

Gas System
Operator

UNC0678 Workgroup

29 January 2019

nationalgrid



UNC0678: Compliance with TAR

- National Grid raised UNC0678 following the decision to reject 0621 and its alternatives on compliance grounds. Three compliance aspects have been addressed to further the required relevant objectives on EU compliance:
 1. Interim Contracts – A concept proposed under UNC0621 that was rejected as non compliant. UNC0678 proposes long term entry allocated before Entry into force of TAR NC (06 April 2017) will have its allocated price honoured and not have a “floating” reserve price.
 2. Aspects of Transition Period – Key aspects of the transition period under UNC0621 were not considered compliant, notably using obligated values as a proxy for forecasted contracted capacity resulting in high transmission services commodity charges. UNC0678 proposes to move to wholly capacity based at the outset and using a forecast of capacity rather than a phased approach.
 3. Shorthaul – Design proposed under UNC0621 was not considered compliant. Proposal under UNC0678 is to not include Shorthaul in its design and manage a more comprehensive review through UNC0670R and any subsequent proposals.

UNC0678: Timing of analysis

Production of Analysis for UNC0678

- National Grid will produce analysis to form part of an updated UNC0678 proposal
- Initial analysis will be shared w/c 4 February along with a sensitivity tool
 - National Grid will publish based on UNC0678 (using CWD as the RPM).
- Learning points from UNC0621/Alternatives and DMR/FMR responses
 - “Analysis insufficient” – Analysis expectations to be discussed in the workgroups to make more relevant in the DMR
 - Volume and complexity of data - Make the analysis easier to understand and review.
 - Alternatives raised late in the process create a risk that the modification could have un-validated or insufficient analysis to support it

UNC0678: Modelling expectations

Sensitivity Tool and analysis for Alternatives

- National Grid will produce and publish a sensitivity tool based on UNC0678 (using CWD as the RPM). It will also allow sensitivity for a Postage Stamp RPM with all remaining parameters the same as UNC0678.
- National Grid will not produce a charging model per Alternative. Any changes to Alternatives and sharing of tools for Alternatives will be the responsibility of the proposer.
- National Grid will not be producing analysis for the Alternatives. It will be the responsibility of the proposer to produce, validate and share.
- If there is any information needed for comparative analysis can only be produced or supported by National Grid, then National Grid is happy to discuss and support where it is appropriate.

UNC0678: Modification Updates

Updates to UNC0678

- National Grid will produce an updated version that will incorporate the analysis to accompany the Proposal. Updates will be made available to workgroup as and when they are ready and as soon as possible.
- Updates will also focus on:
 - The Relevant Objectives to provide additional material taking into account responses and comments on the DMR/FMR for UNC0621 and Ofgem's decision on UNC0621
 - FCC process and governance arrangements and methodology proposals (following discussion with Workgroup)
 - Implementation and publication information of tariffs – update for clarity on the Proposals and interaction with current processes and publication of charges.

UNC0678: Provision of Legal Text

- It will be necessary to provide Legal Text for UNC0678.
- Work is underway and a suitable workgroup to discuss the Legal Text is to be agreed as part of the timetable. As drafting is available we will look to share for comment.
- Anticipate a potential slot in a workgroup to walk through the legal text to be near the end of the workgroups, potentially end of February 2019, beginning of March 2019. As part of this work National will work with proposers of any alternative modifications to facilitate the production of legal text.
- Alternatives raised late in the workgroup development process create the risk that legal text is not prepared in sufficient time to be shared with workgroup / reviewed and endorsed by the proposer.