

MODIFICATION 0560 - LEGAL DRAFTING - EXPLANATORY TABLE

Addressing under-allocation of flows from BBL arising from misalignment of reference conditions

Notes

1. The table is based on the legal drafting for Modification 0560 submitted by NGG to the Joint Office on 9th November 2015 (Final Text).
2. Modification 0560 seeks to enable a manual correction of energy balancing invoices for Users who will be under-allocated as a result of misalignment of reference conditions between BBL and the NTS, until the Modification 0519 IT solution is in place.
3. The text is to be inserted into Transition Document Part VA as a new paragraph 2.3.

Transition Document Part VA	Topic	BRDs	Explanation
2.3.1	Introduction		<p>With effect from 1 October 2015 the quantities allocated to Users at the Bacton BBL Interconnection Point have been determined on the basis of 0/25 reference conditions (pursuant to EID A1.5.1).</p> <p>NGG is not implementing 0/25 reference conditions (and the agreed correction factor) until 1 May 2016.¹</p> <p>As a result of this temporary misalignment of reference conditions, the modification provides for</p>

¹ Modification 0562FT makes the Modification 0519 IT solution effective from 1st May 2016 instead of 1st April 2016.

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			<p>NGG to carry out, in respect of the Bacton BBL Interconnection Point, a transitional correction for each Day in the period between 1 October 2015 and 30 April 2016 (the Correction Period) on the terms set out below.</p>
2.3.2	Determination of adjusted amounts		<p>The correction is payable as an ‘Imbalance Adjustment Charge’. This paragraph sets out how this charge is calculated. In relation to the Bacton BBL Interconnection Point, for each Day in the Correction Period:</p> <ul style="list-style-type: none"> ▪ the “Adjusted” UDQI and UDQO is calculated as the actual UDQI/UDQO (ie per EID Section D and TPD Section E), adjusted by the conversion factor specified in EID Section A1.5.6. This is the agreed adjustment factor under modification 0519 which will apply at all relevant IPs from 1 May 2016. ▪ the “Adjusted Daily Imbalance Charge” is calculated as the amount of the Daily Imbalance Charge which would have applied if the User’s Adjusted UDQI and UDQO had been used in calculating the User’s Daily Imbalance. ▪ the “Imbalance Adjustment Charge” is calculated as the difference between the Daily Imbalance Charge and the Adjusted Daily Imbalance Charge. It is payable to the User (where positive) and by the User (where negative).
2.3.3	Adjustment Invoice		<p>Amounts payable in respect of Imbalance Adjustment Charges in respect of Days in each month during the Correction Period are invoiced in an Adjustment Invoice in respect of such month.</p> <p>The first Adjustment Invoice will be issued following implementation of the modification. However, some months of the Correction Period will have passed before then. Therefore the first of these Adjustment Invoices will include Imbalance Adjustment Charges for all Days from the start of the Correction Period until the end of the month in respect of which such Adjustment Invoice is issued.</p>

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2.3.4	Balancing neutrality		<p>The Imbalance Adjustment Charges will be paid through balancing neutrality (affecting all Users). They will be counted in calculating the Monthly Adjustment Neutrality Amount for each User for each month. The mechanism is as follows:</p> <p><u>Additional Monthly Adjustment Neutrality Costs</u></p> <p>Imbalance Adjustment Charges payable to a User are additional Monthly Adjustment Neutrality Costs for the purposes of TPD Section F4.5.3(a)(v) and therefore shall form part of the calculation (as an addition) of the Monthly Adjustment Neutrality Amount in accordance with TPD Section F4.5.3.</p> <p><u>Additional Monthly Adjustment Neutrality Revenues</u></p> <p>Imbalance Adjustment Charges payable by a User are additional Monthly Adjustment Neutrality Revenues for the purposes of TPD Section F4.5.3(b)(iv) and therefore shall form part of the calculation (as a deduction) of the Monthly Adjustment Neutrality Amount in accordance with TPD Section F4.5.3.</p> <p>The balancing neutrality mechanism also provides (in TPD Sections F.4.5.3(a)(ii) and (b)(ii)) neutrality for bad debts or late payments of balancing charges. It is therefore also necessary to include Imbalance Adjustment Charges in the provisions of the neutrality mechanism which address bad debts/ late payments. Therefore they are counted for the purposes of TPD Sections F.4.5.3(a)(ii) and F.4.5.3(b)(ii) as if they were listed in those paragraphs.</p> <p><u>Months prior to the issue of the first Adjustment Invoice</u></p> <p>The approach to neutrality described above applies for months for which (when the modification is implemented) the balancing neutrality invoice has not been issued. However this doesn't work for the prior months (see explanation of 2.3.3). Therefore, for the months prior to the issue of the first Adjustment Invoice, an adjustment to the (already invoiced) Monthly Adjustment</p>

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			<p>Neutrality Amount is required.</p> <p>This neutrality adjustment amount is also payable in the first Adjustment Invoice.</p> <p>These neutrality adjustment amounts, being separate payments, also need in principle to be subject to neutrality in respect of bad debt / late payment (see explanation above). Where the adjustment amount is payable by the User, it is counted for the purposes of TPD Sections F.4.5.3(a)(ii) and F.4.5.3(b)(ii) as if it were specified in such paragraphs.</p>
2.3.5	No other adjustments		<p>Except as provided in paragraph 2.3.3, no other adjustment shall be made (to any UDQI or UDQO or other quantity) and no other account shall be taken in respect of the difference between the reference conditions at the Bacton BBL Interconnection Point and the reference conditions used by NGG.</p>