



# Forecasted Contract Capacity (FCC) Methodology Review for Gas Year 2024/25

NTSCMF

11.01.2024



# UNC Obligations

- NGT is required to maintain and keep under review the FCC Methodology, and consult with Users on any material change (and the effect of such change) to it.
- NGT must notify Users of any proposed change to the FCC Methodology not less than 40 Business Days before the time required to notify Reserve Prices. (End of May).
- If a User gives notice to NGT that any proposed change should not be made within 20 Business Days of the notification, the implementation of the change shall be determined by Ofgem.
- NGT shall publish the FCC Methodology and all changes made to it.

# FCC Methodology changes for 24/25

- We have received no suggestions from stakeholders of changes that should be made for the coming Gas Year.
- After an internal review process this year, we do not believe that any changes are required to the FCC Methodology text.
- However, when investigating the variance between Forecast and Actual Capacity at Power Generation sites we have identified a minor change to way we treat booked Enduring Annual Flat Exit Capacity (EAFLEC) at these sites which should improve accuracy.
- Although this will not result in any change to the Methodology itself, in the interests of transparency we would like to provide an explanation of what this is and why we are proposing to adjust the approach.

# Treatment of EAFLEC without User Commitment

Calculations for Exit Points, text from FCC:

*(d) Take the following values and assess whether they should be used based on the latest available information:*

*i) Booked capacity at the time of producing the FCC for Gas Year Y:  
Booked capacity and consideration specifically to those which have User Commitment for the applicable months in the Gas Year for which the FCC is being produced*

- This year we have seen higher Power Generation bookings, even though flows are lower, one of the reasons for this is that the FCC doesn't account for Enduring Annual.
- Where Users hold Enduring Annual Flat Exit Capacity (EAFLEC) without User commitment at a level above the flow forecast value calculated by following the steps in the FCC Methodology, we currently assume when calculating the FCC that this Capacity would be reduced during the EAFLEC reduction window which runs from 8:00 to 17:00 on business days from the 1 to 15 July.
- Although this assumption has been largely correct in previous years, it does not align with the behaviour that we have seen at Power Generation sites in 2022 and 2023.

# Power Generation Enduring Annual

EAFLEC Reduction Window Year	Power Stations Decreasing	Aggregate Monthly Reduction
2020	11	331,011,084
2021	10	379,370,979
2022	2	13,569,188
2023	0	0

- In the first years of the new regime a number of Power Generation Users reduced during the reduction window but this has stopped more recently.
- We will therefore apply a different approach this year, where there is Enduring Annual without User Commitment, we will still retain that value if it is higher than the flow forecast for the applicable month rather than removing it from the calculation.
- This will result in more capacity going into the Exit FCC than would otherwise be the case which will result in a slightly lower tariff for the Gas Year beginning Oct 24 than would be the case under the status quo.

# Timeline

The following timeline is proposed:

Task	Date
NTSCMF signpost	11 January 2024
NTSCMF follow up (if required)	06 February 2024
Publication of the FCC Methodology	Before 4 April 2024
FCC Methodology used for Transmission Service charge setting	May 2023

## Contact

Ash Adams

Code Change Lead

[Ashley.Adams@NationalGas.com](mailto:Ashley.Adams@NationalGas.com)

