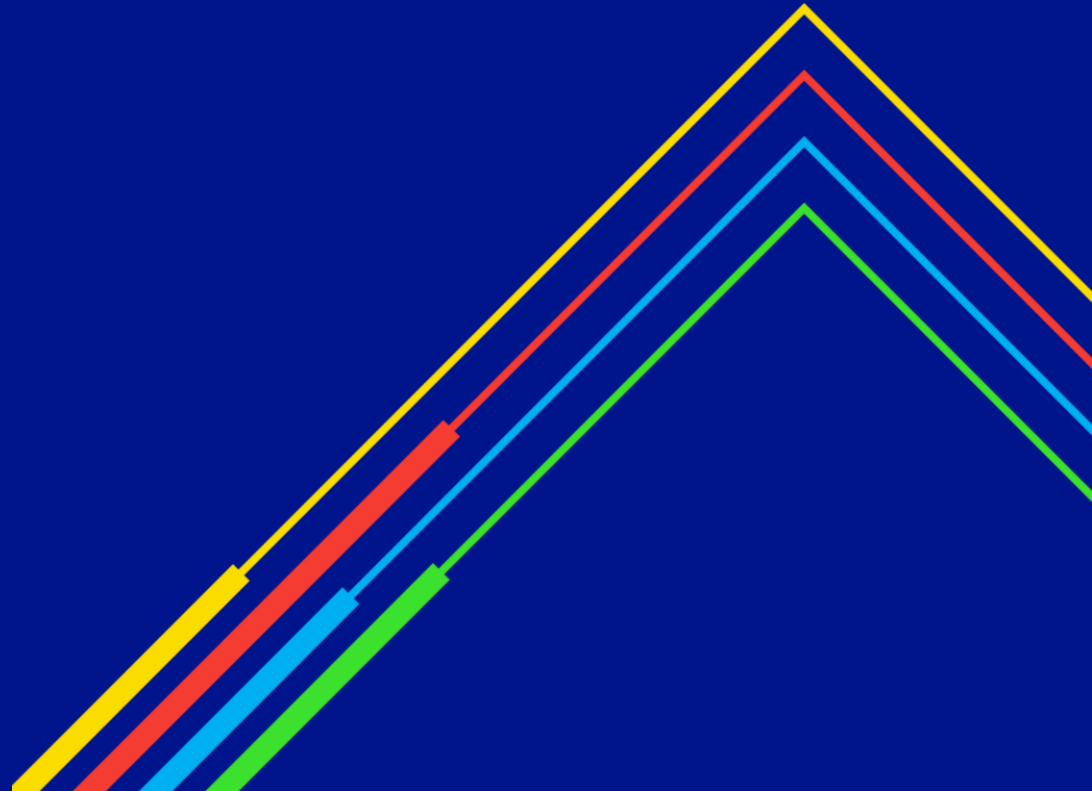


# Entry Capacity Assignment Modification Discussion

UNC0779

7<sup>th</sup> September 2021

nationalgrid



# Introduction of Entry Assignments

## Key Points:

### This Modification proposes to introduce the concept of Entry Capacity Assignments

- Liability moves between Shippers along with Capacity.
- Provides users with another tool to enhance profiling of their capacity portfolio
- Reduction in risks associated with holding liability for long-term capacity, giving NG better signals earlier

### We are proposing that this is used as a sustained, long-term adjustment

- Modification will enable Assignment of Quarterly and Monthly purchased capacity only

### Capacity can be assigned in partial volumes, but must be for the full auction period

- i.e. 1,000 kWh purchased for the month of October. 1 kWh can be assigned to another user, but must be for the full month rather than a single or selected days

The Capacity assigned under this modification will be assigned at the floating price. This enables capacity to be assigned and reassigned over and over without need for tagging and tracing of capacity in Gemini. Capacity will become liable/eligible for any additional charges or discounts associated with floating price capacity at the Entry Point.

# Timelines

## Six Workgroups proposed:

- This is to give time to discuss options and fully explore any proposed alternates
- Return to Panel scheduled for February 2022

## Analysis

- Storage Sites – Potential impact of EC Rate vs Discounted Reserve Price?
- UNC0728B interaction – Potential impact of EC Rate vs Discounted Reserve Price?
- In either case interaction with RRC cannot be modelled

## ROM & Legal Text

- To be requested once alternates are raised

## Implementation:

- Workgroups proposed to Feb-2022
- Consultation to Apr-2022
- Ofgem Decision
- Project Stand Up – 3 months (To be confirmed following ROM)
- System Development – 6 months (To be confirmed following ROM)
- A non-October start should be weighed against a potential Revenue Recovery Charge to compensate for any impacts.

# Discussion Points

## Flexibility:

- NGG believe Assignment to be a long-term commitment and that transfers should be used to provide short term flexibility.
- Previous discussions with Users have suggested a desire for short term Assignments, i.e. daily flexibility regardless of Capacity Auction type.
- NGG will not be proposing this but initial discussions on options with Xoserve who have not ruled out this as a possibility in the system should another user wish to propose this.

## Assignment Timescales:

- Current Exit Assignments have a 5 day turn around which is appropriate for the long-term nature of Assignments.
- A short-term solution may require a quicker turn around to enhance flexibility which could be achieved through the system by incorporating validation checks which do not require manual verification.

## Existing Contract protection:

- NGG are of the position that a change to the liable party via Assignment (as per the UNC) constitutes a material change to the agreement, meaning that the Capacity Booking could not be considered to have been concluded prior to 6 April 2017. Existing Contract protection afforded by Article 35 would be forfeited.

## Interaction with UNC0777:

- NG are of the opinion that these modifications could be implemented without conflict should they both be approved.

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