Energy Balancing Charges

national grid

Introduction

National Grid has a responsibility to keep the physical system within safe operating limits. For further information regarding the role of National Grid, including acting as residual balancer, please refer to the following information:

- The System Management Principles Statement (SMPS) provides details of the tools which are available to National Grid
- Information regarding balancing actions is presented at the Operational Forum
- Details on System Operator (SO) Incentives

The Shipper Community have a financial responsibility to balance with incentives via **Imbalance Charges** and **Scheduling Charges**. Charges are based on Gemini data and invoiced in accordance with UNC TPD Section S.

Imbalance Charges (Cashout)

What are they?

Imbalance charges are based on what is actually brought into and offtaken from the system: Inputs and Outputs.

> **UNC Reference:**
>
> **TPD Section E 5.1 ,**
> **TPD Section F 2**

Inputs: Trades buy, Entry Allocations (e.g. terminals, storage withdrawals)
Outputs: Trades sell, Output Allocations (e.g. storage injections, DM/NDM supply points)

How are they calculated?

Charges are calculated based on the difference between Inputs and Outputs

Inputs = Outputs : No Imbalance
Inputs > Outputs = Positive Imbalance (Over Delivery)
Inputs < Outputs = Negative Imbalance (Under Delivery)

The under or over delivered gas is deemed to have been bought or sold by National Grid for use in the system. The charges are calculated using System Marginal Prices for the Gas Day:

Positive Imbalance: System Marginal Sell Price
Negative Imbalance: System Marginal Buy Price

Scheduling Charges

What are they?

Scheduling charges are based on what shippers say will be brought into and offtaken from the system.

<table>
<tr><td>UNC Reference:

TPD Section F 3</td></tr>
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Shipper **nominations** indicate where gas will be input or offtaken, this is compared to the actual quantity which flowed (**allocations**). Note that charges are based on nominations which are in scheduled status within Gemini. Input (Entry) and Output (Exit) Scheduling are calculated independently.

How are they calculated?

Input Scheduling Quantity = Input Nominations-Input Allocations

Note that nominations and allocations at Sub Terminal level are aggregated up to Terminal level.

Tolerances are applied to the nominations when charges are calculated:

Nomination Tolerance	Quantity	Scheduling Charge
First **3%** of nomination	Deadband	No charge
3-5%	First Chargeable Input Scheduling Quantity	Quantity multiplied 2% of the System Average Price for the Gas Flow Day
5% +	Second Chargeable Input Scheduling Quantity	Quantity multiplied 5% of the System Average Price for the Gas Flow Day

Output Scheduling Quantity = Output Nominations - Output Allocations

The tolerances applied to Output charges vary based upon the Supply Point.

Supply Point/Group	Tolerance
DMC Supply Point	25%
VLDMC or CSEP	3%
Firm Supply Point Group	20%
Interruptible Supply Point Group	25%

Output Scheduling Charges will be calculated for any Output Scheduling Quantity in excess of the tolerance. All Output Scheduling Charges are determined as the quantity multiplied by **1%** of the System Average Price for the Gas Flow Day