

Gas  
Transmission

# Forecasted Contracted Capacity Workshop

04 February 2021

nationalgrid



# Agenda

- **National Grid involvement**
- **Structure for the weekly sessions**
- **Reflections from previous session**
- **Updates from previous session**
- **Looking ahead and key deliverables**

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# Forecasted Contracted Capacity Workshop

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# Who's involved from National Grid

Colin Williams

Commercial Codes Change Manager

Laura Johnson

Code Change Lead

Dan Hisgett

Code Change Lead

Dave Bayliss

Senior Revenue Analyst

Bradley Charles

Senior Capacity and Strategy Development Analyst

Kieran McGoldrick

Revenue & Incentive Analyst

## General Questions

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General Regulatory Change Queries

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General Charging Queries

[box.NTSGasCharges@nationalgrid.com](mailto:box.NTSGasCharges@nationalgrid.com)

General Capacity Queries

[box.capacityauctions@nationalgrid.com](mailto:box.capacityauctions@nationalgrid.com)

# Structure for the weekly sessions

- So we do not have an unknown set of material until each workshop, useful to propose how we could run and organise these sessions.
- After each workshop, to those that attend, NG will share a short summary of the main topics discussed in that week and what we believe is achievable for the following workshop where the actions fall on National Grid.
- For any input between meetings from Stakeholders, any contributions or views can be shared direct to National Grid (confidentially if appropriate)
- We will keep an agenda item specifically on the methodology progress every other workshop to keep on track for its updating
- Throughout we welcome any input to maintain progress in these workshops. If there are any questions in between workshops share with National Grid ahead of the workshop to support us keeping to an agenda

# Discussions and reflections from previous session

## High level overview of what was discussed:

- What amount of discretion is permissible needs to be thought about and agreed
- How the DN Licence feeds into the calculations and will this change as part of RIIO T2 and impacts particularly on the first year. Is there is any cross over to GDNs capacity bookings and the FCC, as they plan for 21/22 and beyond.
- How the monthly phasing of FCC is applied and that this is applied based on whole system and not at a Site or Site type level, this could give some differences in values over the different months
- Existing Contracts these values are high over this gas year but will be tailing off in future years which could change behaviours
- Some Exit Capacity has user commitment so that could be why some sites or types of sites are booking more than they flow
- Power market could have an influence on bookings which could change on a daily basis and Users could be getting used to trying to balance the risk of overbooking with not being able to flow
- When the Revenue Recovery Charge comes in from 01 Feb 2021 this will have an impact on the behaviour of Users
- Will only have data for Winter period when setting the new FCC and prices applicable from 01 Oct 2021, need to take this into account and look at how would forecast the Summer even though no data under new regime.
- Shape and bookings needs to be looked at over the year as some sites will have different usage and booking patterns than others
- Other countries will have different ways of forecasting, is any information available that we could consider
- Welcome views in Workgroup's but also confidential to NG if more appropriate on specific inputs

# Actions from previous session

Action Number	Detail	Latest update	Proposed delivery	Complete
FCC 1	Phasing of the FCC calculation and what was done		04/02/21	Yes
FCC 2	Exit for DC split this down to PG and IND		04/02/21	Yes
FCC 3	For Entry and Exit what values are LT/Enduring and what ST on capacity booked		04/02/21	Yes
FCC 4	Exit Capacity which has user commitment versus what doesn't have user commitment		04/02/21	Yes
FCC 5	Previous flows seen over 5 years – how does this align to FCC		11/02/21	No
FCC 6	What value was used for the FCC at different sites		04/02/21	Yes
FCC 7	Of the 4 values which were inputs into the FCC what is closest to the actual bookings have seen		04/02/21	Yes
FCC 8	If took an average value of the inputs into FCC what would FCC have been		04/02/21	Yes
FCC 9	What is used in other markets?		18/02/21	No
FCC 10	Contact GDN's and see if there is any cross over to their capacity bookings planned for 21/22	Invite for meeting sent to industry	18/02/21	No

# Action FCC 01 - Monthly Profiling Of FCC

- **FCC calculated at an annual level**
  - **In order to be able to compare capacity bookings vs forecast for a YTD / Monthly position, the FCC needs to be profiled across the year.**
- **Done by calculating a forecast capacity profile, based on a combination of:**
  - **Total capacity allocated by month across a previous year**
  - **FCC data by broken down by month, where available**
  - **Forecast flow data**

**This phasing then applied to the annual FCC values to provide a winter/summer monthly weighting to forecast expected capacity volumes**

	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>
Entry	8.93%	8.90%	9.30%	10.38%	9.26%	9.99%	7.48%	7.23%	7.16%	7.25%	7.12%	6.99%
Exit	8.73%	8.39%	8.67%	8.67%	8.19%	8.77%	7.80%	8.23%	8.02%	8.25%	8.24%	8.06%



## Action 2 - Entry FCC by Entry Point (no change from last meeting)

	Oct 20				Nov 20				Dec 20			
	Capacity Utilisation (Booked v Flow)	Proportion of FCC Forecast Booked	Proportion of FCC that is EC	Proportion of Capacity Booked that is EC	Capacity Utilisation (Booked v Flow)	Proportion of FCC Forecast Booked	Proportion of FCC that is EC	Proportion of Capacity Booked that is EC	Capacity Utilisation (Booked v Flow)	Proportion of FCC Forecast Booked	Proportion of FCC that is EC	Proportion of Capacity Booked that is EC
STORAGE	3%	90%	89%	98%	6%	88%	86%	98%	7%	87%	85%	98%
INTERCONNECTOR	80%	68%	57%	85%	72%	75%	56%	74%	95%	121%	55%	46%
BEACH TERMINAL	87%	85%	56%	65%	88%	83%	54%	66%	92%	88%	54%	61%
ONSHORE FIELD	66%	53%	53%	100%	53%	52%	52%	100%	56%	51%	51%	100%
BIO METHANE PLAN	27%	95%	0%	0%	28%	92%	0%	0%	20%	91%	0%	0%
LNG	17%	119%	119%	100%	31%	117%	115%	99%	40%	114%	114%	100%
<b>TOTAL</b>	<b>45%</b>	<b>94%</b>	<b>79%</b>	<b>79%</b>	<b>50%</b>	<b>92%</b>	<b>77%</b>	<b>84%</b>	<b>57%</b>	<b>95%</b>	<b>76%</b>	<b>80%</b>

## Action FCC 2 - Exit FCC by Entry Point – DC by PG & IND

	Oct 20		Nov 20		Dec 20	
	Capacity Utilisation (Booked v Flow)	Proportion of FCC Forecast Booked	Capacity Utilisation (Booked v Flow)	Proportion of FCC Forecast Booked	Capacity Utilisation (Booked v Flow)	Proportion of FCC Forecast Booked
DC – PG	61%	70%	64%	71%	66%	75%
DC – IND	80%	103%	72%	71%	74%	73%
GDN	35%	96%	44%	97%	55%	98%
INTERCONNECTOR	78%	44%	84%	47%	91%	49%
STORAGE	51%	62%	39%	45%	31%	43%
<b>TOTAL</b>	<b>43%</b>	<b>86%</b>	<b>49%</b>	<b>84%</b>	<b>58%</b>	<b>85%</b>

## Action FCC 3 - Long Term and Short Term Bookings - Entry

For the period Oct 2020 – Dec 2020 looked at the percentage of capacity which was booked Long Term and Short Term for Entry Site Types.

Entry Site Type	Oct 2020 - Dec 2020	
	Long Term percentage of total capacity booked	Short Term percentage of total capacity booked
BEACH TERMINAL	65%	35%
BIOMETHANE PLANT	100%	0%
INTERCONNECTION POINT	64%	36%
LNG IMPORTATION TERMINAL	99%	1%
ONSHORE FIELD	97%	3%
STORAGE SITE	100%	0%
Total	83%	17%

## Action FCC 3 - Long Term and Short Term Bookings - Exit

For the period Oct 2020 – Dec 2020 looked at the percentage of capacity which was booked Long Term and Short Term for Exit Site TTypes.

	Oct 2020 - Dec 2020	
Exit Site Type	Long Term percentage of total capacity booked	Short Term percentage of total capacity booked
DC - PS	50%	50%
DC - IND	79%	21%
GDN	100%	0%
INTERCONNECTOR	93%	7%
STORAGE SITE	56%	44%
Total	89%	11%

# Action FCC 4 - User Commitment - Exit

For the months the current user commitments:

Month	User Committed Amount start date (kWh/d)	Enduring Booked Capacity (kWh/d)	Percentage of Enduring Booked Capacity which is User Committed
Oct-21	610,574,032	4,727,165,491	13%
Oct-22	242,645,203	4,710,202,465	5%
Oct-23	222,172,967	4,711,269,897	5%
Oct-24	263,154,213	4,753,354,130	6%

## Points to Note:

- The start date of the commitment is when the increase starts and can last up to a max of 4 years
- Oct 21 booked capacity is still subject to change as the July window this year will allow users to decrease with effective from 1<sup>st</sup> Oct 21
- In certain circumstances, user commitment can be paid of early than 4 years which is depending on the price at the time of placing the increase and the actual price when the increase starts.

## Action FCC 6 - Entry – Metric used to Set FCC

ENTRY	Metric Used				
	Entry Sold (Historical)	Entry Flow (Historical)	Entry Flow (Forecast)	Existing Contract	PARCA
STORAGE	75%			25%	
INTERCONNECTOR	100%				
BEACH TERMINAL	66%		33%		
ONSHORE FIELD	100%				
BIOMETHANE					
LNG	50%			50%	

## Action FCC 6 - Exit – Metric used to Set FCC

EXIT	Metric Used				
	Exit Sold (Historical)	Exit Flow (Historical)	Exit Flow (Forecast)	PARCA	GDN Bookings
DC – PG	60%	33%	3%	5%	
DC – IND (*9% other)	65%	13%	13%		
GDN					100%
INTERCONNECTOR	66%	33%			
STORAGE	55%	45%			

# Action FCC 7 - Entry – Comparison of all Metrics – Oct – Dec 2020 Actuals

	Entry Sold (Historical)			Entry Flow (Historical)			Entry Flow (Forecast)			Existing Contract		
	Forecast	Variance to Actual	%	Forecast	Variance to Actual	%	Forecast	Variance to Actual	%	Forecast	Variance to Actual	%
STORAGE	133,266,456,328	1,810,157,907	-1%	9,639,331,653	-121,816,966,768	93%	950,826,317	-130,505,472,104	99%	143,093,281,905	11,636,983,484	-9%
INTERCONNECTOR	17,692,574,294	2,054,071,370	-13%	7,055,308,082	-8,583,194,842	55%	16,711,780,579	1,073,277,655	-7%	9,128,450,226	-6,510,052,698	42%
BEACH TERMINAL	187,938,941,802	-36,088,261,124	16%	189,912,100,752	-34,115,102,174	15%	184,977,433,802	-39,049,769,124	17%	100,734,033,445	-	55%
ONSHORE FIELD	1,479,470,420	709,025,804	-92%	1,212,644,963	442,200,347	-57%	0	-770,444,616	100%	706,677,663	-63,766,953	8%
BIO METHANE PLAN	0	-46,000,000	100%	0	-46,000,000	100%	0	-46,000,000	100%	0	-46,000,000	100%
LNG	110,678,287,463	-38,611,676,537	26%	41,146,016,644	-108,143,947,356	72%	19,888,613,616	-129,401,350,384	87%	128,025,991,631	-21,263,972,369	14%
<b>TOTAL</b>	<b>451,055,730,306</b>	<b>-70,172,682,581</b>	<b>13%</b>	<b>248,965,402,094</b>	<b>-272,263,010,793</b>	<b>52%</b>	<b>222,528,654,314</b>	<b>-298,699,758,573</b>	<b>57%</b>	<b>381,688,434,871</b>	<b>-</b>	<b>27%</b>



# Action FCC 7 - Exit – Comparison of all Metrics Oct – Dec 2020 Actuals

	Exit Sold (Historical)			Exit Flow (Historical)			Exit Flow (Forecast)			PARCA		
	Forecast	Variance to Actual	%	Forecast	Variance to Actual	%	Forecast	Variance to Actual	%	Forecast	Variance to Actual	%
DC – PG	80,623,926,707	-333,022,676	0%	56,155,054,519	-24,801,894,864	31%	27,691,350,925	-53,265,598,458	66%	9,578,034,353	-71,378,915,030	88%
DC – IND	18,559,341,540	2,078,958,099	-13%	10,295,675,635	-6,184,707,806	38%	6,683,627,349	-9,796,756,092	59%	0	-16,480,383,441	100%
GDN	0	382,305,276,728	100%	0	382,305,276,728	100%	0	382,305,276,728	100%	0	-382,305,276,728	100%
INTERCONNECTOR	39,343,558,890	21,115,691,247	-116%	24,103,438,582	5,875,570,939	-32%	13,507,733,975	-4,720,133,668	26%	0	-18,227,867,643	100%
STORAGE	38,244,931,093	15,676,388,302	-69%	10,513,218,395	-12,055,324,396	53%	0	-22,568,542,791	100%	0	-22,568,542,791	100%
TOTAL	176,771,758,230		-28%	101,067,387,131		27%	47,882,712,248		65%	9,578,034,353		93%

## Action FCC 8 - Entry – Average of all available FCC Metrics

	YTD (Oct – Dec)			
	Av FCC (YTD)	Actual (YTD)	Variance (AV FCC – Actual)	%
STORAGE	143,095,392,641	131,456,298,421	11,639,094,220	8%
INTERCONNECTOR	12,647,028,295	15,638,502,924	-2,991,474,629	-24%
BEACH TERMINAL	167,021,321,142	224,027,202,926	-57,005,881,784	-34%
ONSHORE FIELD	1,132,931,015	770,444,616	362,486,399	32%
BIO METHANE PLAN	0	46,000,000	46,000,000	
LNG	128,025,991,631	149,289,964,000	-21,263,972,369	-17%
<b>TOTAL</b>	<b>451,922,664,724</b>	<b>521,228,412,887</b>	<b>-69,305,748,163</b>	<b>-15%</b>

- Greater taken of Average FCC calculated or Existing Contract Value  
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## Action FCC 8 - Exit – Average of all Available Metrics

	YTD (Oct – Dec)			
	Av FCC (YTD)	Actual (YTD)	Variance (AV FCC – Actual)	%
DC – PG	64,646,221,670	80,956,949,383	-16,310,727,713	-25%
DC – IND	12,564,419,860	16,480,383,441	-3,915,963,581	-31%
GDN	386,999,794,601	382,305,276,728	4,694,517,873	1%
INT	30,487,168,938	18,227,867,643	12,259,301,295	40%
STORAGE	26,489,825,042	22,568,542,791	3,921,282,251	15%
<b>TOTAL</b>	<b>521,187,430,109</b>	<b>520,539,019,986</b>	<b>648,410,123</b>	<b>0%</b>

# Questions / AOB



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