# 0887:

# Capacity / Charging Principles Options

5th September 2024

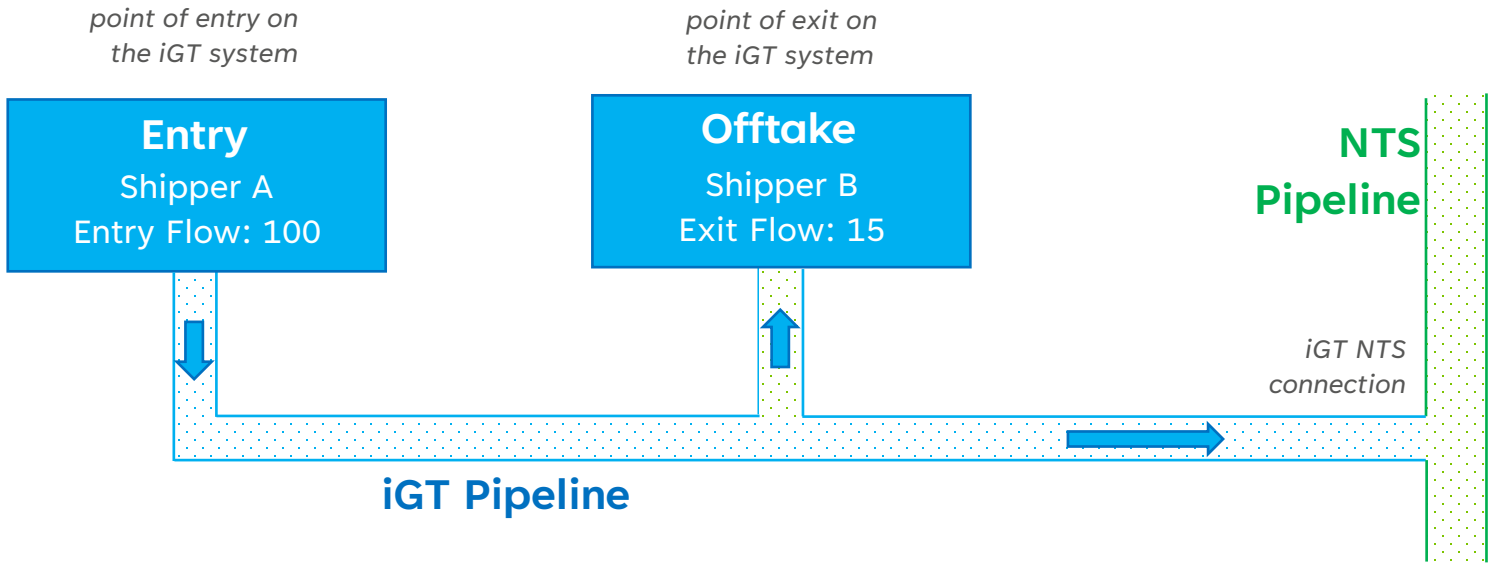
# Background

- Pre-mod discussion (4th Jul) – summary of solution
- Workgroup 1 (1st Aug) – explanation of solution
- Workgroup feedback focussed on two areas:
  - Transporter ability to procure NTS capacity and NGT ability to levy Transportation Charges under the Gas Act
    - NGT response on these two discussion points published in separate document
  - Further detail regarding capacity proposal and comparison with alternative approach
    - As explained in this presentation material

# Overview of Capacity & Charging Model Options

| | Option A: Shipper Capacity Charging Model | Option B: iGT Capacity Charging Model |
|---|---|---|
| **Capacity Principle** | Shipper incentivised (by Capacity Overruns) to procure entry and/or exit capacity at the iGT / NTS connection to meet its commercial gas allocations determined at this point (i.e. equal to its entry/exit gas flow measured at points of entry/exit on the iGT pipeline). | iGT (for this purpose a User of the NTS) incentivised (by Capacity Overruns) to procure entry or exit capacity at the iGT / NTS connection |
| **Entry Capacity Utilisation Measure** | Sum of gas measured at each of the Shipper's points of entry on the iGT Pipeline (regardless of net physical flow volume and direction at the iGT/NTS connection on that day) | Net physical flow volume and direction at the iGT / NTS connection for that day |
| **Exit Capacity Utilisation Measure** | Sum of gas measured at each of the Shipper's points of exit on the iGT Pipeline (regardless of net physical flow volume and direction at the iGT/NTS connection on that day) | |
| **Overruns** | Payable by Shipper for utilisation in excess of capacity | Payable by iGT for utilisation in excess of capacity |
| **Precedent** | IPs and Storage Connection Points (Shippers procure entry and exit capacity to cover entry and exit allocations regardless of net physical flow quantity and direction) | NTS Offtakes (Distribution Networks, i.e. Transporters, procure exit capacity to cover physical exit flows) |

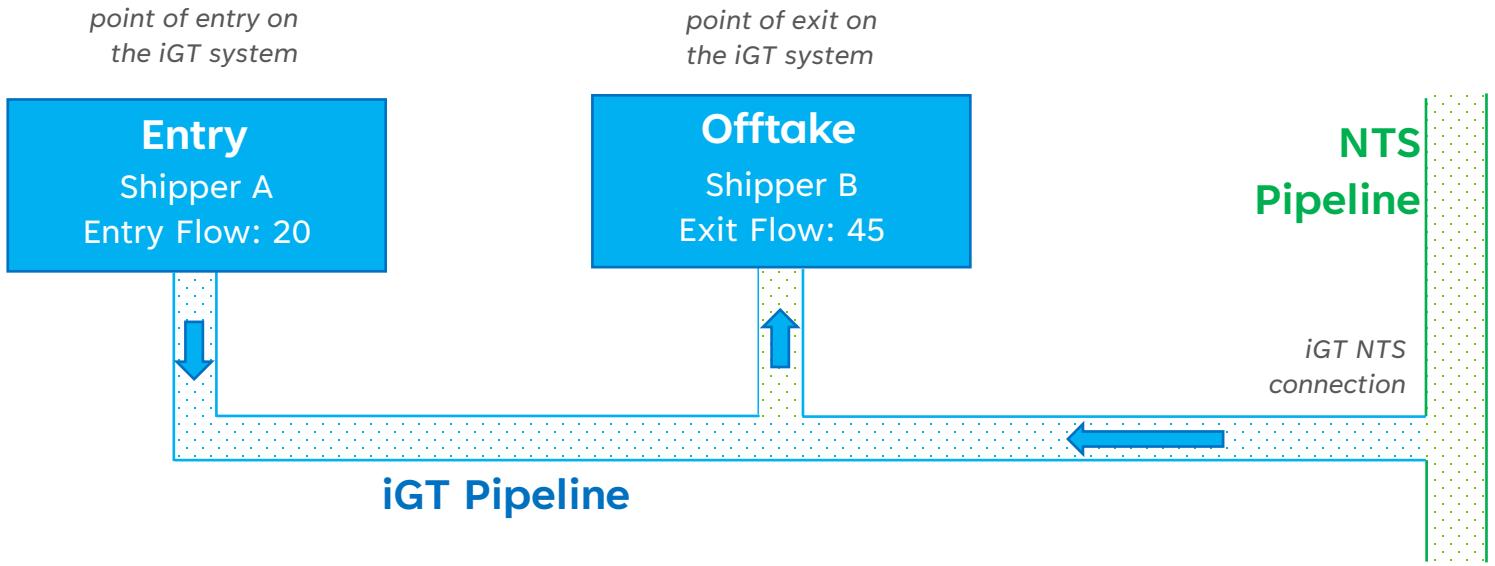
# Scenario A




| Party | Assumed Flow at iGT NTS Connection |
|---|---|
| Shipper A | 100 Entry |
| Shipper B | 15 Exit |
| Net physical | 85 Entry |

| Party | Option A: Capacity Available for Shippers | | Option B: Capacity Available for iGT | |
|---|---|---|---|---|
| | Capacity Overruns | Flow Based Charges | Capacity Overruns | Flow Based Charges |
| Shipper A | Entry Capacity < 100 | * 100 | None | * 100 |
| Shipper B | Exit Capacity < 15 | * 15 | None | * 15 |
| iGT | Not applicable | None | Entry Capacity < 85 | None |

# Scenario B




| Party | Assumed Flow at iGT NTS Connection |
|---|---|
| Shipper A | 20 Entry |
| Shipper B | 45 Exit |
| Net physical | 25 Exit |

| Party | Option A: Capacity Available for Shippers | | Option B: Capacity Available for iGT | |
|---|---|---|---|---|
| | Capacity Overruns | Flow Based Charges | Capacity Overruns | Flow Based Charges |
| Shipper A | Entry Capacity < 20 | * 20 | None | * 20 |
| Shipper B | Exit Capacity < 45 | * 45 | None | * 45 |
| iGT | Not applicable | None | Exit Capacity < 25 | None |

# Thank you

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