



0848:

Alignment of Entry and Exit Capacity Constraint Management Provisions

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Why Change - Context

Transporter Licence:

Special Condition 9.18

Methodology to determine the release of Entry Capacity and Exit Capacity volumes

9.18.1 This condition places the following obligations on the licensee:

b) to maintain and comply with capacity release methodology statements;

Special Condition 9.19

System Management Services

9.19.9 The licensee must comply with the provisions of the System Management Principles Statement.

Why Change - Context

Documents required by the Transporter Licence (and subject to approval by the Authority):

- **Entry Capacity Release Methodology (ECR) (Special Condition 9.18)**
Purpose: defines under what circumstances National Gas Transmission will accept applications for NTS Entry Capacity received from Shipper Users or the reservation of NTS Entry Capacity by developers ... and thereby the level of financial commitment required from Shipper Users to justify the release/reservation of the quantity of Obligated Entry Capacity.
 - Para 74: “Where, in respect of any given Gas Flow Day, circumstances arise in which National Grid foresees a capacity constraint occurring at an ASEP, National Grid may withhold capacity from sale for that ASEP in DSEC auction...”

Why Change - Context

Documents required by the Transporter Licence (and subject to approval by the Authority):

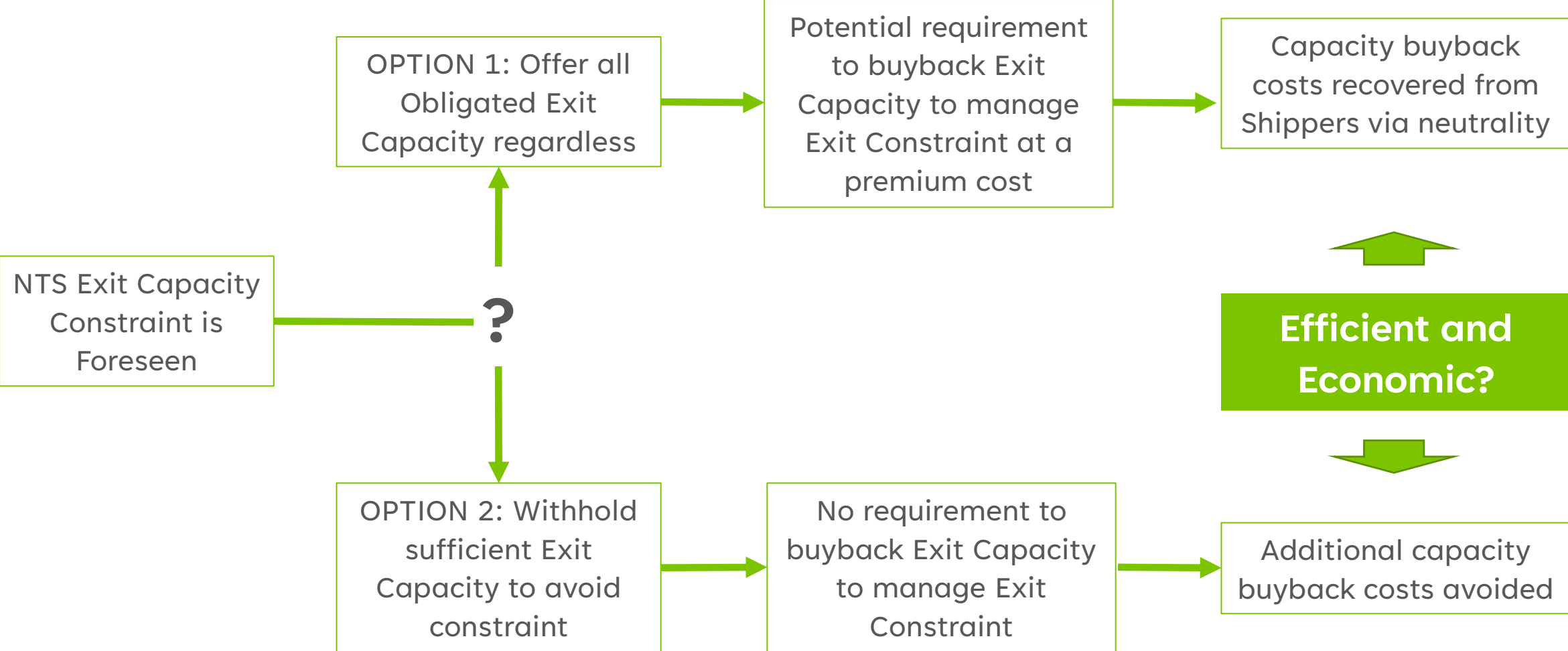
- **Exit Capacity Release Methodology (ExCR) (Special Condition 9.18)**
Purpose: defines under what circumstances National Grid will accept applications for NTS Exit Capacity received from Users ..., and thereby the level of financial commitment required from Users to justify the release of the quantity of Obligated Exit Capacity.
- **Para 162:** *“Where, in respect of any given Gas Flow Day, circumstances arise in which National Grid foresees a capacity constraint occurring at an NTS Exit Point, National Grid may withhold capacity from sale for that NTS Exit Point in the Daily auctions. The quantity withheld will be limited to that which National Grid considers necessary to avoid the constraint or to avoid increasing the extent of the constraint, and hence to avoid or limit, the cost of any actions needed to manage the constraint”.*

Why Change - Context

Documents required by the Transporter Licence (and subject to approval by the Authority):

- **System Management Principles Statement (SMPS) (Special Condition 9.19)**
Purpose: to describe the basis on which NGG will employ system management services. The Licence places an obligation on NGG to operate the system in an efficient, economic and co-ordinated manner.
- Part C: enables the use of a number of tools to manage localised transportation capability including to “*restrict the quantity of daily firm NTS Capacity made available*”

Options



Why Change - Context

UNC TPD Section B – System Use and Capacity

- B2: NTS Entry
 - B2.9: Capacity Constraint Management
 - B2.9.6: *“National Gas Transmission shall for the purposes of the management of a capacity constraint take such steps as are in accordance with the System Management Principles”*
- B3: NTS Exit
 - B3.8: NTS Exit Constraints
 - No equivalent provision to B2.9.6 i.e. reference to System Management Principles (as set out in the SMPS)

Why Change - Summary

- There are explicit requirements in Licence for NGT to comply with the ECR (SC 9.18.1), ExCR (SC 9.18.1) and SMPS (SC 9.19.9)
- However, unlike TPD B2, TPD B3 does not require NGT to “*take steps as are in accordance with the System Management Principles*” in the management of an **Exit** Capacity Constraint
- Including such will better align UNC B3 with UNC B2 and also better reflect (in the context of the management of Exit Capacity Constraints) the licence requirement for NGT to comply with the SMPS
- From an operational perspective there would be no change if implemented as NGT operates, and will continue to operate, in accordance with the SMPS (and ExCR) in the management of Exit Capacity Constraints
- Our approach was set out in an industry [webinar](#) on 16th December 2022

Solution

- In TPD B3.8 (NTS Exit Constraints) include a requirement for NGT operate in accordance with the System Management Principles
- B3.8.x
“National Gas Transmission shall for the purposes of the management of a capacity constraint take such steps as are in accordance with the System Management Principles; it however being acknowledged that the System Management Principles do not form part of, and are not incorporated into, and are not binding upon National Gas Transmission pursuant to, the Code.”
- If implemented, for Users it would enhance clarity/transparency in the UNC of the approach taken by NGT to the management of Exit Capacity Constraints

Thank you

