



TPD B2 PreMods Overview

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TPD B2 – NTS Entry Capacity

We are proposing three modifications to TPD B2:

- **Modification 1** – Update NTS Entry Capacity paragraph references and reintroduce Daily Auctions to Entry Overrun Charges
 - The implementation of a previous Modification that introduced a new clause has created minor errors meaning that:
 - System Entry Overrun Charges (TPD B2.13.3) does not currently reference Daily NTS Entry Capacity (2.5), and;
 - TPD B2.10 – TPD B2.18 contains 67 incorrect paragraph references
- **Modification 2** – Reintroduce NTS Capacity Surrender clauses and update 2.12
 - An issue appears to have occurred with the implementation of a Modification that has incorrectly replaced clauses with modified text intended for elsewhere
- **Modification 3** - Introduction of Reserve Price principle to Entry Overrun charges
 - Currently the explicit principle of a reserve price is not included in the description of how entry overrun charges are calculated within the UNC

Modification 1

Update to TPD B - NTS Entry Capacity paragraph references and reintroduce Daily Auctions to Entry Overrun Charges

Update NTS Entry Capacity paragraph references and reintroduce Daily Auctions to Entry Overrun Charges

- When Weekly Capacity Auctions were introduced as TPD B2.4 under Modification 0752S, Daily Capacity Auctions became TPD B2.5
 - TPD B2.13.3 (a) (System Entry Overrun Charge calculations) was not updated to account for this, meaning 2.5 is currently missing from the overrun calculations
- This Modification seeks to reintroduce Daily NTS Entry Capacity within TPD B2.13.3 – entry overrun charge calculation through the addition of reference to 2.5 within the clause below:
 - (a) $(3 * A)$, where 'A' is the highest bid price in relation to a capacity bid in respect of which NTS Entry Capacity was allocated following an invitation under paragraphs 2.2, 2.3 and 2.4 and/or the highest price payable in respect of NTS Entry Capacity allocated under a PARCA pursuant to paragraph 1.14; and

Update NTS Entry Capacity paragraph references and reintroduce Daily Auctions to Entry Overrun Charges

- The introduction of Modification 0752S has also caused paragraph references from TPD B2.10 through to TPD B2.18 to be incorrect due to the creation of the new clause (TPD B2.4)
 - Paragraph references were updated up until TPD B2.9
 - There are 67 incorrect paragraph references between TPD B2.10 and TPD B2.18
- As well as correcting the drafting error that saw 2.5 dropped from TPD B2.13.3, this Modification also seeks to update the incorrect paragraph references within TPD B2

Update NTS Entry Capacity paragraph references and reintroduce Daily Auctions to Entry Overrun Charges

An example of an incorrect paragraph reference this Modification intends to fix can be seen below:

2.10 Curtailment of Interruptible NTS Entry Capacity

2.10.1 For the purposes of this paragraph 2.9, an "**Entry Capability Shortfall**" in respect of an Aggregate System Entry Point for a Day is the amount (in kWh) by which the amount of (or rate at which) gas is or will be delivered exceeds the System Entry Capacity (as determined by National Gas Transmission).

This Modification will be proposed as Fast Track Self-Governance as it is a housekeeping exercise to correctly update references within the UNC.

Modification 2

NTS Capacity Surrender and Update of TPD B2.12

NTS Capacity Surrender and Update of TPD B2.12

- It appears that when Modification 0796 (Revision to the Determination of National Grid NTS Target Revenue for Transportation Charging) was implemented, it was implemented in the wrong place
- Due to the issue noted in Mod 1 with paragraph references, it appears the text for 0796 was implemented in 2.11 instead of 2.12 where it should have gone
- This means that 2.11 had its title incorrectly changed from: “Surrender of NTS Entry Capacity” to: “Entry Charges, General Non-Transmission Services Charges, Entry Transmission Services Revenue Recovery Charges, the NTS Entry Transmission Services Rebate Charge, and Capacity Surrender Charges” and two clauses were mistakenly removed and replaced with text intended for 2.12
- It also means that the text due to be modified within 2.12, including the title of 2.12, was not changed and remains incorrect

NTS Capacity Surrender and Update of TPD B2.12

- The issue appears to have occurred between UNC version updates 4.79 and 4.81 in 2022 and is likely a simple error as a result of paragraph numbering changes which occurred at a similar time
- This is being proposed as a Fast Track Self-Governance Modification to reinstate the former text for 2.11 (*though now updated to say National Gas instead of National Grid**) and update the text in 2.12 with the legal text from 0796**
- The Modification to update paragraph references (Mod 1) is dependent on this Modification as one of the paragraph references that needs updated points to the currently incorrect text in 2.11

* This text was not picked up in Mod 0837FT which updated National Grid to National Gas as the text had been removed prior to 0837 being raised

** We would expect that anyone wishing to make further updates to the text that do not reflect the company name change, the reinstatement of mistakenly removed text or the legal text agreed for implementation in 0796 would need to raise a separate Modification

Modification 3

Introduction of Reserve Price to entry Overrun Charges

Introduction of Reserve Price to entry overrun charges

- TPD B2.13.3 describes how entry overrun charges are calculated
- Currently the principle of a reserve price is missing from TPD B2.13.3
- It is now possible for the reserve price to be higher than the bid price and therefore reserve price as a concept against which entry overruns can be calculated needs explicitly documented within the UNC
- Entry overrun charges calculated using reserve price would calculate this at times three, the same as calculations using highest bid price
- This Modification seeks to introduce the principle of a reserve price within TPD B2.13.3 as an amendment to ensure the process is clear
- Reserve price is already featured within the UNC for exit overrun charge calculations (TPD B3.13.3) and this would not need amendment
- We are not proposing any further amendments to the overrun charge calculation
- This modification is proposed as Self-Governance

Introduction of Reserve Price to entry Overrun charges

This is the current System Entry Overrun Charge calculation text.

We are seeking to introduce reserve price into clause (a) or as an additional clause.

- 2.13.3 The System Entry Overrun Charge shall be calculated as the amount of the overrun quantity multiplied by whichever is the greatest of:
- (a) $(3 * A)$, where 'A' is the highest bid price in relation to a capacity bid in respect of which NTS Entry Capacity was allocated following an invitation under paragraphs 2.2, 2.3 and 2.4 and/or the highest price payable in respect of NTS Entry Capacity allocated under a PARCA pursuant to paragraph 1.14; and
 - (b) $(1.1 * B)$, where 'B' is the relevant average accepted offer price;
 - (c) $(1.1 * C)$, where 'C' is the relevant average accepted forward price;
 - (d) $(1.1 * D)$, where 'D' is the relevant average accepted exercise price; and
 - (e) $(1.1 * E)$, where 'E' is the highest unit price accepted by National Gas Transmission

where (a), (b), (c), (d) and (e) are calculated by reference to information available to National Gas Transmission at 01:00 hours on the relevant Day.

Thank you

