

UNC 0860:

Mod Title: Clarify impact of exit capacity holdings
on offtake rights



Proposer: Lauren Jauss

Panel Date: 19 October 2023

Why change?



- The UNC says that Transporters are “not obligated to “make gas available” to Users at Exit Points or Supply Points if they do not hold Registered Capacity
- It is not clear in the UNC under what circumstances or how the Transporter might not make gas available to Users.
- The proposer believes that in long term auctions, Users may be buying more gas Exit Capacity than they think they are likely to need, because they think it might reduce their risk of not being able to offtake gas in the short term.
- It is difficult to forecast this over-buying when setting Forecasting Contracted Capacity and calculating capacity Reserve Prices, so it is currently leading to a higher probability of over-recovery of allowed revenue

Options



- This proposal is an amendment of legal text in the UNC to make it clearer what the rights and obligations of Users and Transporters are.
- National Gas held an Exit Constraints webinar on 16 December 2022, and clarified in an accompanying Q&A Document that:
 - “OPNs are not considered in relation to capacity entitlements as both may change during a Gas Day”; and,
 - “We can only legally direct a CCGT to cease taking gas when a Stage 2 NGSE is in force. Other forms of disconnection would be market or contract based.”
- The proposer believes that the UNC does not clarify the above points, and that they should be considered and legally drafted for inclusion in the UNC.

Solution



- The proposer believes that legal text should be amended as follows:
 - In TPD Section J – Exit Requirements
 - Remove text that relieves Transporters obligation to make gas available for the purposes of calculating compensation to Users, since compensation is only due if capacity is held anyway
 - Add text that clarifies that Users will not have their OPN rejected if they do not hold sufficient corresponding capacity
 - Add text to TPD Section Q – Emergencies – to clarify that the reduction or discontinuance of the offtake of gas at Exit Points may only be instructed in accordance with the provisions of that section of the UNC

Is this Modification an Alternative?



- This modification is not an alternative:
 - The issues in this modification are closely related to those in the pre-modification “Utilisation of the System without Holding System Capacity” presented to the October 2023 Transmission Workgroup.
 - However, the proposer believes that there is no actual overlap in the specific intent of these proposals or the paragraphs of legal text that would need to be amended.
 - Therefore, the proposer believes that this modification is not an alternative, including to the above pre-modification, if it is also raised as has been presented.

Recommended Steps



- The Proposer recommends that this modification should be:
 - Subject to Self-Governance because the aim of this modification is a clarification of rights and obligations, not a change to them
 - Workgroup assessment to develop the modification for 3 months