Capacity Access Review:

User Commitment

Transmission Workgroup
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national**grid**

Exit User Commitment: Current

Requirement	Capacity Commitment	
Existing Capacity (if signalled via PARCA)	4 years application amount	
Substitution (if signalled via PARCA or Enduring)	4 years application amount	Implicitly at least one year above baseline
Obligated incremental (if signalled via PARCA)	4 years application amount	Implicitly at least one year above baseline

The User will remain the registered User for any additional and existing EAFLEC for 4 years from the date the increased capacity allocation becomes effective (User's can't reduce until after 4 years). Except where the User Commitment is satisfied early where actual Charges paid (or to be paid) by the relevant User in respect of the NTS Exit Point equal or exceed the User Commitment Amount.

- Difficulties to accurately forecast demand 4 years ahead

- User Commitment means that Users cannot release exit capacity when no longer needed

- Overbooking capacity that subsequently is not required, for risk of substitution and 1 in 20 obligations

- Over-booking capacity would mean capacity bookings are not reflective of flows and does not enable efficient access to the NTS

Exit User Commitment: Option A

1 year User Commitment, with inclusion of a financial commitment for funded obligated incremental capacity to be signalled

Requirement	Capacity Commitment	Financial Commitment
Existing Capacity	1 year of application amount	
Substitution	1 year of application amount *(with that 1 year being incremental amount)*	
Obligated incremental	1 year of application amount *(with that one year being the incremental amount)*	TBC

Pros	Cons
Capacity can be used more flexibly	Doesn't provide the long-term investment signals required to plan the network efficiently
The financial commitment test provides the commitment to the obligated funded incremental capacity	Could result in additional constraint management actions being taken if NG do not build due to lack of commitment
	User's still have to predict capacity requirements 4 years ahead of requirement to book enduring capacity, although do have ad-hoc option (if still signalled through enduring product)
	Unsold capacity more at risk due to less User Commitment being required to trigger substitution

Exit User Commitment: Option B

Differing levels of User Commitment dependent on how capacity signal is met; capacity commitment more akin to Entry for funded obligated incremental

Requirement	Capacity Commitment
Existing Capacity	1 year of application amount
Substitution	1 year of application amount *(with that 1 year being the incremental amount)*
Obligated incremental	4 years of application amount *(with those 4 years being the incremental amount)*

Pros	Cons
Long-term investment signal provided for funded obligated incremental which means more efficient network planning	Doesn't provide the long-term investment signals required to plan the network efficiently
Allows access to baseline capacity with reduced User Commitment	Could result in additional constraint management actions being taken if NG do not build due to lack of commitment
Greater similarities od duration of capacity commitment to Entry (4 quarters over 4 years)	Unsold capacity more at risk due to less User Commitment being required to trigger substitution
Differing levels of required User Commitment is more reflective of varying levels of risk	

Exit User Commitment: Option C

Ability to move User Commitment between Exit points within a zone for capacity below baseline.

- Coordinate increases in Enduring capacity at offtakes with the equal decrease at others within the same NTS Exit Zone where the capacity increase does not take the capacity at the increasing offtake above baseline at that offtake.

- User Commitment remains for the remaining capacity at the decreasing offtake

Pros	Cons
Allow greater flexibility for Users to book and subsequently adjust their capacity based on revised forecasts. Avoids sterilisation of capacity if it can be moved to where it is needed	Not all Exit Zones have a 1:1 exchange rate. Possible workarounds for this include: • Allowing for the movement of an amount of capacity that a 1:1 exchange rate would be applicable • Non-standard exchange rates • Smaller zones
	Efficient long-term network planning hampered as NG would not know where capacity is going to end up

Exit User Commitment: Option D

Removal of enduring product, replacing with shorter-term applications / auctions (quarterly / monthly)

- Users would bid for capacity in competing auctions. No hand-back mechanism, Users would hold capacity for as long as they have booked it for.

- Triggering of investment signals would be required to be developed

  - Capacity duration + financial commitment

Pros	Cons
User Commitment would be inherent in the capacity booking	More significant change to regime (time / costs to implement)
User's would be able to buy the capacity they want (e.g. seasonal, monthly, quarterly)	Would rarely be "competing" auctions for Exit
	Sufficient for DNs to show 1 in 20 obligations are met?