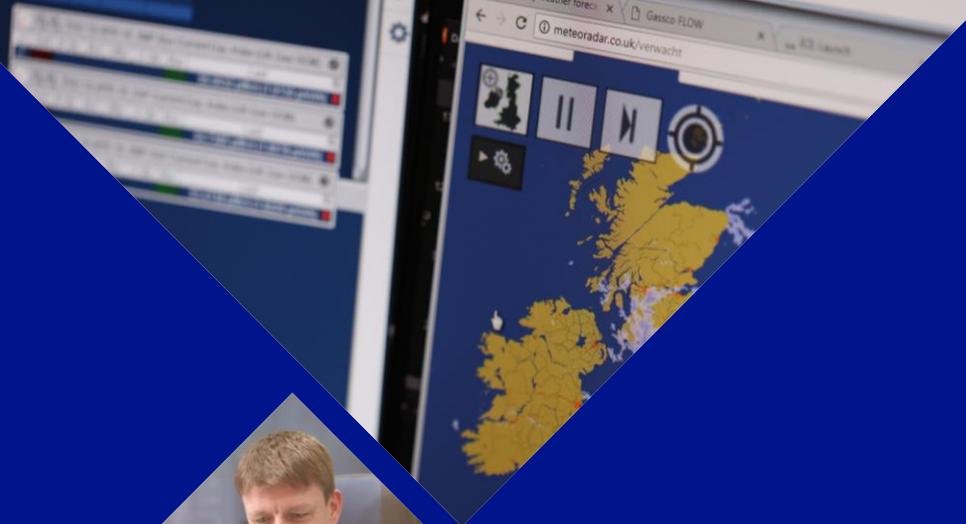


Gas System
Operator

UNC0678 Workgroup

11 February 2019

nationalgrid



UNC0678: Sensitivity Tool and FCC

- A sensitivity tool has been produced to enable sensitivity analysis on UNC0678 using its proposed CWD Reference Price Methodology
 - The sensitivity tool can be talked through on 11 February
- Contained in the tool for the gas years 2018-19 to 2022-23 are updated Forecasted Contracted Capacity Values
 - These FCC values are being shared for feedback within the workgroup as discussed
- Comments or questions on the tool or the FCC approach can also be sent direct to National Grid

UNC0678: Sensitivity Tool

UNC0678 CWD Transmission Services Sensitivity Tool with Draft FCC v1.0

- This version of the tool will enable reference prices to be calculated based on the selected inputs. The default parameters in the tool are set to those proposed in UNC0678.
- As with previous tools, a postage stamp RPM can also be selected in the User Inputs with all other parameters as per UNC0678.
 - Some options can be configured by Users such as changing the storage discount, and multipliers or interruptible adjustments.
 - Any changes beyond those available in the tool will be the responsibility of any proposer wishing to change them
- Some updates are needed to configure aspects of the model and these will be outlined on 11 February Workgroup. None of the updates prevent the reference prices being generated in line with UNC0678.

UNC0678: Forecasted Contracted Capacity

UNC0678 Draft FCC Development

- An FCC is required in order to generate the annual reference prices from which the reserve prices are produced in line with the methodology proposed under UNC0678
- An single value per Entry and Exit point is required in order for the calculation to run
- Previously in UNC0621 discussions several values were considered as part of 0621's development of the FCC in that proposal.
- Ultimately with the transition period two approaches were provided (for transition and enduring) – for UNC0678, only one approach will be needed from the effective date of any changes.
- The values presented in the initial sensitivity tool for UNC0678 are provided for feedback as the methodology is developed.

UNC0678: Forecasted Contracted Capacity

UNC0678 Draft FCC – review of requirements/ expectations

- There is no formal definition of FCC under TAR NC
- Any forecast will have a degree of error that could be improved over time
- Using historical data can provide one view however will only ever be looking back and not taking into account any forecast
- Transitioning from one regime to another is another element to take into consideration

UNC0678: Forecasted Contracted Capacity

UNC0678 Draft FCC

- An FCC has been produced that takes into account a number of elements to produce the values in the tool. Further information and detail will be presented on 11 February with updates to presentation material as needed.
- In short the initial approach to generate the draft values for comments visible are to take the greater of:
 - Existing Contracts for the year in question
 - Non-zero historical capacity sales for gas year 17/18 (Average kWh/d)
 - Forecast supply or demand for the year in question (Average kWh/d)
- Further information to outline this will be updated for the 11 February and any additional workgroups in line with the discussions on this FCC approach.

UNC0678: Forecasted Contracted Capacity

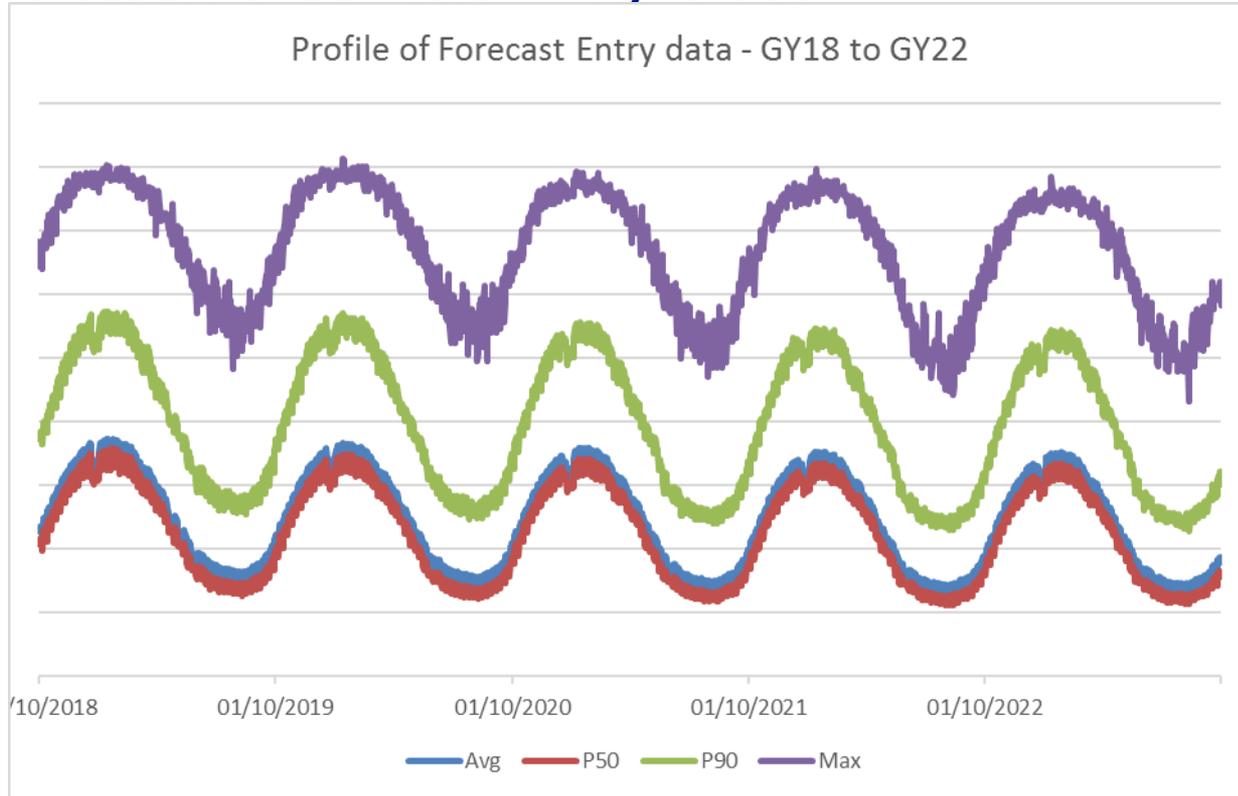
UNC0678 Building the initial FCC

- Reviewed forecast data
- Reviewed historical capacity sales (non-zero priced and zero priced)
- Compared the two sets
- Considered the need to incorporate Existing Contracts in line with the methodology proposed under UNC0678

- A quick overview of the forecast data options are presented on the following slides

UNC0678: Forecasted Contracted Capacity

UNC0678 Forecast trends – total Entry values



UNC0678: Forecasted Contracted Capacity

UNC0678 Forecast trends – total Exit values

