

Daily imbalance cashout and post emergency claims

1. Daily Energy Imbalances for Gas Day 1st December (End of Day)

Table 1

Total System Daily Imbalance

Shippers' Daily Imbalances

		System	shipper1	shipper2	shipper3	shipper4	shipper5	shipper6	shipper7
Inputs	Physical	5500	900	500	400	1500	400	1800	0
	NBP Buys								1800
	Sub-total	5500	900	500	400	1500	400	1800	1800
Outputs	Physical	5700	250	250	750	1900	750	0	1800
	NBP Sells		0	0	0	0	0	1800	0
	Sub-total	5700	250	250	750	1900	750	1800	1800
	Net	-200	650	250	-350	-400	-350	0	0
	<i>Imbalance cashed-out @ £</i>		123.5	47.50	-69.96	-79.96	-69.96	0	0
	Note: Daily Imbalance		+900 kWh surplus (posted as OCM offers)		-1100 kWh short (sum of shippers' deficit imbalances)				

Appendix 1a

Daily energy imbalance, over-recovery and Balancing Neutrality cash-flows

2. Daily Cashout Price(s)

Table 2

	Stage 1	Stages 2-5 (frozen)
SAP	0.1800	0.1900
SMP Buy	0.1900	0.1999

A Gas Deficit Emergency (GDE) occurred on 1st December. The cashout prices remain dynamic until a GDE Stage 2+ is declared at which point, the 'emergency' cashout prices are frozen. The shippers' daily energy imbalances are cashed-out at the frozen price i.e. at SAP for those shippers with a long position and at SMP Buy for those with a short position.

3. OCM Physical Market Offers

Shippers 1 and 2 posted offers to sell their additional over-supply on the OCM with a price-range of 0.2000 (0.0100 SAP adj) to 2.4500 (2.2600 SAP adj) p/kWh in comparison to the frozen SMP Buy price of 0.1999 p/kWh.

Table 3

OCM Offers	kWh	p/kWh	Less frozen SAP	Adjusted Price	Cost <u>£</u>	
Offer 1	250	0.2000		0.0100	2.50	(Shipper2)
Offer 2	150	0.3000		0.1100	16.50	(Shipper1)
Offer 3	300	0.2200	0.1900	0.0300	9.00	(Shipper1)
Offer 4	150	1.1010		0.9110	136.65	(Shipper1)
Offer 5	50	2.4500		2.2600	113.00	(Shipper1)
Totals	900				277.65	

Appendix 1a

Daily energy imbalance, over-recovery and Balancing Neutrality cash-flows

4. Post-Emergency Claims

Whilst those offers posted by the shippers remained on the OCM, the oversupplies did physically flow (in accordance with GSMR obligations to maximise supplies) and thus those particular shippers' daily imbalances for 1st December would be allocated as long and cashed-out at SAP (0.1900 p/kWh).

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The shippers will now be able to submit these OCM offers as the basis for recovering their costs via the revised post-emergency claims process e.g. through the existing Balancing Neutrality process. It should be noted that under the prevailing UNC post-emergency arrangements, 'long' shippers are able to claim for the quantities of surplus gas above their demand.

Only valid post-emergency claims will be processed.

The costs of the post-emergency claims will be recovered from those shippers that incurred a short imbalance position for 1st December.

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Calculation of the costs and weighted average price of the post-emergency claims:

- a) Calculate the cost of each claim = claim quantity (kWh) * (claim price – frozen SAP (p/kWh))
- b) Calculate the sum total quantity (kWh) of the claims
- c) Calculate the sum total cost (p/kWh) of the claims
- d) Calculate the weighted average price (p/kWh) =

$$\frac{\text{Sum total cost (p/kWh) of claims}}{\text{Sum total quantity (kWh) of claims}}$$

In this example, the weighted average price of the emergency claims for 1st December:

$$\frac{277.65}{900} = 0.3085 \text{ p/kWh}$$

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Daily energy imbalance, over-recovery and Balancing Neutrality cash-flows

5. Payment of claims/recovery of costs

To preserve the integrity of Balancing Neutrality, it will be necessary for xoserve to process the payments of the claims and, the recovery of the associated costs simultaneously in the same billing period. It is anticipated that this will be no later than 4 months post GDE/Gas Day(s).

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Payment of the emergency claims will be based on the quantity and price of the OCM offers (See Table 3) resulting in Shipper1 receiving 275.15 and shipper2 receiving 2.50.

Table 4

UNC Claims – Emergency Neutrality Charges

	Deficit Imbalance kWh	Charge <u>£</u>
Shipper1	0	0.00
Shipper2	0	0.00
Shipper3	350	107.97
Shipper4	400	123.41
Shipper5	350	107.97
Shipper6	0	0.0000
Shipper7	0	0.0000
Totals	1100	339.35

The costs of the emergency claims on 1st December will be recovered from those shippers with deficit imbalances e.g. imbalance * weighted average price of emergency claims (0.3085 p/kWh).

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Any over-under recovery of the emergency claims costs will be apportioned across all shippers based on their throughput (UDQI/UDQO) for 1st December. *In this example, the total costs of the emergency claims was £277.65 (see Table 3) however, the emergency neutrality charges recovered £339.35 (Table 4). Therefore, the over-recovery of £61.70 will be apportioned (credited) to all shippers via Balancing Neutrality.*

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6. Shipper cash-flows

Table 5

	Imbalance Cashout	Emergency Claims (paid)	Emergency Claims (charges)	Neutrality Smear	Total
Shipper1	123.50	275.15	0.00	11.35	410.00
Shipper2	47.50	2.50	0.00	7.40	57.40
Shipper3	-69.96	0.00	-107.97	11.36	-166.57
Shipper4	-79.96	0.00	-123.41	33.57	-169.80
Shipper5	-69.96	0.00	-107.97	11.36	-166.57
Shipper6	0.00	0.00	0.00	17.77	17.77
Shipper7	0.00	0.00	0.00	17.77	17.77
Totals	-48.88	277.65	-339.35	110.58	0.00

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