

**Gas
Transmission**

0761: Arrangements for Interconnectors with additional Storage capability – Workgroup 3

3rd June 2021

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nationalgrid



Workgroup Plan – This Workgroup

Meeting Number	Meeting Date	Topics for Discussion
3	3 rd June 2021	<p>Solution – capacity (II)</p> <p>Solution – all other elements</p> <ul style="list-style-type: none">• point definition• nominations• allocations• charging

Solution - Capacity

- High Level Approach
- Discountable Quantity
- Utilisation (exclusions, payable price)
- Overruns

Capacity – Exclusions, Payable Price (1)

- Existing Contracts (pre 6th April 2017)
 - It is proposed that ‘Existing Available Holdings’ (TPD Y A-I 2.2.2(f)) at Entry Points are not able to be utilised for Storage at IPs
 - Intention of Article 35 of Tariff Regulation (Existing Contracts) is to ‘freeze’ the terms applicable to such capacity
 - Proposer’s view is that this includes the intended use of such capacity i.e. this will have been procured for transportation purposes
 - All other capacity is able to be utilised for storage (no limitations on usage prescribed by Tariff Regulation)

Capacity – Exclusions, Payable Price (2)

- Traded Capacity – Capacity Assignment (TPD B6)
 - Assignee User (buyer) becomes liable for capacity charge for the capacity it acquired
 - Capacity can be utilised for storage, and will obtain a storage discount if classified as Storage Capacity Quantity (SCQ_d)
- Traded Capacity – Capacity Transfer (TPD B5)
 - Transferor User (seller) retains the liability for the capacity charge for the capacity it sold
 - Capacity can be utilised for storage, but the Transferor User will not obtain a storage discount if classified as Storage Capacity Quantity (SCQ_d)
 - ‘Registered Capacity’ (used in the calculation of SCQ_d) excludes Capacity Transfers

Capacity – Exclusions, Payable Price (3)

■ Payable Price

- A User's Registered Capacity on a day may constitute Firm and Interruptible Capacity
 - The 'floating price' principle means that in any tariff period, all Firm capacity will be subject to the same Reserve Price
 - Reserve Price for Interruptible Capacity is currently equal to the Firm Reserve Price with a 10% discount
- To determine the appropriate payable price for SCQ_d , it is necessary to understand if the associated capacity is Firm or Interruptible
- Proposed application of a merit order

Capacity – Exclusions, Payable Price (4)

■ Payable Price – Merit Order

- Capacity attribution order: Interruptible, then Firm
- Component attribution order: Storage, then Transportation

■ Payable Price – Merit Order Rationale

- Any transportation capacity allocated as NTS Optional Charge ‘Eligible Quantity’ will be subject to the relevant discount percentage applied to the Firm Reserve Price
 - Note: as per 0728B, NTS Optional Charge is not available for Storage
- Proposed merit order is consistent with the above principle

Capacity – Overruns

- Existing Overrun Regimes at Entry and Exit
 - No changes proposed
- Additional Storage Entry Overrun*
 - A mechanism is required to prevent utilisation of Existing Contracts (EC) for Storage purposes. Proposed determination of a separate ‘IP Storage Entry Overrun’:
 - ‘ASEP Entry IP Storage Allocation Quantity’; compared to
 - Lower of
 - Sum of IO specified storage capacity quantities; and
 - IP Available Capacity (includes Assignments and Transfers) excluding EC
- * to prevent ‘double charging’, only the higher of the Entry Overrun and the IP Storage Entry Overrun is payable

Solution – All Other Elements

- Point Definition
- Nominations
- Allocations
- Charging

Point Definition

- Single physical point can comprise both an Interconnection Point and a Storage Connection Point
- ‘Storage Facility’ (TPD R1.2.1) revised to remove requirement for storage of gas to be the *principal* purpose
- Storage Discount to Transmission Services Capacity Reserve Price allocated to Storage Connection Points instead of Storage Site Points (as stated in the Licence)
 - consistent with application of Storage exemption from General Non-Transmission Service charge (TPD B2.11.6 / B3.12.7)
- Permit an IP ASEP (EID A2.2.2) to include a Storage Connection Point

Nominations

■ Principles

- Separate daily nominations (TPD C / EID C) will be required for a User's intended transportation and storage flows (i.e. 2 nominations in each direction)
- Both values will be individually matched with the equivalent nominations submitted to the IO to ensure both National Grid and the IO have a consistent view of the User's Transportation and Storage nomination quantities ('Confirmed Quantities')

■ Scheduling Charges

- No change to Entry Scheduling (i.e. assessed at ASEP level)
- Separate Exit Scheduling charges; i.e.
 - Transportation Allocation v Transportation Nomination
 - Storage Allocation v Storage Nomination

Allocations

■ Principles

- **Storage** – ‘allocate as measured’ (no Operational Balancing Account)
 - Full measurement will be allocated to Users each day
 - Consistent with other Storage Connection Points
- **Transportation** – ‘allocate as nominate’
 - OBA Day - Operational Balancing Account (OBA)
 - Non OBA Day – transportation measurement allocated to nominating transportation Users only
 - Consistent with other IPs

■ IO Information provision

- (as IO) daily Entry and Exit Storage Measurement; and
- (as Users’ Agent) daily Entry and Exit Allocation Statements

Charging

- Transmission Services Capacity invoices issued ~ 5th calendar day of M+1
 - Proposed determination of SCQ_d requires Entry and Exit Storage Allocations; however
 - Entry Closeout is M+15
 - Exit Closeout is D+5
 - Proposed approach for Transmission Services Capacity
 - **M+1** invoice: IP capacity charged at 'standard' rate; and
 - **M+2** invoice: reconciliation to reflect any SCQ_d quantities subject to Storage discount
- General Non-Transmission Services invoice issued ~ 27th / 13th day of M+1 for Entry / Exit respectively
 - Exemptions for the appropriate storage allocations can be reflected in the M+1 invoices

Workgroup Plan – Next Workgroup

Meeting Number	Meeting Date	Topics for Discussion
4	1 st July 2021	Contingency - outstanding solution questions Finalise majority of solution