

Long Term Non Firm Capacity Update



2nd May 2013

Recap

- Long Term Non Firm Capacity will allow new connections and existing site expansions access to the NTS ahead of timescales for the associated firm incremental capacity delivery.

- Would provide greater certainty for customers, for example
 - Where a customer has significantly progressed their project and NTS connection is ready, but firm capacity delivery is beyond the first potential gas flow date
 - Where a customer project is ready ahead of schedule
 - Where a customer project doesn't need planning consent so timescales are potentially misaligned

Progress

- Based on feedback at a previous workgroup, 2 options were considered appropriate for further development
 - Option A: Long Term Interruptible Entry / Off-peak Exit Capacity
 - Option B: Non-obligated Firm Entry/Exit Capacity with associated Buyback Option for the same quantity
- Systems impacts have since been investigated with Xoserve
 - Option A: New functionality required for Exit Solution (*Costs Ranging from £750k to £1.1m*)
 - Option B: No system changes required (but some confidence testing may be required)
- National Grid NTS are therefore proposing to take forward Option B and have developed a draft UNC modification on this basis

Draft Modification – Key Elements

- Where a User has provided an appropriate signal for (or has reserved) Incremental NTS Entry/Exit Capacity they will be eligible to submit a request for Long Term Non Firm Capacity for a period in advance of their Firm Capacity Effective Date
 - Made available for Gas Years Y and Y+1, in monthly blocks via an annual ad-hoc process
 - Released as Non-Obligated Firm Capacity with a buyback option for all days on which capacity is held
 - Price:
 - Capacity fixed price as per the MSEC reserve price (entry) or the actual price (exit) for the relevant gas year and location.
 - Buyback Price = the price paid for the capacity.
- The User will be required to buy any available unsold capacity at the relevant Entry / Exit point to meet their capacity requirements prior to the release of Long Term Non Firm Capacity

Likelihood of Buyback

- NG NTS has considered providing indicative Likelihood of Buyback information to Users who request LTNF capacity
- Likelihood of Buyback is dependent on quantity of capacity / flow, forecast / actual supply & demand patterns including interacting ASEPs / Exit Points, Assured / Agreed Pressures with DNOs etc
- Many factors upon which NG NTS has no control and hence makes providing Likelihood of Buyback information difficult
- We believe that it would be beneficial for discussions surrounding indicative Likelihood of Buyback to be held on a bi-lateral basis with the relevant User, following a request for LTNF capacity and welcome your views on this

Next Steps

- NG NTS intends to submit a Modification to the May Mod Panel to be sent for further development at Transmission Workgroup
 - The modification is not dependent on Mod 0452 - Introduction of the Planning and Advanced Reservation of Capacity Agreement (PARCA)