Credits for Entry Points with Negative LRMCs: Comparison with Constrained LNG & Electricity Negative Generation Charges

Gas TCMF

8th April 2008

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Actions from February TCMF

- Overview of
  - CLNG Arrangements
  - Electricity Negative Generation Charges

- …for comparison with Entry points with negative LRMCS

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Constrained LNG

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Overview

- Constrained LNG Facilities are situated on the parts of the NTS most remote from the beach terminals.
- Shippers booking the constrained LNG service agree to ensure the continuing availability of transmission support gas throughout the winter period on behalf of National Grid.
- All constrained LNG sites provide a transmission benefit that is effectively in lieu of further investment on the pipeline system. It is therefore appropriate that a credit is offered to reflect the benefit obtained.
- The credit is based upon the exit capacity charge of the exit zone or zones supported by the CLNG site and the volume of deliverability required.
- In 2008/09 a constrained firm service is required at Avonmouth only.

Constrained Storage Statement

- National Grid NTS will, not later than 1 March before the start of such Storage Year, publish a document (the "**Constrained Storage Statement**") containing the following details for each Constrained Storage Facility:
  - the "**Constrained Point(s)**", being a point or points on the NTS as identified by National Grid NTS;
  - the rate of flow ("**Constrained Threshold Demand Flow**") at a Constrained Storage Point at which National Grid NTS may make Constrained Storage Renominations* in respect of the relevant Constrained Storage Facility;
  - the Capacity Charges for NTS Entry Capacity at the relevant Storage Connection Point; and
  - a percentage requirement for each Week in the Winter Period i.e. the quantity required to be constrained will decline as the end of the winter approaches

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**** i.e. require Users to make storage withdrawals***

Minimum Inventory

- Users who book the Constrained LNG storage service agree to provide transmission support gas to National Grid on days of very high demand.
- Users also agree to retain a minimum inventory level of gas in store so that transmission support gas is available all winter
- On each Day in each week in the Winter Period, a User's gas-in-storage in each Constrained Storage Facility shall not be less than the Weekly Minimum Requirement.

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Threshold Demand Flow

- Each User holding Storage Space in a Constrained Storage Facility authorises National Grid NTS to make an Input Nomination* ("Constrained Storage Renomination"**) in respect of the relevant Storage Connection Point on behalf of the User

- National Grid may make Constrained Storage re-nominations in respect of a Constrained Storage Facility in respect of any day when the forecast flow at the relevant Constrained Point exceeds the Constrained Threshold Flow

- **** Storage withdrawal nomination***
- ***** i.e. require Users to make storage withdrawals***

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Users' Input Nominations

- Where at any time in the Winter Period a User's gas-in-storage in a Constrained Storage Facility is for the time being less than the Weekly Minimum Requirement (whether or not as a result of any Constrained Storage Renomination), the User may not make any Input Nomination in respect of the relevant Storage Connection Point for the relevant Constrained Storage Facility; but National Grid NTS may continue to make Constrained Storage Renominations

- ***i.e. Users cannot withdraw their gas, unless directed to do so by National Grid, when the storage stock is below the constrained monitor***

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Constrained LNG Credit

- In recognition of the transmission support obligations, Users who book the Constrained LNG storage service receive a transportation credit from National Grid. This reflects the saved investment in the pipeline system.
- The credit is based upon the exit capacity charge of the exit zone or zones supported the by the CLNG site and the volume of deliverability required.
- The credit is subtracted from the price of deliverability for the storage service

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Credit Calculation

Constrained LNG Credits as at 1 May 2008

		Avonmouth
Total Space	Gwh	876.100
Operating Margin Space	Gwh	0.000
Period of Actual Deliverability	Days	5.60

		Avonmouth
Total Deliverability per day	Gwh/d	156.446
Operating Margin	Gwh/d	0.000
Deliverability available	Gwh/d	156.446
Space Monitor Requirement	Gwh	64.700
Forecast Maximum Duration	Days	3.0
Average Deliverability required	Gwh/d	21.567
Av CLNG as % of Available after OM		13.8%
FWA Exit Charge	p/pdkwh/d	0.0230
CLNG Credit 1 May 2008	p/pdkwh/d	**-0.0032**

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Electricity Negative Generation Charges

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Overview

- The Chargeable Capacity for Power Stations and Interconnectors situated in negative charging zones is the average of the capped metered volumes during the three settlement periods, for the Power Station or interconnector (i.e. the sum of the metered volume of each BM Unit associated with Power Station in Appendix C of its Bilateral Agreement) or Interconnector.
- A Power Station or Interconnector should not exceed its TEC as to do so would be in breach of the CUSC, except where it is entitled to do so under the specific circumstances laid out in the CUSC (e.g. where a User has been granted Short Term Transmission Entry Capacity).
- If TEC is exceeded, the metered volumes would each be capped by the TEC for the Power Station or Interconnector applicable for that Financial Year.

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Settlement Periods

- The three settlement periods are those of the highest metered volumes for the Power Station or Interconnector and the two half hour settlement periods of the next highest metered volumes which are separated from the highest metered volumes and each other by at least 10 Clear Days, between November and February of the relevant Financial Year inclusive. These settlement periods do not have to coincide with the Triad.