

UNC 0737:

Transfer of NTS Entry Capacity from an abandoned ASEP



Proposer: Ricky Hill, Centrica Energy represented by Nick Wye, WWA Ltd

Panel Date: 17 September 2020

Why change?



- Entry Capacity transfers only permitted via Trade & Transfer Methodology where all obligated entry capacity at the recipient ASEP has been sold
- Abandoned ASEPs characterized as:
 - “Upstream” planned projects do not materialize
 - Supplies at existing ASEPs are discontinued
- Where a User holds entry capacity at these ASEPs, it will continue to pay for a service it can’t use, contributing revenues to National Grid
- Entry capacity is sterilized as the obligation to provide capacity at the “abandoned” ASEP continues to reside with National Grid
- Potential to discourage investment in new supply facilities due to User Commitments underpinning incremental capacity
- Continues to be an “incentive” on Users to default on payment of invoices resulting in potential UNC User Termination. The unrecovered costs are spread across Users

Options



- In order to permit the transfer of capacity from an abandoned ASEP to an alternative ASEP it must be legislated in the UNC

Solution



- All Users holding entry capacity at the “donor” ASEP must offer up **ALL** capacity for transfer to classify the ASEP as abandoned
- Users must identify a single donor ASEP, although each User may elect an alternative ASEP
- National Grid will calculate the relevant Exchange Rate for each transfer request in line with the methodology set out in the Entry Capacity Trade & Transfer Methodology
- Where Exchange Rates are greater than 3:1 transfer requests will be rejected
- Existing Contracted Capacity held at the donor ASEP will be transferred to the recipient ASEP with the same protections maintained i.e. not subject to prevailing prices or Revenue Recovery Charges

Recommended Steps



- The Proposer recommends that this modification should be:
 - Not subject to self-governance because it has a material impact on transportation arrangements for shippers and customers
 - Workgroup assessment to develop the modification for 3 months