



# Impact of UNC 0230 & 0230AV on NTS Pricing

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**Gas TCMF**

**5<sup>th</sup> February 2009**

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# Background

**UNC Modification Proposals 0230 & 0230AV cover three proposed changes to the UNC:**

- 1. Moving the QSEC auction to March;**
- 2. Moving the AMSEC auction to June (0230 only) or shortening the transaction period to 18 months (0230AV only); and**
- 3. Changing the definition of Capacity Year (to 1<sup>st</sup> Oct ► 30<sup>th</sup> Sep)**

## **The Proposals;**

- ◆ Lead 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

**This updated presentation seeks to demonstrate application of the charging methodology if either proposal is implemented in light of the variation request UNC0230AV**

# Comparison of UNC 0230 & UNC 0230AV Timelines

## UNC proposal 0230 1<sup>st</sup> 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)

## UNC proposal 0230AV 1<sup>st</sup> February 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 (and annually, thereafter with a 18 month transaction period)**
- ◆ March 2010 QSEC (and annually, thereafter)

# Charging Consequences (General)

**No changes to the charging methodology have been identified as being required as a consequence of UNC0230 or 0230AV.**

- ◆ 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
- ◆ Reducing the transaction period for the AMSEC to 18 months would stop overlap with the QSEC and hence would stop different prices applying for the same period

**For March QSEC we would expect a Licence change for the IECR annual review date**

## **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

# Charging Methodology Application (0230 & 0230AV)

## Under the proposed 0230 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 1<sup>st</sup> October to ensure the most up to date capacity data (May) is used.

## Under the proposed 0230AV arrangements

- ◆ Network models would need to be produced in the **July** of calendar year N for gas years N and N+1. Both years are required for AMSEC
- ◆ the network model for gas year N+2 would need to be produced by January N.

# 0230AV 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+16]	N+2
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
AMSEC	February [N+1]	1 April [N+1]	30 Sep [N+1]	N
		1 Oct [N+1]	31 Sep [N+2]	N+1

**\* Table 1 from the NTS Charging Methodology will be updated accordingly should UNC 02230AV be implemented.**

## 0230 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+16]	N+2
AMSEC	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 0230 be implemented.**

# UNC0230AV Charging Timeline & Transportation Models

Auction	Date Held	Gas Day - Capacity Allocation		Gas Year Modelled
		From	To	
AMSEC	February 2010	1 Apr 2010	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 26	2012/13



# UNC0230 Charging Timeline & Transportation Models

Auction	Date Held	Gas Day - Capacity Allocation		Gas Year Modelled
		From	To	
AMSEC	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 26	2012/13
AMSEC	June 2010	1 Oct 2010	30 Sep 2011	2010/11
		1 Oct 2011	31 Sep 2012	2011/12