over a number of months.	Yes, phasing both the charge plus the redistribution
Impacts to published charges, particularly RRCs	Would not want to have the RRCs adjusted either up or down, preference to have them not impacted.	Yes. Solutions thought about to mitigate this would be a targeted charge plus a redistribution in such a way to not impact published charges, notably RRCs.
UNC process (urgency versus non-urgent)	Not to seek urgency, could be managed via normal UNC change path	Yes, follow normal UNC change route (i.e. not urgent). The method of accommodating without impacting published prices also means urgency is not as critical to maintain in a given charge year for example.

# Pre-Modifications: Capacity Neutrality – Review October to December 2020

- **Potential Solution**

- To Charge back the capacity neutrality without impacting any published tariffs

Topic	Previous thinking	Potential method
Charge to collect proportion of the CN payments	To those in receipt of these, covering the Within Day and Daily Interruptible Entry Cap (like applying the change 0748 implemented)	Same, levied over a period of three months, following any implementation, one for each of October, November and December.
Capacity Reserve Prices	Would not expect to accommodate via adjusting these. Could only be done if decision and method timed with setting annual reference prices.	None. Would not be impacted.
RRC impacts	Main method of paying back parties. For any RRC in place, it would be expected to reduce the published rates based on the timing of any implementation.	None. Would not be impacted.
Bespoke redistribution	None. Targeting via adjusted RRCs.	Targeted redistribution based on a specific capacity basis. Options exist in terms of how this is potentially targeted. One example would be to use the fully adjusted entry capacity (net of existing available) for the same period, i.e. October to December 2020.  Expect would also follow a three month distribution, one for each of October, November and December.