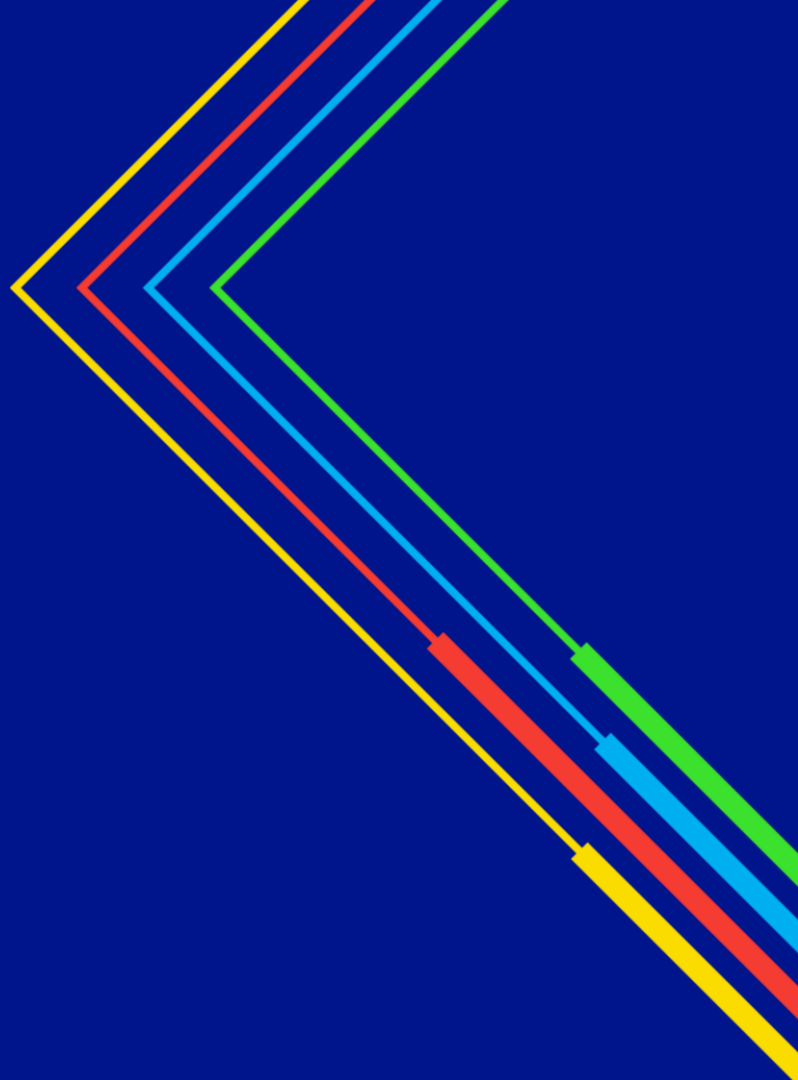


# Capacity Access Review

Transmission Workgroup

2<sup>nd</sup> July 2020

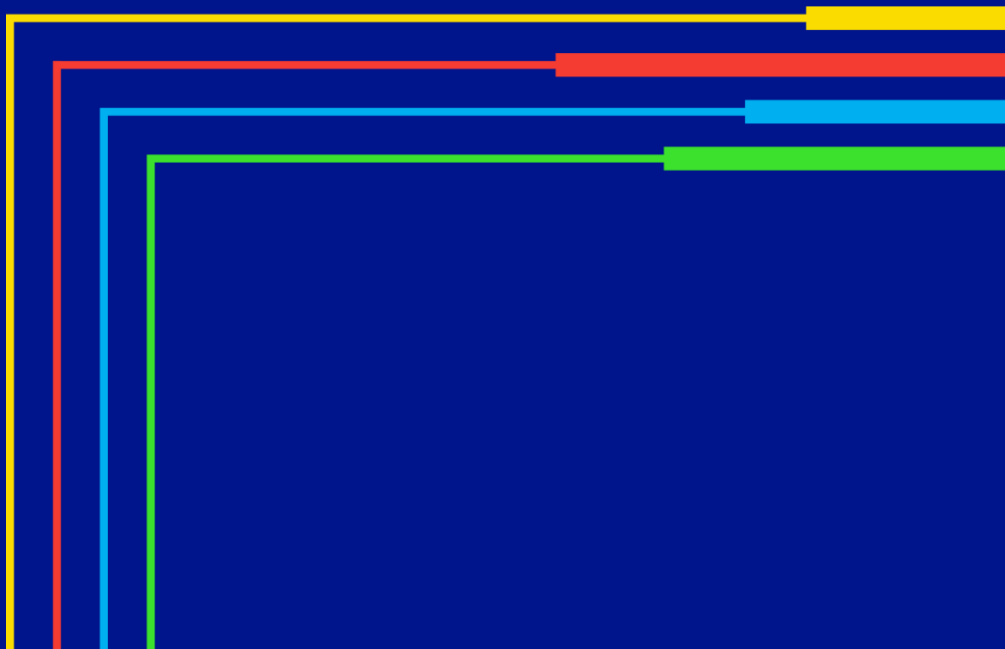
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# 01

## Entry User Commitment

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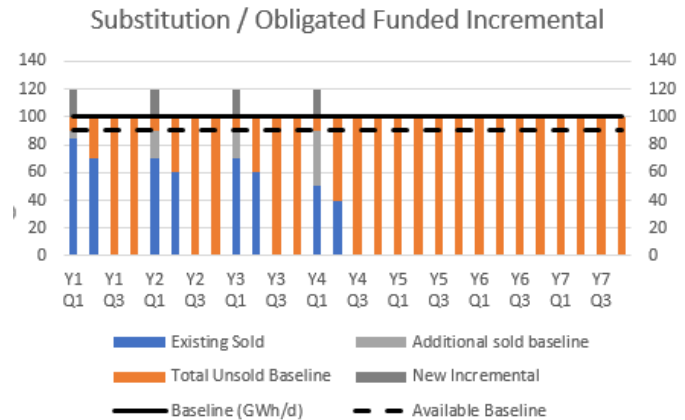
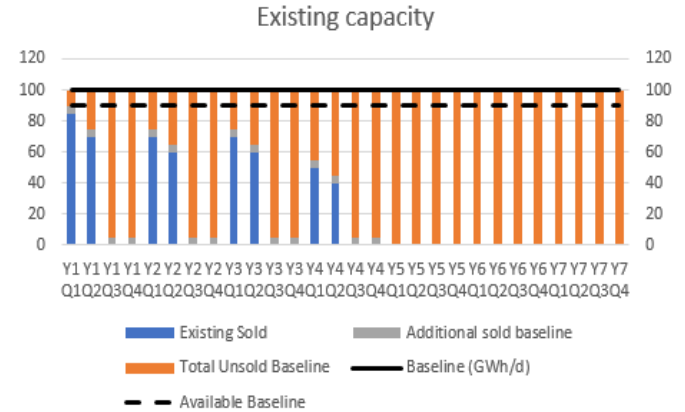


# Entry User Commitment

## National Grid Proposal:

Requirement	Capacity Commitment	Financial Commitment
<b>Existing Capacity</b> (PARCA)	16 quarters of a quantity of capacity	
<b>Substitution</b> (PARCA & QSEC)	4 quarters x application amount <i>All 4 quarters in 4 years is the incremental amount</i>	
<b>Obligated funded incremental</b> (PARCA)	4 quarters x application amount <i>All 4 quarters in 4 years is the incremental amount</i>	Min 50% notional project cost

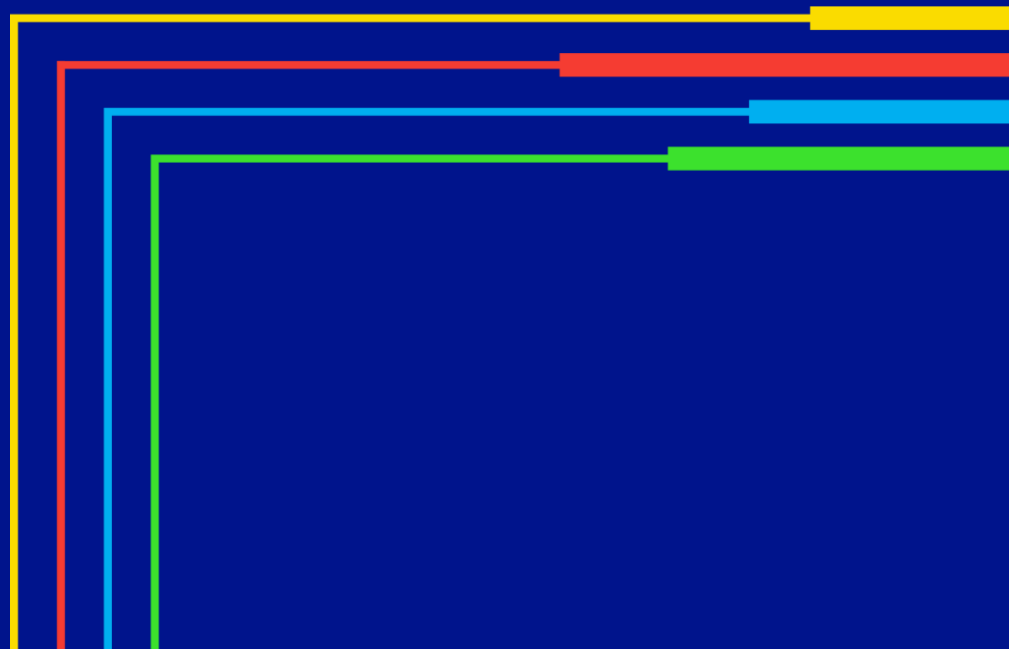
- To implement these changes a change to the Entry Capacity Release Methodology Statement is required
- Apply to Ofgem for a derogation to the requirement for an independent examination



# 02

## Exit User Commitment

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# User Commitment Reduction

This option is considering whether User Commitment for capacity within baseline could be reduced, either to 1 year or to zero

- At June's Transmission Workgroup we said that NG's concern with this option is that it could lead to capacity bookings jumping around meaning that analysis for substitution and funded incremental capacity is undermined and inefficient solutions being identified.
  - To quantify that issue we have been doing 2 pieces of analysis;
    1. Comparison of Section H forecasts to capacity bookings
    2. Comparison of year on year Section H forecasts

# Substitution: Notice of geographical location

This option(s) is around providing more information about a capacity signal which is to be met through substitution.

1. Notice provided regardless of how capacity signal to be met through substitution is made (Enduring / QSEC or PARCA)
  - Looking at whether all capacity signals to be met through substitution could be channelled through the PARCA process where notice of geographical location is provided
    - £120,000 PARCA application fee which is reconciled at the end of Phase 1
2. When notice is provided, whether this can be more specific in terms of the location
  - When a PARCA application is made, confidentiality agreements come in to effect, limiting the information that can be shared about that PARCA with industry

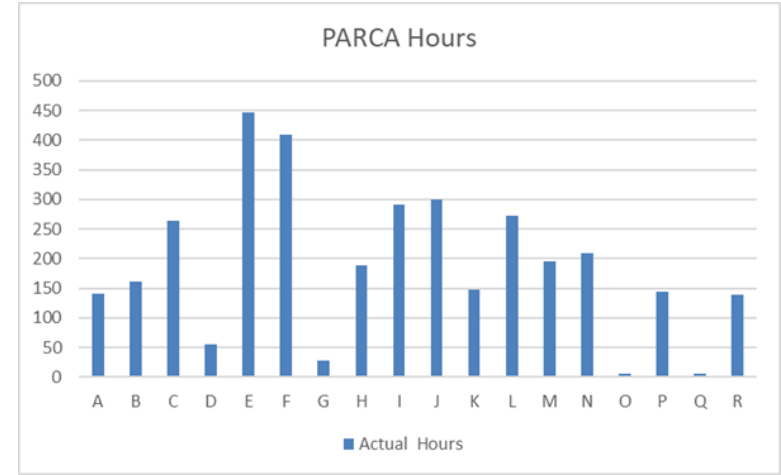
Published slide deck on JO website outlining the substitution process

# Substitution: First Refusal

This option is around whether a party who is active at the entry/exit point that capacity is to be used to fulfil a substitution application can be given first refusal of that capacity.

At June's Transmission Workgroup we said the disadvantage of a First Refusal option could be that we'd end up in a perpetual cycle of substitution analysis.

Graph on the right shows the hours spent on substitution analysis.



*Assuming the analysis utilises 80% of an analysts time, then looking at 7-14 weeks to complete the analysis, between 2 and 3.5 months depending on complexity and number of possible sequences*

# Greater reliance information provided by DN's under OAD Section H

A further option is around whether NG can place greater reliance on the information DN's provide under UNC OAD Section H

- National Grid Gas Licence Special Condition 9A.5 (b) states that substitution analysis will take “into account Entry/Exit Capacity that shippers have indicated that they will require in the future through making a financial commitment to the Licensee”
- Discrimination as the Licence Condition in UNC OAD Section H only relates to DN's.



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