



August 2021

Removal of Obstacles to Market Withdrawal

NTS Transmission Workgroup

Pre-Mod discussion

About Water Wye Associates



Waters Wye Associates (WWA) is a dynamic, independent energy consultancy specialising in the economic, regulatory and technical etc.

- WWA is an independent energy consultancy, formed in 2002, focusing on the economic, regulatory and technical aspects of the UK electricity, gas and renewable markets. We are commercially driven and work in parallel with our clients to understand and deliver their business needs.
- Our mission is to deliver tangible benefits to our clients in all projects we undertake.

Assignments & withdrawals

What is the problem?



- 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.

Assignments & withdrawals

What is the 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.

Assignments & withdrawals

What next?



- The Proposer and National Grid are still in discussion regarding the interpretation of the UNC in this matter
- Where National Grid does not agree with the Proposer's interpretation a UNC modification will be submitted
- Where National Grid does not provide an interpretation before 5th August, a UNC modification will be submitted.

Our leadership team



Lisa Waters

Founding Director

Lisa is an economist with over 20 years' experience in the energy sector. She has worked for the Energy Intensive Users Group (EIUG), independent gas supplier V-is-on gas and Dynegy. Prior to entering the energy sector, Lisa worked at the CBI. Lisa leads on electricity sector work, though she also has a detailed knowledge of the UK gas market.

Lisa is currently an industry expert on the Imbalance Settlement Group under the BSC. She has significant lobbying experience, including giving evidence to Select Committees in the Commons and Lords, and representing EU gas customers at the Commission's Regulatory Forum meetings.



Nick Wye

Founding Director

Nick is an economist with over 20 years' experience in the energy sector. Earlier in his career, he has worked for TotalFinaElf Gas and Power, a gas producer, a trader, a supplier, an independent pipeline owner/operator and has experience of working at all levels of the supply chain including offshore projects, gas shipping issues and end user supply. He has also been involved in asset deals, both in the power and gas markets, in the UK and continental Europe.

His work on the boards of several European trade associations and committees has given him an in-depth knowledge of most European markets. Despite his knowledge of the power sector, Nick leads on gas market projects and has considerable expertise in gas storage.



Gareth Evans

Director

Gareth is an astrophysicist with over 15 years' experience in the energy and financial sectors. He began his career at Elexon, working subsequently for Total Gas & Power and UBS, where he helped to inaugurate its European power and gas trading, overcoming the associated regulatory and compliance issues.

As a result he has direct knowledge of the entire supply chain for both UK and European power and gas markets, plus experience of dealing with all their relevant stakeholders, including regulators, suppliers, shippers, generators/producers and European bodies.

Gareth Evans is chair of ICoSS, which is the trade body for independent non-domestic retail energy suppliers.

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