Gas Transmission

Forecasted Contracted Capacity Workshop

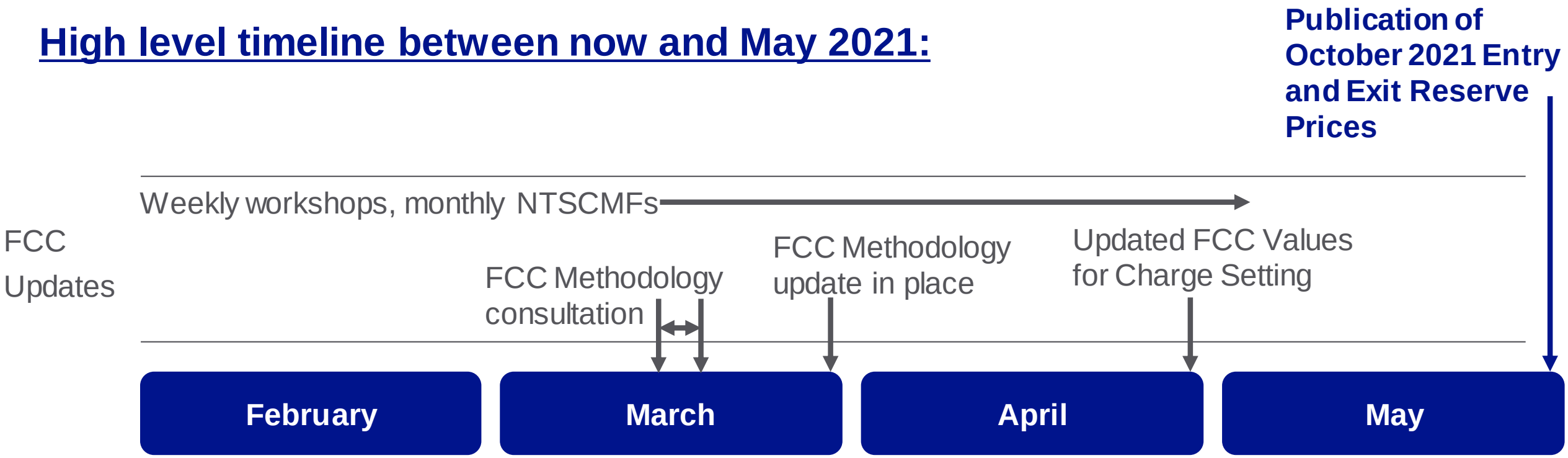
18 February 2021

nationalgrid

Agenda

- Timetable to follow – updates for awareness
- Reflections from discussion on 11th February
- Initial proposal for review
  - High level Entry overview & next steps on Entry

High level timeline between now and May 2021:

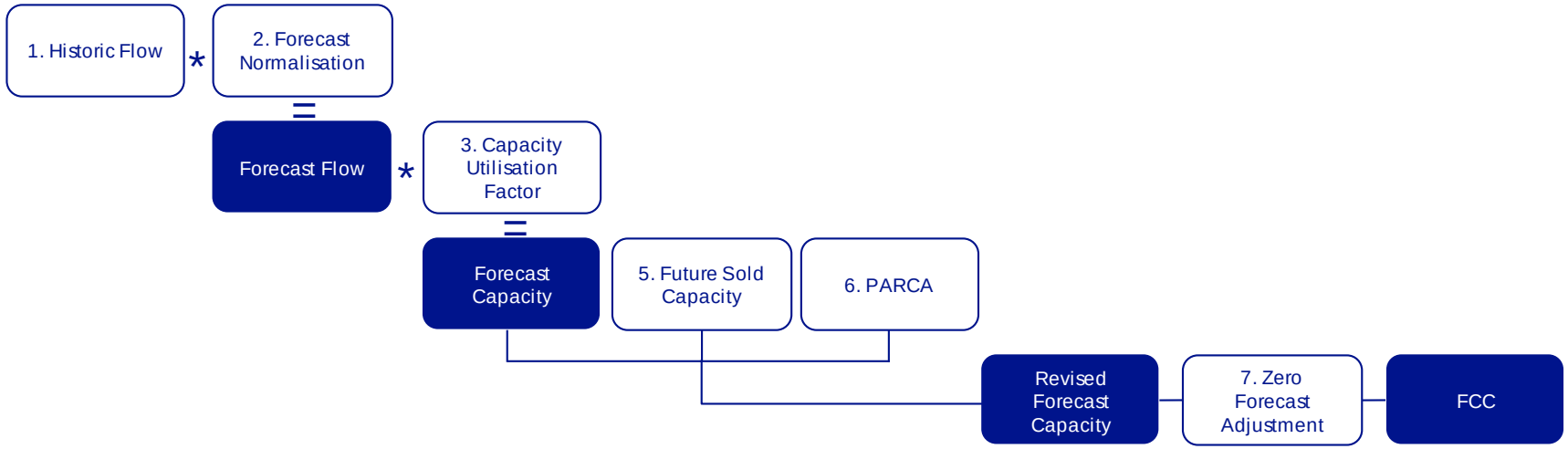


Workshop	Agenda	Workshop	Agenda	Workshop	Agenda
11/02/2021	Exit draft (outline & summary)	11/03/2021	Updates / FCCM Drafting	08/04/2021	Reviewing FCC in line with FCCM
18/02/2021	Entry draft (outline)	18/03/2021	FCCM Final Text	15/04/2021	Reviewing FCC in line with FCCM
25/02/2021	Entry Data / updated Exit	25/03/2021	Reviewing FCC in line with FCCM	22/04/2021	Reviewing FCC in line with FCCM
04/03/2021	Updates / FCCM Drafting	01/04/2021	Reviewing FCC in line with FCCM	29/04/2021	Finalising the FCC in line with the FCCM

Period ahead of consultation on Methodology to be used to produce the FCC	Period of applying the methodology to determine FCC

Draft Proposal – Exit FCC Methodology (as shown on 11th Feb)

DC – Power Stations, DC – Industrials, Interconnectors, Storage Sites



GDNs

Discussions and reflections from previous session

High level overview of what was discussed on 11th February:

- **Reviewed a suggested approach for Exit along with draft summary values following the steps given**
- **Gives the foundation needed to start drafting the FCC Methodology (FCCM)**
- **Feedback on the day plus some comments after the workshop**
  - Step 2: Use historic flows rather than historic forecasts in the normalisation tab
  - Step 3: Overwriting the utilisation factor with the industry average for all sites where the values was 2x or greater.
  - Step 5/6: Using the PARCA and Sold data for Gas Year Y for Future Variations
  - PARCAs that have progressed to Stage 2 for the relevant gas year (Y), value should be used
  - Sold capacity per Exit Point for Gas Year Y, should be assessed as could reduce in July window if no User Commitment
  - Application of the GDN 1 in 20 PEAK undiversified value for the GDN forecast for Y rather than Capacity Booked in Y-1
  - Analysis for the future gas years after Y, as FCC is for 5 years

High Level Overview of proposal for comment for Entry

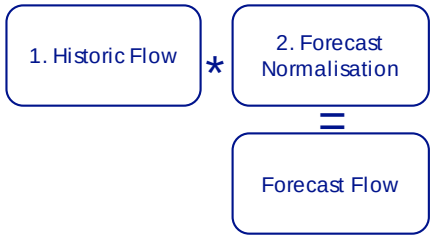
Approach is based on flows and capacity utilisation as key inputs following the Exit approach given on 11th February

Draft Proposal – Entry FCC Methodology

1. Historic Flow

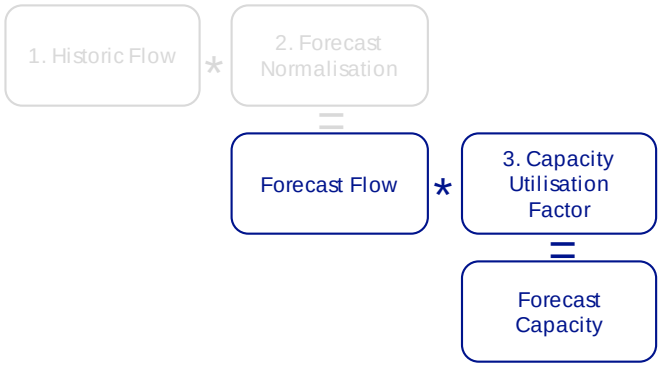
- Historic Flow data collated per Entry Point, for the previous 5 years, Y-2 to Y-6 per quarter
- Averaged to provide an Historic quarterly flow value per Entry Point.
- Divided by number of days in the quarter to provide a kWh/d value per Entry Point per quarter.

Draft Proposal – Entry FCC Methodology



- Previous 5 years (Y-2 to Y-6) worth of flows by Entry Point collected.
- Averaged to provide a quarterly forecast by Entry Point value.
- Disaggregate the FES forecast from annual value to quarterly value based on the historic flow.
- Divided by disaggregated quarterly FES forecast for year Y by Sector / Entry Point type, to calculate a normalisation value to reflect historic flow profiles into the latest supply value (applied per Sector / Entry Point Type)
- Historic Flow values per individual Entry Point multiplied by the applicable Sector / Entry Point type normalisation value to revise the forecast flow per site to reflect forecast supply for year Y.

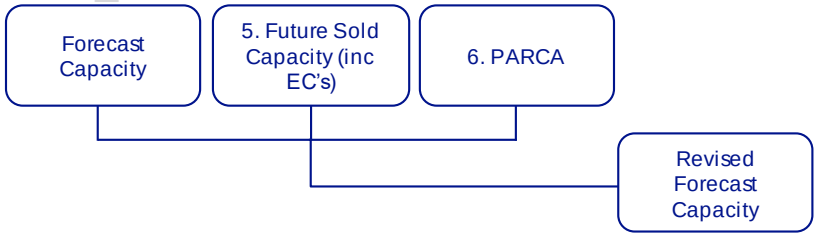
Draft Proposal – Entry FCC Methodology



- Capacity Utilisation factor per site* applied to the Forecast Flow per site to account for capacity purchases above flow levels and calculate the Forecast Capacity.
- Capacity utilisation calculated per site based on capacity bookings and flows:
  - Sum of capacity / Sum of flow
    - for October 2020 to January 2021 (4 months under the current regime)
- * Individual site capacity utilisation value reviewed for each individual site, and where deemed to be erroneous replaced in the calculations with the sector (Entry Point type) average.
  - This is due to some sites having high levels of capacity, but limited flows year to date which creates an artificially high Capacity Utilisation Factor.

Draft Proposal – Entry FCC Methodology

- The Forecast Capacity value has been calculated based upon historic data.

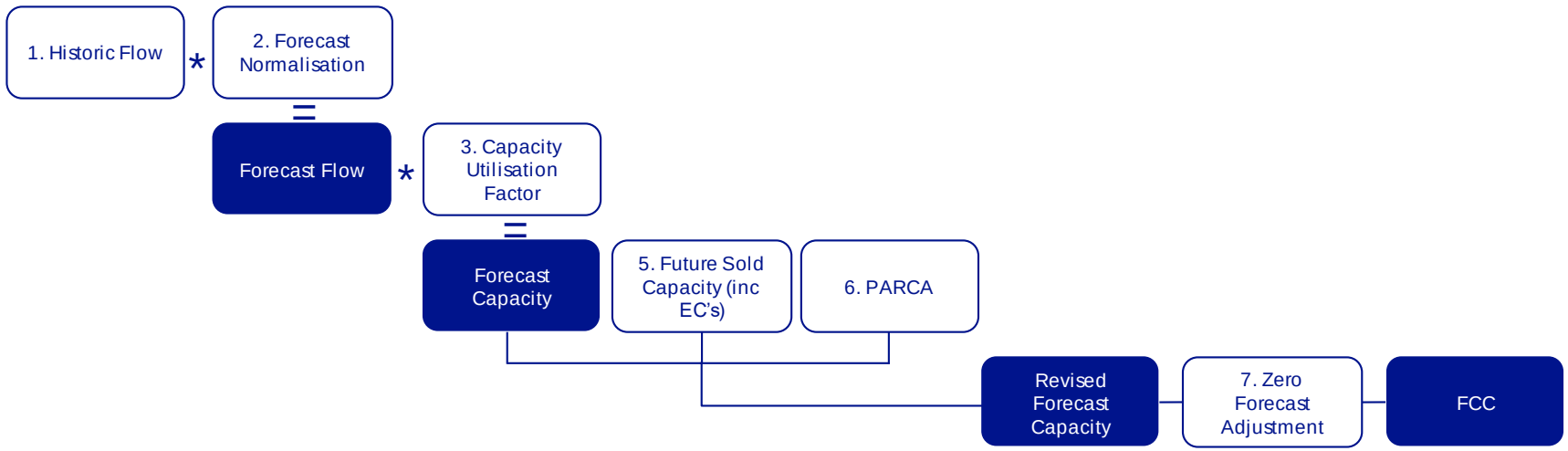


- In order to account for any known future variations, 3 other values are collected for each Entry Point and an assessment is made of which of the three values is used to set the Revised Forecast Capacity Value for each Point.
  - Sold Capacity per Entry Point for each quarter Gas Year Y.
  - Existing Contract (EC) Capacity per Entry Point for each quarter Gas Year Y.
  - PARCAs that have progressed to Stage 2 for the relevant gas year (Y).

Draft Proposal – Entry FCC Methodology

- One of the key drivers behind the setting of the Revised Forecast Capacity value is historic flows.
- An assessment is undertaken for each entry point of the metric being used for each point to set that sites Revised Forecast Capacity Value:
  - Where an Entry Points Revised Capacity Value is set based on Historic Flows, and National Grid has intelligence that indicates that that Entry Point will be a zero flow site (not be flowing for Gas Year Y), then the Revised Capacity Value is replaced with 0.
  - If a site with a forecast zero flow has its Revised Capacity Value set from Future Sold Capacity / EC / PARCA then this is assessed further.
- For each quarter for each Entry Point aggregate to annual value

Draft Proposal – Entry FCC Methodology



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