



Forecasted Contracted Capacity (FCC) Methodology Consultation Document

19 March 2021

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1 Executive Summary

This document is being issued by National Grid Gas plc (“National Grid”) in its role as holder of the Gas Transporter Licence (the “Licence”) in respect of the National Transmission System (NTS).

This consultation document sets out the Forecasted Contracted Capacity (FCC) Methodology which will be used to calculate the FCC in any future charge setting publications.

This consultation document contains:

- The approach and governance used to update the FCC;
- Industry engagement which has taken place;
- Proposed methodology
- Consultation Questions

The closing date for submission of your consultation responses is **30 March 2021**, however we welcome any responses ahead of this date.

2 Governance for updating the FCC Methodology

The FCC Methodology has been reviewed with industry at weekly Sub Workgroups since the 28 January 2021 until 18 March 2021.

This document is a consultation on the proposed changes to the FCC Methodology and will be consulted on in time for the final FCC Methodology to be published not less than 40 Business Days before the Transmission Services Capacity Reserve Prices are required to be published before the Annual Yearly Auction in July for the following Gas Year, as per UNC TPD Section Y 2.5.2.

An updated FCC Methodology is required to improve the current Methodology such that it can be applied to produce the FCC values used in setting the Entry and Exit Transmission Services Capacity Reserve Prices. We believe the changes needed are material enough to warrant industry development and consultation prior to its use in line with these UNC Obligations.

Governance Process for Final FCC	When
Issue FCC Methodology for Consultation	19 March 2021
Closing date for FCC Methodology Consultation responses	30 March 2021
Aim to publish a report on the responses plus issue the FCC Methodology	01 April 2021

3 Development and Engagement

On the 28 January 2021 the sub-group for FCC Methodology Review was set up where a Terms of Reference¹ was agreed. The review group is facilitated by National Grid NTS and is a forum to discuss the FCC Methodology and share ideas to shape the development.

At the NTS Charging Methodology Forum (NTSCMF) meeting on the 02 February 2021, the Sub Workgroup was discussed and mentioned that was open to anyone who wanted to attend and contribute. An email notice was issued via the Joint Office on 03 February 2021 to inform Users of the Sub Workshops and provide the opportunity to participate.

Since the first Sub Workgroup on the 28 January 2021, the Sub Workgroups have taken place weekly to help discuss and develop the FCC Methodology which will be used to establish the values of FCC for all Entry and Exit Points. These will be used as an input into the Postage Stamp (PS) model for setting of final Transmission Services Reference and Reserve Prices for the following Gas Year and the indicative Transmission Services Reference and Reserve Prices for future Gas Years.

The discussion in the Sub Workgroups have helped develop and check the logic of the FCC Methodology proposed to ensure that this is as accurate as possible, based on the information we have available ahead of the Gas Year it is applicable for.

During the discussions at Sub Workgroup the FCC Methodology was used with the latest available data which gave a decrease of approximately 18% for the Exit 2021/22 Gas Year FCC value compared to the 2020/21 Gas Year FCC value and a decrease of approximately 12% for the Entry 2021/22 Gas Year FCC value compared to the 2020/21 Gas Year FCC value.

In the below table this shows what was discussed at each of the Sub Workgroups including some indicative views on the FCC applying the proposed FCC Methodology:

January		February		March	
		04/02/2021	Current FCC Methodology	04/03/2021	Updates / FCCM Drafting
		11/02/2021	Exit draft (outline & summary)	11/03/2021	Updates / FCCM Drafting
		18/02/2021	Entry draft (outline)	18/03/2021	FCCM Final Text
28/01/2021	Sub Workgroup set up	25/02/2021	Entry Data / updated Exit		

¹ FCC Sub Workgroup Terms of Reference

In the below table contains the topics which were discussed at each Sub Workgroup and link to the documents discussed which provides a lower level of detail:

Date of Meeting	Topic Discussed	Name of document within https://www.nationalgrid.com/uk/gas-transmission/charging/gas-charging-discussion-gcd-papers
28 January 2021	Sub Workgroup Terms of Reference Current FCC Methodology used for final reserve prices for Gas Year 20/21 Timeline	FCC Sub Workgroup Terms of Reference FCC Methodology Subgroup Presentation 28.01.21
04 February 2021	National Grid Involvement Structure of Sessions Monthly Profiling of FCC Entry and Exit FCC per point Long Term and Short Term Bookings and User Commitment Metric used to set current FCC Comparison of all Metrics used	FCC Methodology Subgroup Presentation 03.02.21
11 February 2021	Timetable Exit FCC Overview Proposal High level numbers on Exit proposal	FCC Methodology Subgroup Presentation 11.02.21
18 February 2021	Timetable Recap of Exit FCC Proposal Reflections and amendments to Exit FCC Proposal Entry FCC Overview Proposal	FCC Methodology Subgroup Presentation 18.02.21
25 February 2021	Timetable Data for Exit FCC Proposal Data for Entry FCC Proposal	FCC Methodology Subgroup Presentation 25.02.21
04 March 2021	Timetable Data for Entry and Exit FCC Proposal given as pre read and discussion on the lower level data items Updated FCC Methodology Document from current version given as pre read for discussion	FCC Exit Methodology Draft Data Overview V1 FCC Exit Methodology Draft Data Model V1 Forecasted Contracted Capacity (FCC) Methodology v1.1 FCC Entry Methodology Draft Data Overview V1 FCC Entry Methodology Draft Data Model V1 FCC Methodology Subgroup Presentation 04.03.21
11 March 2021	Timetable Reflections on FCC proposal Additional changes made by National Grid FCC Methodology draft document	FCC Entry Methodology Draft Data Model V2 FCC Exit Methodology Draft Data Model V2 FCC Methodology Subgroup Presentation 11.03.21
18 March 2021	Timetable Updates on FCC Data proposals including updated overview documents and Entry	FCC Exit Methodology Draft Data Overview V2 FCC Entry Methodology Draft Data

	Monthly Data Model Updated FCC Methodology document	Overview V2 FCC Entry Methodology Draft Monthly Data Model V1 Forecasted Contracted Capacity (FCC) Methodology v1.2 FCC Methodology Subgroup Presentation 18.03.21
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4 Proposal

The FCC Methodology proposal is called Forecasted Contracted Capacity (FCC) Methodology v1.3 at: <https://www.nationalgrid.com/uk/gas-transmission/charging/gas-charging-discussion-gcd-papers> under the 2021 Forecasted Contracted Capacity (FCC) Methodology Consultation header or [Forecasted Contracted Capacity \(FCC\) Methodology v1.3](#)

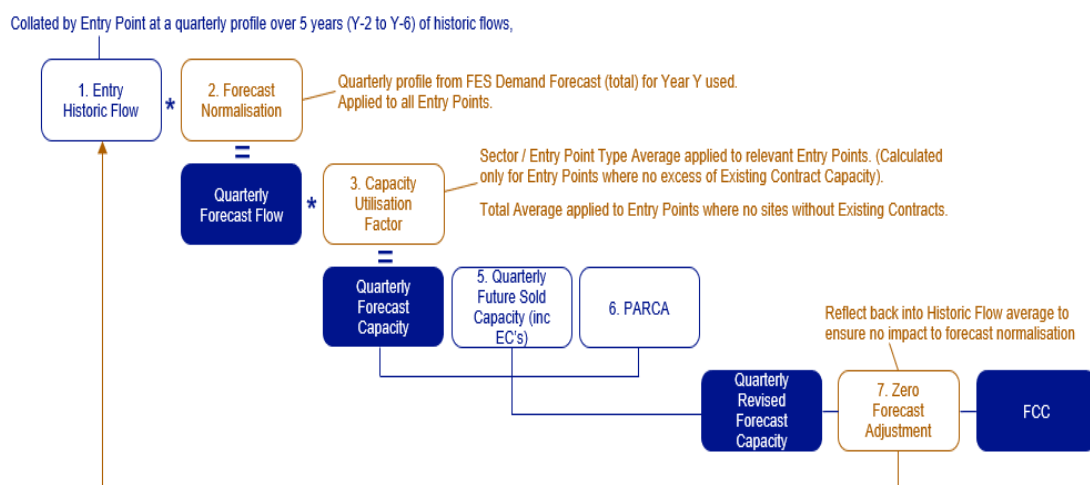
The proposal has been developed based on the discussion with industry parties and using the data which is available currently.

The key principals which make this FCC Methodology proposal more aligned to the way the NTS is accessed compared to the previous version of the FCC Methodology are:

- Historical flow data for previous Gas Years which will be normalised to the demand which is within the Future Energy Scenarios (FES) for applicable Gas Year.
- Utilisation of the capacity booking versus flows which are applicable for the new charging regime.
- Taking into account the different inputs and how they relate to what capacity might be booked but not using the maximum of the inputs.
- Entry data is on a monthly granularity to more accurately account for the profiles of Existing Contracts (ECs)².
- Within the FCC Methodology Proposal there is the ability to apply an exception and a requirement for transparency where used.

A more detailed view of the steps followed is provided, using the above principles, in the Entry and Exit flow diagrams below and in the FCC Methodology document referenced above.

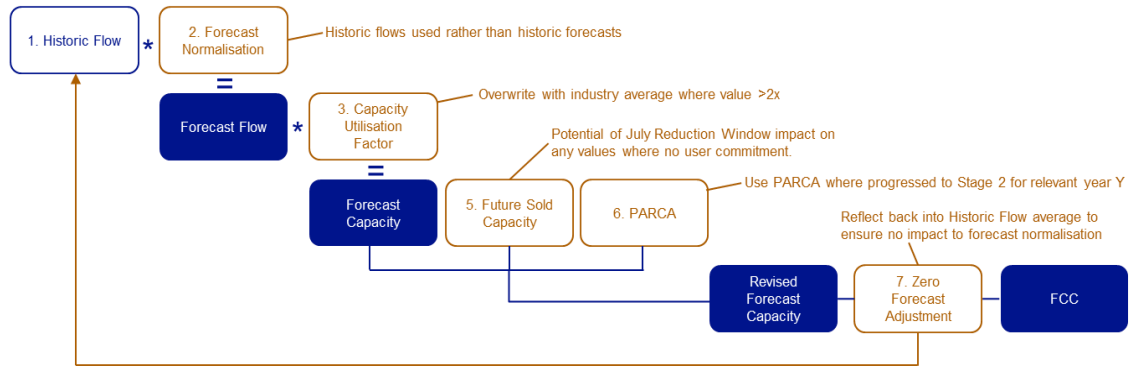
Entry Process Overview:



² Existing Contracts are only applicable at Entry.

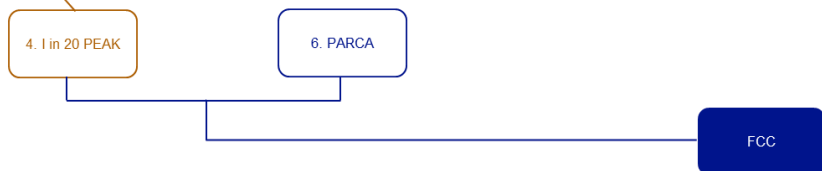
Exit Process Overview:

DC – Power Stations, DC – Industrials, Interconnectors, Storage Sites



GDNs

Application of GDN 1 in 20 PEAK Undiversified value for GDN forecast. Allocated by Exit Point via GDN Y Booking Profile,



5 Future Discussion Areas related to FCC Methodology

Within the Sub Workgroups there was some discussion areas which related to the FCC Methodology which will be looked at in more detail in the future:

- Utilisation – only have Winter under the current Charging Regime which was implemented by MOD0678A³ on 01 October 2020, this means at the moment will need to estimate Summer months. When have a full Gas Years would of data this could influence the utilisation for different months of the year but until have this data the predication on the utilisation of capacity is worked out based on the capacity data available at the time of producing the FCC.
- National Grid will continue to monitor the FCC as set via the FCC Methodology against the flow and actual capacity booking data which is seen in the applicable Gas Year.
- The FCC will be discussed at NTSMCF on an ongoing basis and if the anyone feels a review of the FCC Methodology could be required before the production of the next Gas Years Transmission Services Reserve Prices, this can be reviewed.
- GDN values are currently 1 in 20 Peak, when the new Exit Capacity Planning Guidance (ECPG) is embedded this will be assessed to see whether this could be used as an input into the FCC in future Gas Years.

³ <https://www.gasgovernance.co.uk/0678>

6 Questions for discussion and contacts

National Grid would welcome responses to the following questions, with any appropriate details:

Question 1: Do you support the use of the principles within the FCC Methodology?

Question 2: Do you agree that this FCC Methodology is an improvement on existing FCC Methodology which is in place currently?

As part of your responses to questions 1 and 2 above, it would be helpful to have views into whether this FCC Methodology if applied would give a capacity value in aggregate which more closely aligns to capacity bookings made on the NTS, particularly around Gas Year 2021/22.

The closing date for submission of your responses is **Tuesday 30 March 2021** Your response should be e-mailed to:

box.gsoconsultations@nationalgrid.com

If you wish to discuss any matter relating to this FCC Methodology please contact Laura Johnson (laura.johnson@nationalgrid.com) or Colin Williams (colin.williams@nationalgrid.com).

Responses to this consultation will be made available on our website, if you wish your response to be treated as confidential then please mark it clearly to that effect.

We welcome any responses ahead of the closing date of **30 March 2021** and will only publish non-confidential responses once the closing date has passed.

7 Next Steps

Following receipt of the responses to this consultation National Grid will publish a report and issue a revised FCC Methodology that will be used for setting the FCC going forward. The Sub Workgroups that we have used to support development will continue so that the application of this FCC Methodology can continue to be discussed in the period up to finalising the FCC for the purposes of setting the Entry and Exit Transmission Services Capacity Reserve Prices.