



Impact of UNC0230 on NTS Pricing

Gas TCMF

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Background

UNC Modification Proposal 0230 covers three proposed changes to the UNC:

- 1. Moving the QSEC auction to March;**
- 2. Moving the AMSEC auction to June; and**
- 3. Changing the definition of Capacity Year (to 1st Oct ► 30th Sep)**

The Proposal;

- ◆ Leads to capacity being released at the start of the winter period, when flows increase;
- ◆ Provides increased certainty of timely delivery of Incremental NTS Entry Capacity signaled in the QSEC auction, as National Grid NTS would be able to make full use of the final summer build period immediately prior to the capacity delivery date for construction activities

Presentation seeks to demonstrate application of the charging methodology if the proposal is implemented

Comparison of UNC 0230 & UNC 0230A

UNC proposal 0230 1st April 2009 Implementation leads to the following auction timeline;

- ◆ February 2009 AMSEC (as per current UNC arrangements)
- ◆ **June 2009 AMSEC (and annually, thereafter)**
- ◆ March 2010 QSEC (and annually, thereafter)

Alternative UNC proposal 0230 1st March 2010 implementation leads to the following auction timeline;

- ◆ February 2009 AMSEC (as per current UNC arrangements)
- ◆ **September 2009 QSEC (as per current UNC arrangements)**
- ◆ **February 2010 AMSEC (as per current UNC arrangements)**
- ◆ March 2010 QSEC (and annually, thereafter)
- ◆ June 2010 AMSEC (and annually, thereafter)

Charging Consequences

No changes to the charging methodology have been identified as being required as a consequence of UNC0230.

- ◆ Timings do not adversely impact the availability of information regarding setting of the TO Entry Commodity charge
- ◆ As Entry prices are not adjusted for allowed revenue, the change to the capacity year has no impact on under/over recovery

Under the prevailing arrangements

- ◆ network models are produced in the June of calendar year N for gas years N, N+1 and N+2. All 3 years are required for AMSEC

Under the revised arrangements

- ◆ network models would need to be produced for gas years N and N+1 only by the April of calendar year N for the AMSEC
- ◆ the network model for gas year N+2 would need to be produced by January N.
- ◆ The network model for gas year N may need to be updated prior to notice of exit prices (only) 2 months ahead of 1st October to ensure the most up to date capacity data (May) is used.

Revised Charging Timeline* & Transportation Models

Auction	Date Held	Gas Day - Capacity Allocation		Gas Year Modelled
		From	To	
QSEC	March [N]	1 Oct [N+1]	30 Sep [N+2]	N+2
		1 Oct [N+2]	30 Sep [N+3]	N+2
		1 Oct [N+3]	31 Sep [N+17]	N+2
MSEC	June [N]	1 Oct [N]	30 Sep [N+1]	N
		1 Oct [N+1]	31 Sep [N+2]	N+1
RMTTSEC	Sep [N] to Aug [N+1]	1 Oct [N]	30 Sep [N+1]	N
DSEC (Day Ahead)	30 Sep [N] to 29 Sep [N+1]	1 Oct [N]	30 Sep [N+1]	N
DSEC (Within Day)	1 Oct [N] to 30 Sep [N+1]	1 Oct [N]	30 Sep [N+1]	N

*** Table 1 from the NTS Charging Methodology will be updated accordingly should UNC 02230 or 0230A be implemented.**

UNC0230A Charging Timeline & Transportation Models

Auction	Date Held	Gas Day - Capacity Allocation		Gas Year Modelled
		From	To	
QSEC	March 2010	1 Oct 2011	30 Sep 12	2012/13
		1 Oct 2012	30 Sep 13	2012/13
		1 Oct 2013	31 Sep 27	2012/13
MSEC	June 2010	1 Oct 2010	30 Sep 2011	2010/11
		1 Oct 2011	31 Sep 2012	2011/12

UNC0230 Charging Timeline & Transportation Models

Auction	Date Held	Gas Day - Capacity Allocation		Gas Year Modelled
		From	To	
MSEC	June 2009	1 Oct 2009	30 Sep 2010	2009/10
		1 Oct 2010	31 Sep 2011	2010/11
QSEC	March 2010	1 Oct 2011	30 Sep 12	2012/13
		1 Oct 2012	30 Sep 13	2012/13
		1 Oct 2013	31 Sep 27	2012/13
MSEC	June 2010	1 Oct 2010	30 Sep 2011	2010/11
		1 Oct 2011	31 Sep 2012	2011/12