

**Gas
Transmission**

UNC0765

**Retrospective Capacity Neutrality
Assessment**

Workgroup 04/05/21

nationalgrid



Proposed workgroup discussions timeline based on UNC0765*

Date of Meeting	Discussion Topic(s)
04 May 2021	<ul style="list-style-type: none">• Objective of UNC0765• Solution proposed in UNC0765<ul style="list-style-type: none">• Cashflow illustration on capacity neutrality• Analysis – updated from 12 April 2021, including distributional impact
01 June 2021	<ul style="list-style-type: none">• Any Modification updates• Analysis – updated as needed from 04 May 2021• ROM discussion• Legal text review• Retrospectivity• Workgroup Report
06 July 2021	<ul style="list-style-type: none">• Any necessary updates from previous workgroup/actions• Workgroup Report

**UNC Panel on 15 April recommended up to six months to complete the Workgroup Report and report back*

Overview – Objective

The purpose of the Modification is to create new debit and credit charges to reflect the removal of revenues recovered from daily interruptible and within-day Entry Capacity (obligated only) from Capacity Neutrality arrangements between 01 October 2020 and 31 December 2020 (inclusive), consistent with the prospective change introduced from 01 January 2021 by UNC Modification 0748.

Proposed charges:

- The debit charge will recover from relevant Users part of the revenue which was distributed to them as a consequence of the Capacity Neutrality mechanism.
 - These Users inadvertently received a payment arising from the treatment of that part of the Capacity Revenue Neutrality Charges associated with interruptible and within day obligated Entry capacity during the period October to December 2020;
- The credit charge will re-distribute the revenue collected via the transitional debit charges to all holders of Fully Adjusted Entry Capacity (except Existing Available Holding) over the period 01 February 2021 to 30 September 2021 (inclusive).
 - Each relevant User will receive transitional credit charges proportional to their capacity holdings over that period.

Overview – Who impacted – Entry users

This will only impact on the Entry Users who received a credit charge via the Capacity Neutrality mechanism for the period October 2020 and December 2020 (inclusive) and any Entry Users that have Fully Adjusted Capacity (Excluding Existing Available Holdings) on any day between 01 February 2021 and 30 September 2021 (inclusive).

For the avoidance of doubt this has no impact on Exit charges.

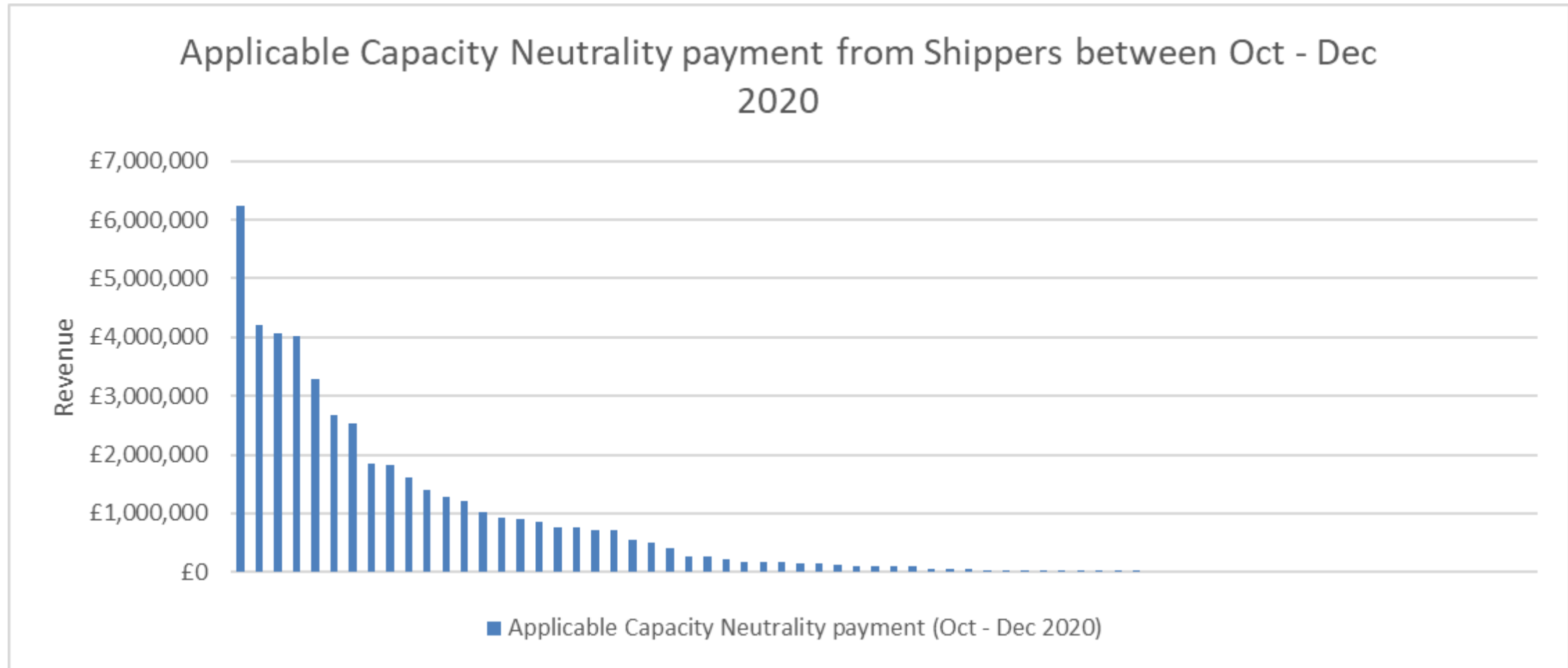
UNC0765 Solution

- Capacity Neutrality debit is based removal of:
 - Daily NTS Entry Capacity.
 - Daily Interruptible NTS Entry Capacity;
 - NTS Entry Capacity allocated in any IP Interruptible Rolling Day-ahead Auction or IP Within-Day Auction.
 - Note this does not include any Non-obligated Daily NTS Entry Capacity
- Capacity Neutrality credit is based on:
 - The amount payable to each User for each month (TEACu) will be determined on the basis of the following:
 - $TEACu = TEACRm \times (FAECu / AFAEC)$
 - where:
 - TEACRm means the aggregate of Debit TEAC payable by all Users as invoiced the relevant month;
 - FAECu means the aggregate of the relevant User's Fully Adjusted Entry Capacity (excluding Existing Available Holdings) for each day within the period 1st February 2021 to 30th September 2021 (inclusive); and
 - AFAEC means the aggregate of all Users' Fully Adjusted Entry Capacity (excluding Existing Available Holdings) for each day within the period 1st February 2021 to 30th September 2021 (inclusive).

Analysis Overview

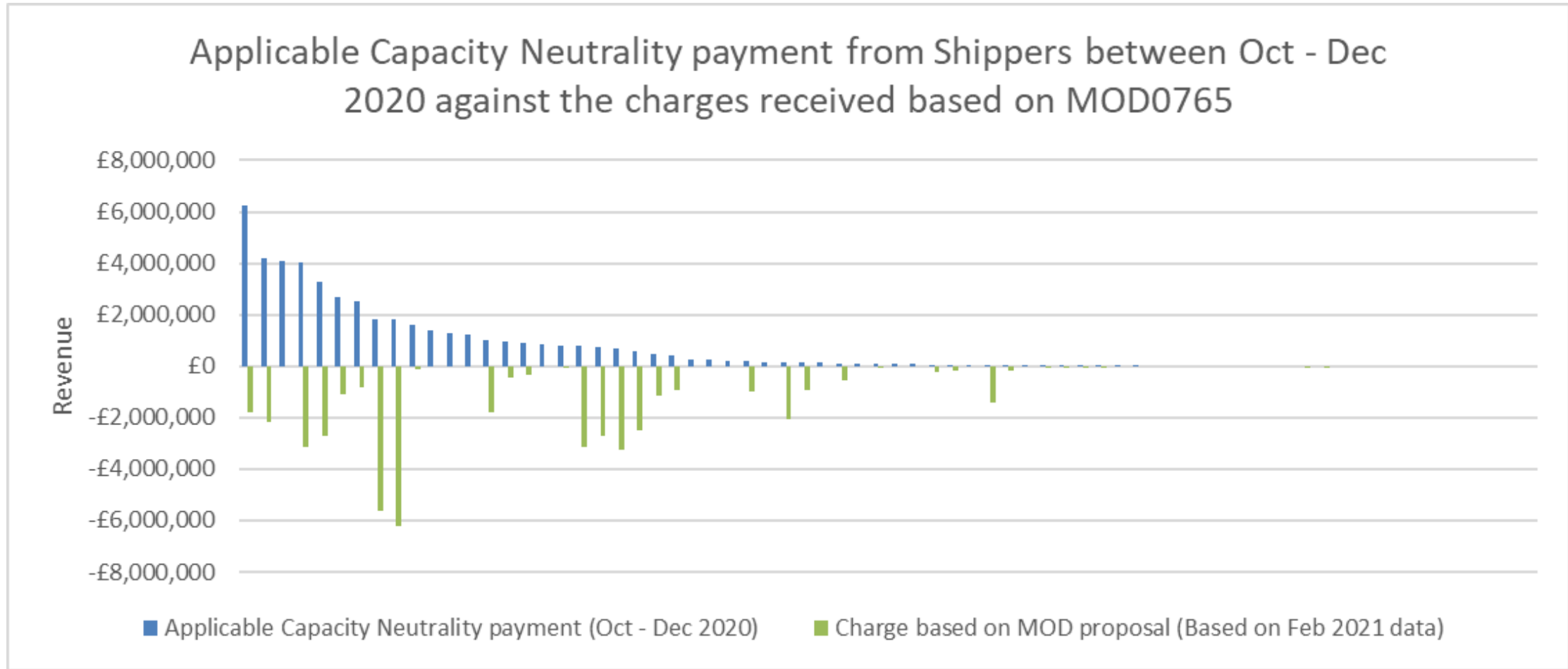
- Analysis on the solution as per UNC0765
- Analysis based on data available to date
- Currently have the February 2021 and March 2021 data and this has been used as the denominator for the credit to Users
 - There is not much change between the February only data shown at NTSCMF on 12 April 2021 and the February and March data shown today.

Recap of slide shown at NTSMCF on 12/04



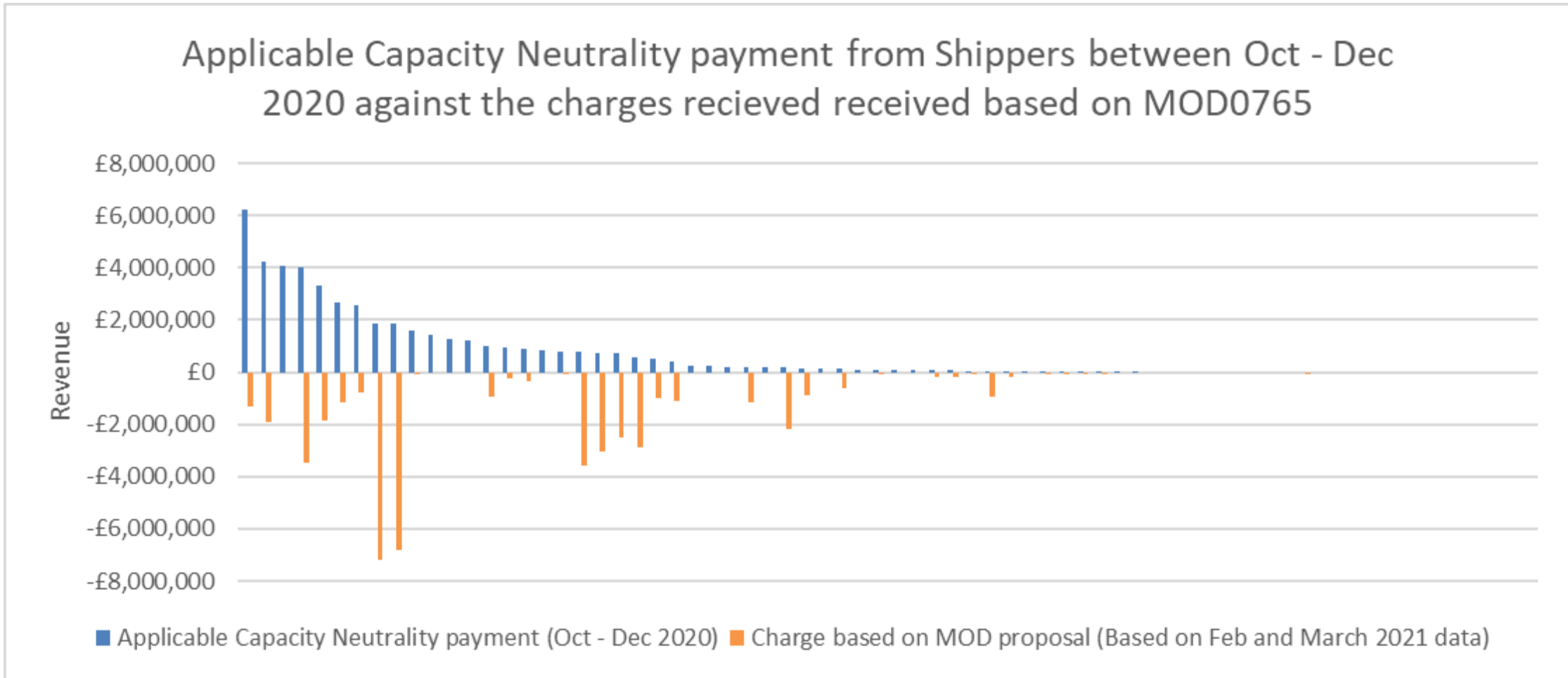
The blue bars represent the amount (each bar represents a Shippers) of Capacity Neutrality that would be subject to the charge (debit) to be collected via UNC 0765.

Recap of slide shown at NTSMCF on 12/04



The green bars represent the amount that would be redistributed to Shippers (each bar represents User, corresponding to the blue) under UNC0765 based on February data only.

Updated graph which includes February and March data



The orange bars represent the amount that would be redistributed to Shippers (each bar represents User, corresponding to the blue) under UNC0765 based on February and March 2021 data only.

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