RWE

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

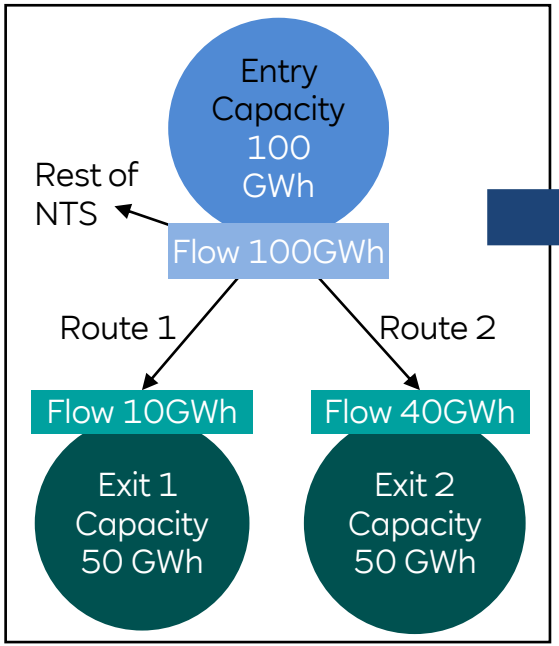
*Conditional NTS Capacity Charge Discount

NTS Transmission Workgroup
Pre-Mod Discussion

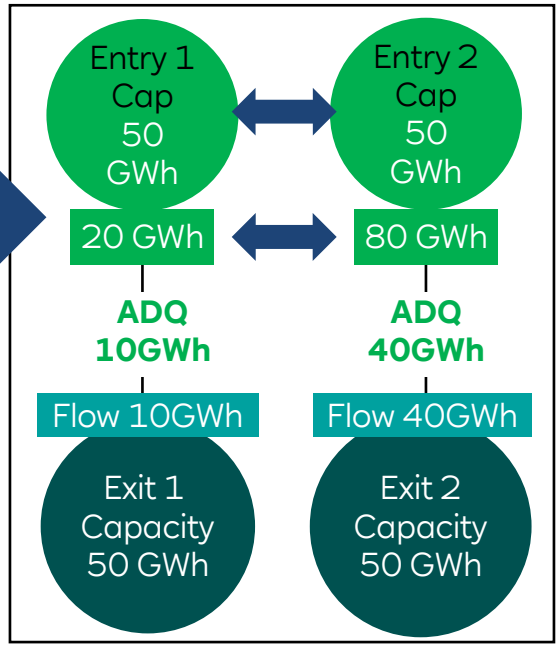
August 2022

Recap of Current Arrangements
Example 1

Example 1 - Procured Entry & Exit Capacity & Actual Flow



Example 1 - Allocation of Entry Capacity and Entry Flow



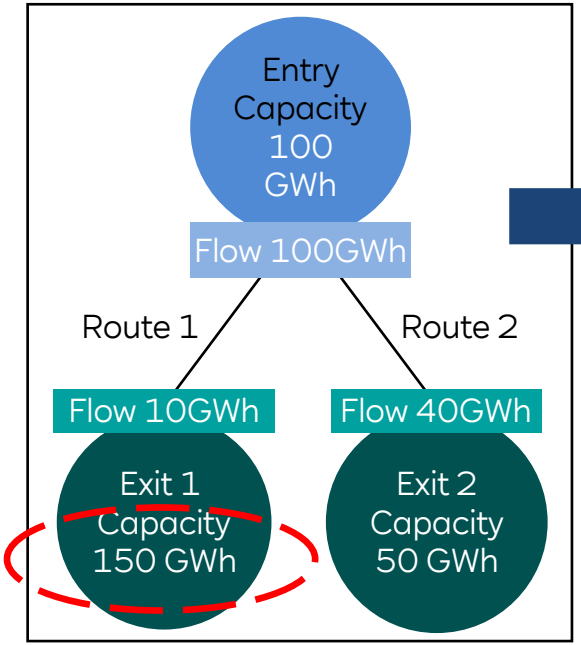
CNCCD Arrangements

- The objective of CNCCD is to ensure that capacity charges for transporting gas over short distances (which is relatively expensive with postage stamp charging arrangements) are lower than the cost to Users of constructing their own pipelines.
- CNCCD arrangements are therefore designed to emulate costs and operation of a private pipeline. To be eligible for CNCCD, Users must have bought Entry Capacity AND Exit Capacity AND must flow gas (Applicable Daily Quantity = min(Cap_{En}, Cap_{Ex}, DQ_{En}, DQ_{Ex}).
- Under the existing rules, where there are qualifying routes that share an Entry Point, **the methodology to apportion the Entry Capacity and Entry Flow between routes is based on proportions of procured Exit Capacity and Exit Flow respectively (TPD B9.3.8)**

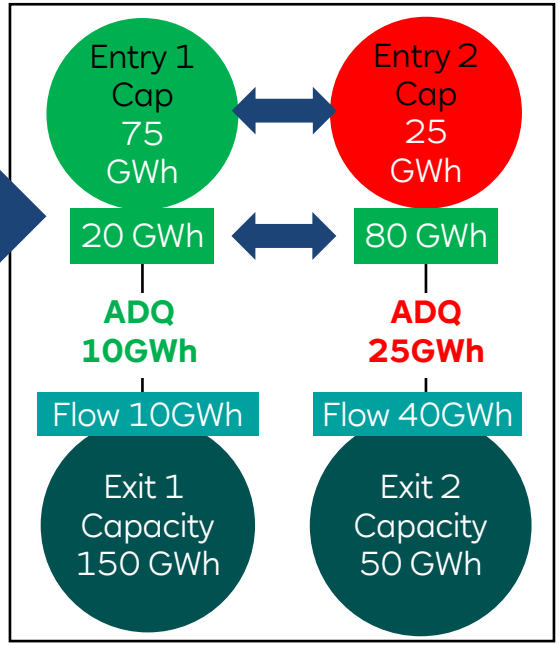
The calculations for apportioning Entry Capacity and Flow overestimates the use of the NTS, and capacity charges, for a User with a bypass pipeline

Example 2

Example 2 - Procured Entry & Exit Capacity & Actual Flow



Example 2 - Allocation of Entry Capacity and Entry Flow

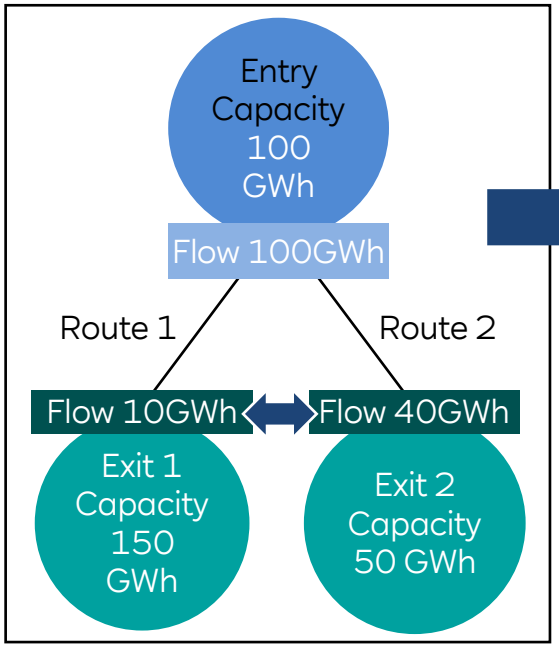


Pipeline Owners would seek to minimise NTS use - apportionment calculations don't reflect this

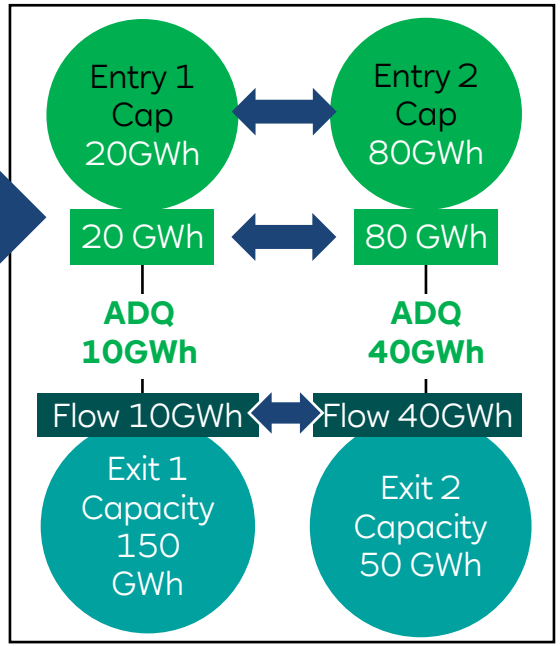
- Under current arrangements, unused Exit Capacity on one route (not eligible for CNCCD) which is not matched by unused Entry Capacity and Entry Flow attracts an apportionment of Entry Capacity and/or Entry flow which may have been procured for another route
- This means a route's eligibility for CNCCD is dependent on the gas flows and exit capacity of other routes
- **The current arrangements create an incentive to leave Exit Capacity bookings until the last opportunity**

Proposed Solution: Amend the apportionment calculation so that both Entry Capacity, Cap_{En}, and Entry Flow, DQ_{En}, is allocated based on the minimum of both Exit Capacity and Exit Flow at each of the Exit points of each registered route

Example 2 - Procured Entry & Exit Capacity & Actual Flow



Example 2 – Amended Allocation of Entry Capacity and Entry Flow



Solution allocates capacity and flow as needed

- Proposed solution is believed to be the most simple and straightforward to implement and use - solution believed to work for all scenarios.
- Use of capacity AND flow avoids impact of overruns on other routes
- Removes incentive to book exit capacity at the last moment
- Correctly represents alternative costs and charges of building and operating a bypass pipeline (an owner of a bypass pipeline would not contribute to NTS capacity costs for the gas in that pipeline at all)
- Change of calculation will require an amendment to **TPD B9.3.8**