

Gas System
Operator

Gas Industry Workshop

National Grid Gas

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Agenda

Time	Session	Presenter
9.30- 9.50	Arrival and Coffee	
9.50- 10.00	Welcome	Jenny Phillips National Grid
10.00 -10.45	Capacity Baselines	Jenny Phillips
10.45 -11.15	Baseline Capacities and Access	Shankar Rajagopalan Lea Slokar Ofgem
11.15 -11.30	Break	
11.30 -12.20	Capacity Baselines : Table Discussion	National Grid Hosts
12.20 - 12.50	Q&A/Room Discussion	
12.50 - 1.30	Lunch	
1.30 - 1.50	Gas Year & Regulatory Year	Jenny Phillips
1.50 - 2.40	Gas Year & Regulatory Year :Table Discussion	National Grid Hosts
2.40 – 3.00	AOB & Next Steps	Jenny Phillips

Before we begin

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#RIIO2

Introduction



RIO2 engagement plans

Understand stakeholder needs

- Inform & educate on how we run the NTS
- Gain better understanding of impact of not being able to put gas on/off the NTS
- Understand business impacts arising from existing commercial framework

Explore options

- Based on problem statements/better understanding of perceived issues/better understanding of service required
- NG to share indicative costs of different options
- Explore commercial solutions as well as physical options

Iterate prior to final business plan submission

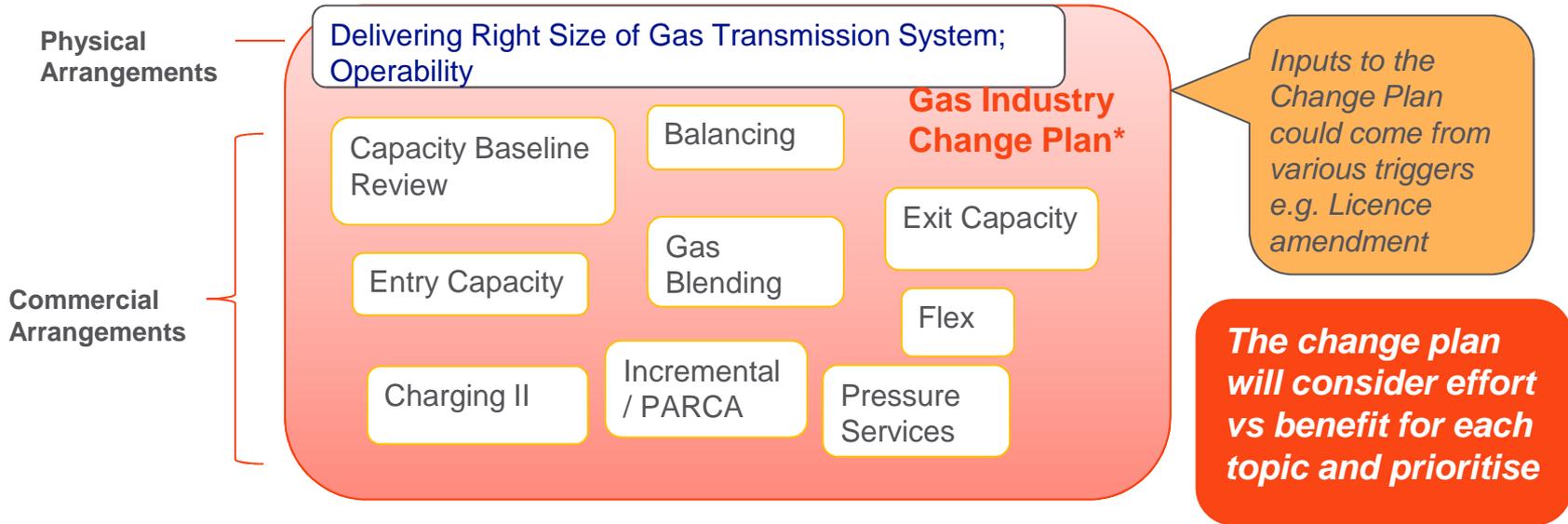
- Publish revised iterations of the business plan to gain feedback
- Put plans in place for future developments

Delivering Change – the Change Plan - example

Stakeholder Priority

"I want to take gas on and off the Transmission System where I want to, and when I want to, giving me value for money."

"I want to connect to the Transmission System"



*Note: the plan is not yet developed, this list is for illustrative purposes only.

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Capacity Baselines

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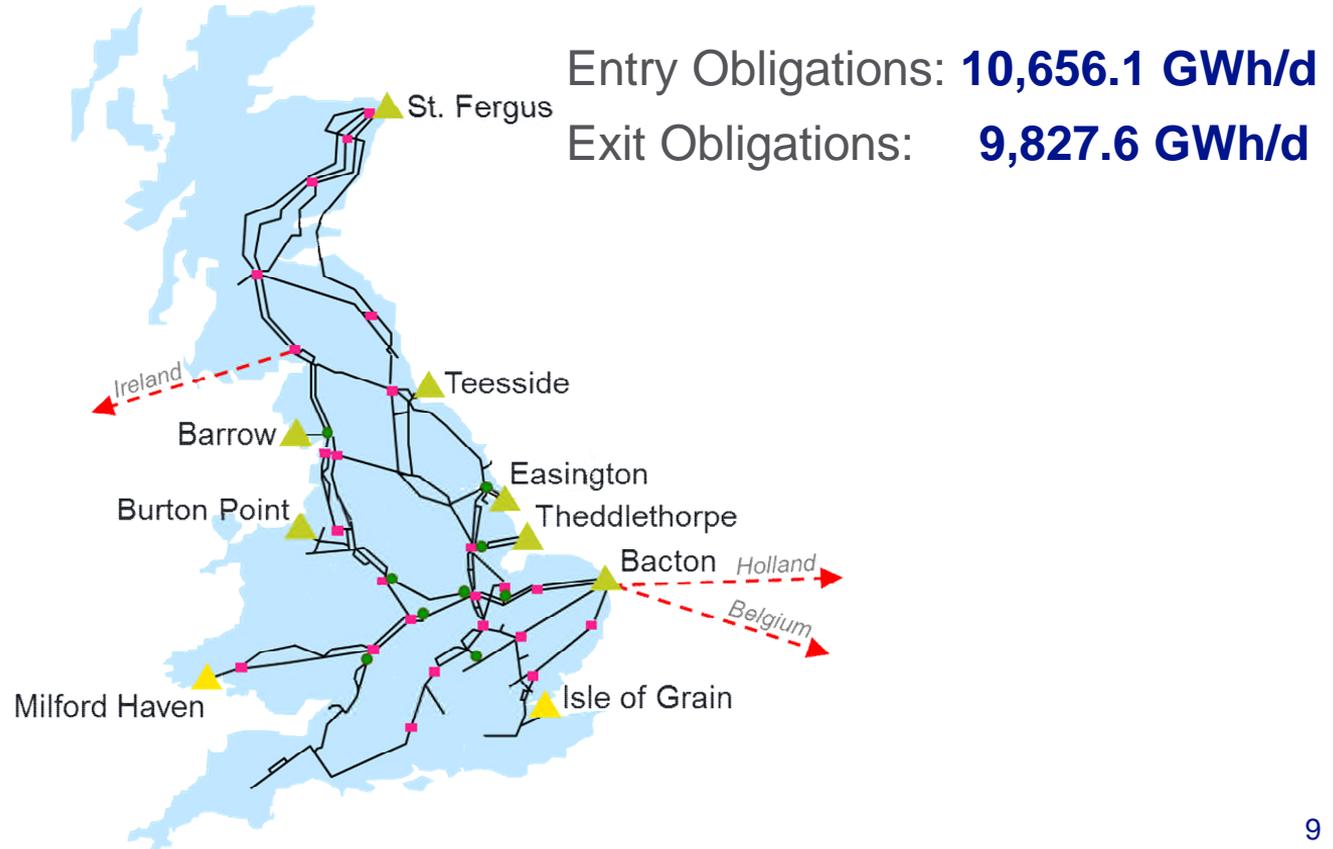
Capacity Baselines – what are they?

A Licence obligation which sets out what level of firm capacity we must release at each entry and exit point for each gas day

Set at a high level that cannot necessarily be met 365 days of year

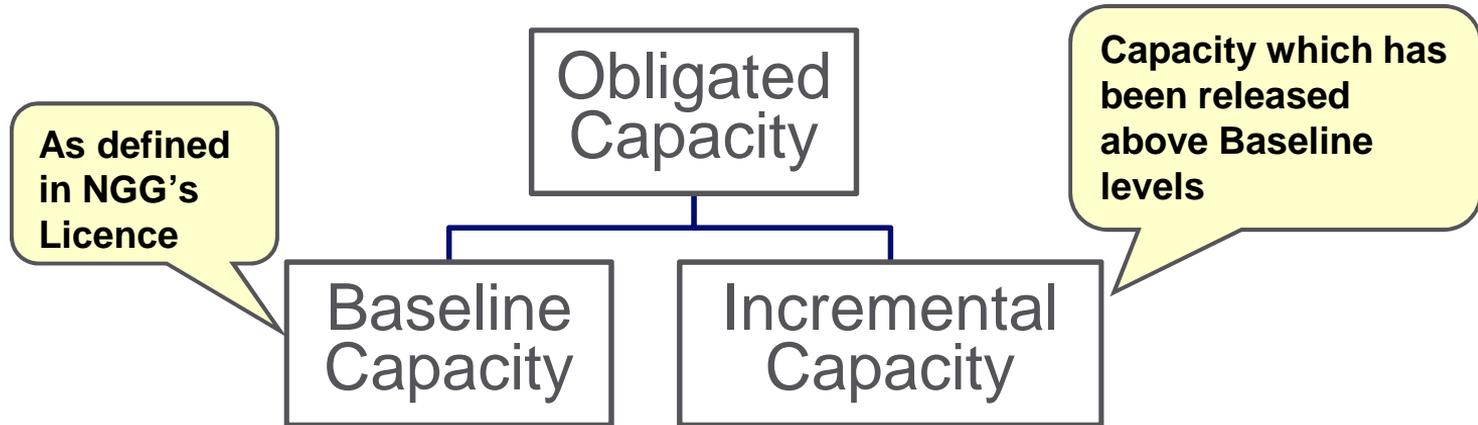
Should closely reflect the maximum physical capability of the point under peak conditions

National Grid Gas Transmission – the network



Obligated Entry / Exit Capacity

Each Entry ASEP has a level of Obligated Entry Capacity and each Exit point has a Obligated Exit (Flat) Capacity



NGG can also sell Non-Obligated Entry and Exit Capacity at its own discretion.

Features of the commercial regime relating to baselines

Certainty for stakeholders that capacity will be released up to obligated levels

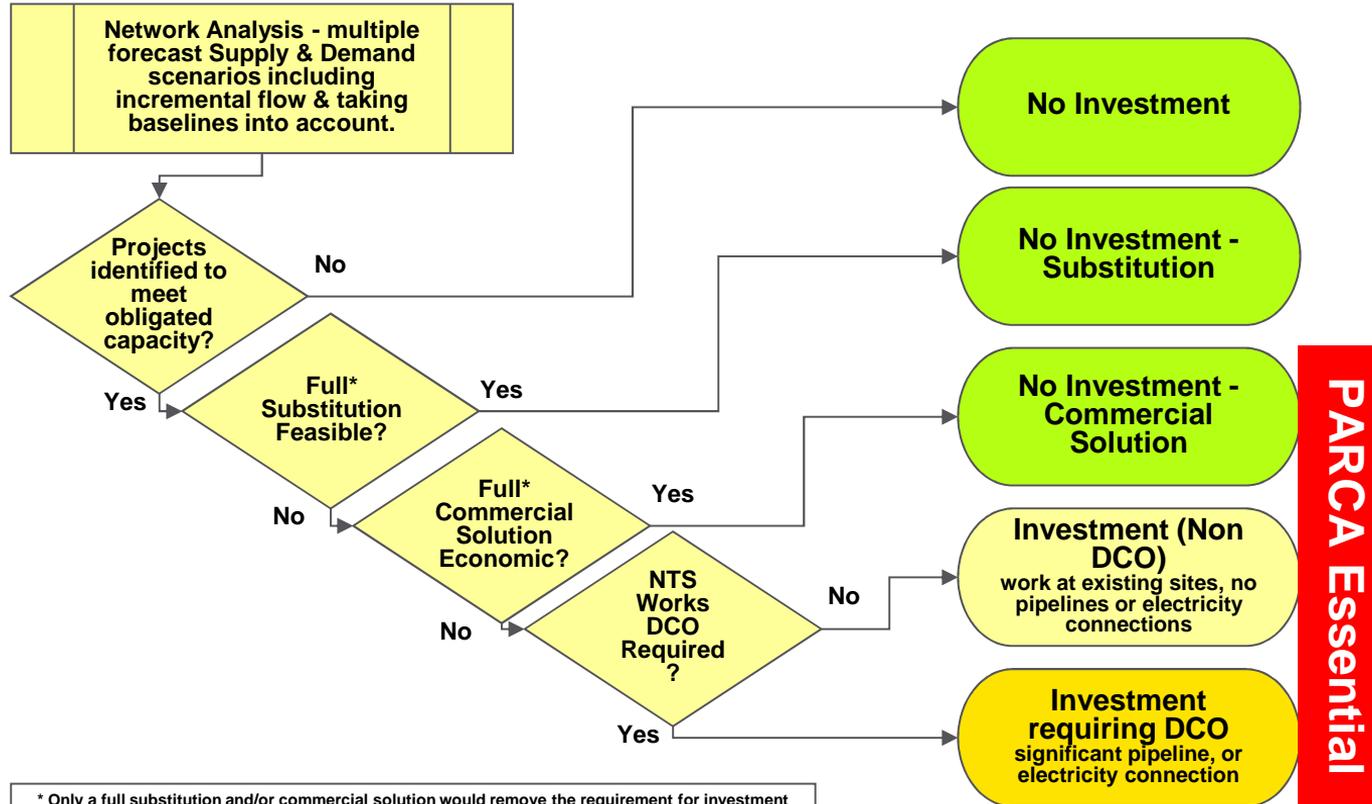
Incremental investment to increase baselines underpinned by user financial commitment

Commercial framework allows substitution of capacity to maximise existing network

Incentives for NG to release capacity in excess of baseline if there's demand for it

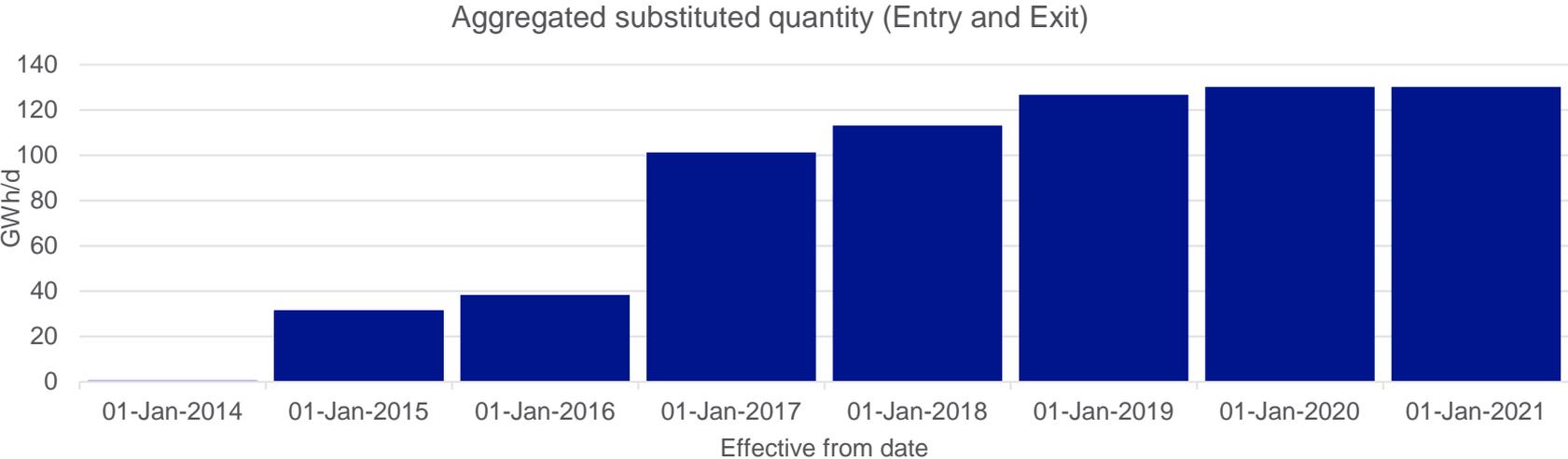
Charge setting process

The Capacity Planning Process



* Only a full substitution and/or commercial solution would remove the requirement for investment

Levels of Capacity Substitution



- **Within the RIIO T1 period we have received many requests and expressions of interest for incremental capacity.**
- **To date, within the RIIO T1 period, incremental capacity demand has been satisfied via substitution of capacity from other locations with zero spend on incremental triggered NTS investment to maximise use of existing assets.**
- **That position is changing. We are currently progressing PARCA applications for both Entry and Exit Capacity that can't be met through substitution.**

Constraint Management Incentive – key outputs

Efficient investment and timely delivery

- Provides a cost allowance for constraint risk to balance against potential investment spend

Minimise disruption

- Encourages innovative and dynamic planning of the network to maximise capability when and where it is needed by our customers.

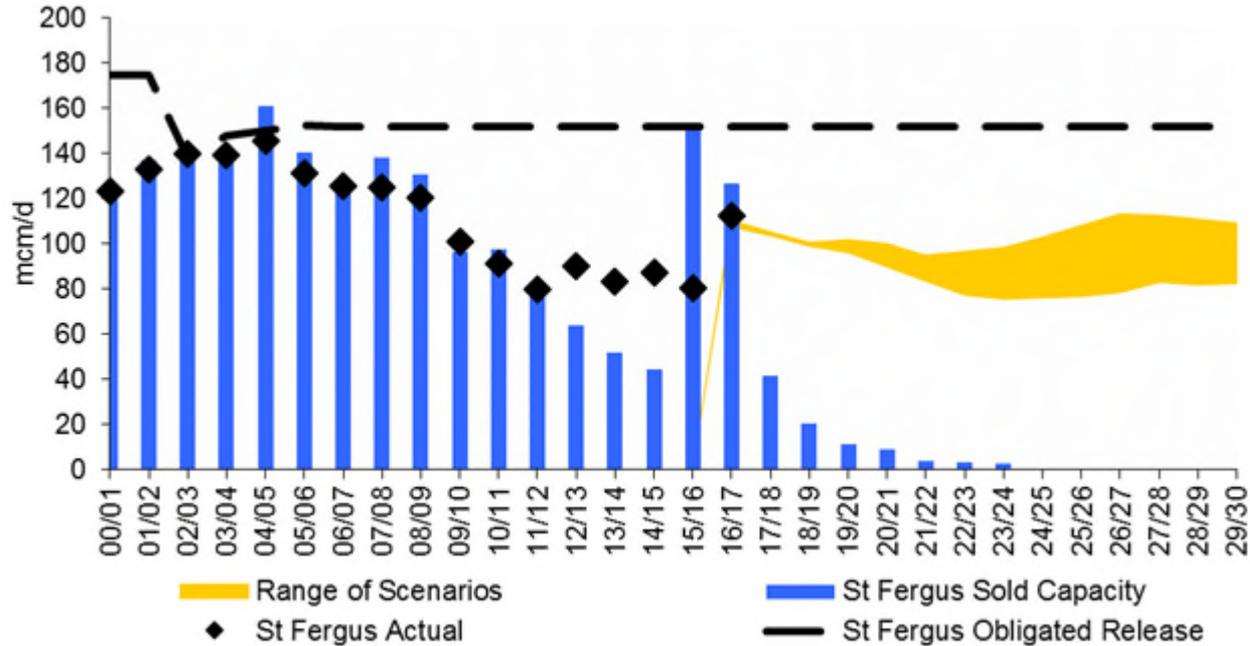
Manage Constraints economically and efficiently

- Encourages NG to develop commercial strategies that deliver value to the end consumer

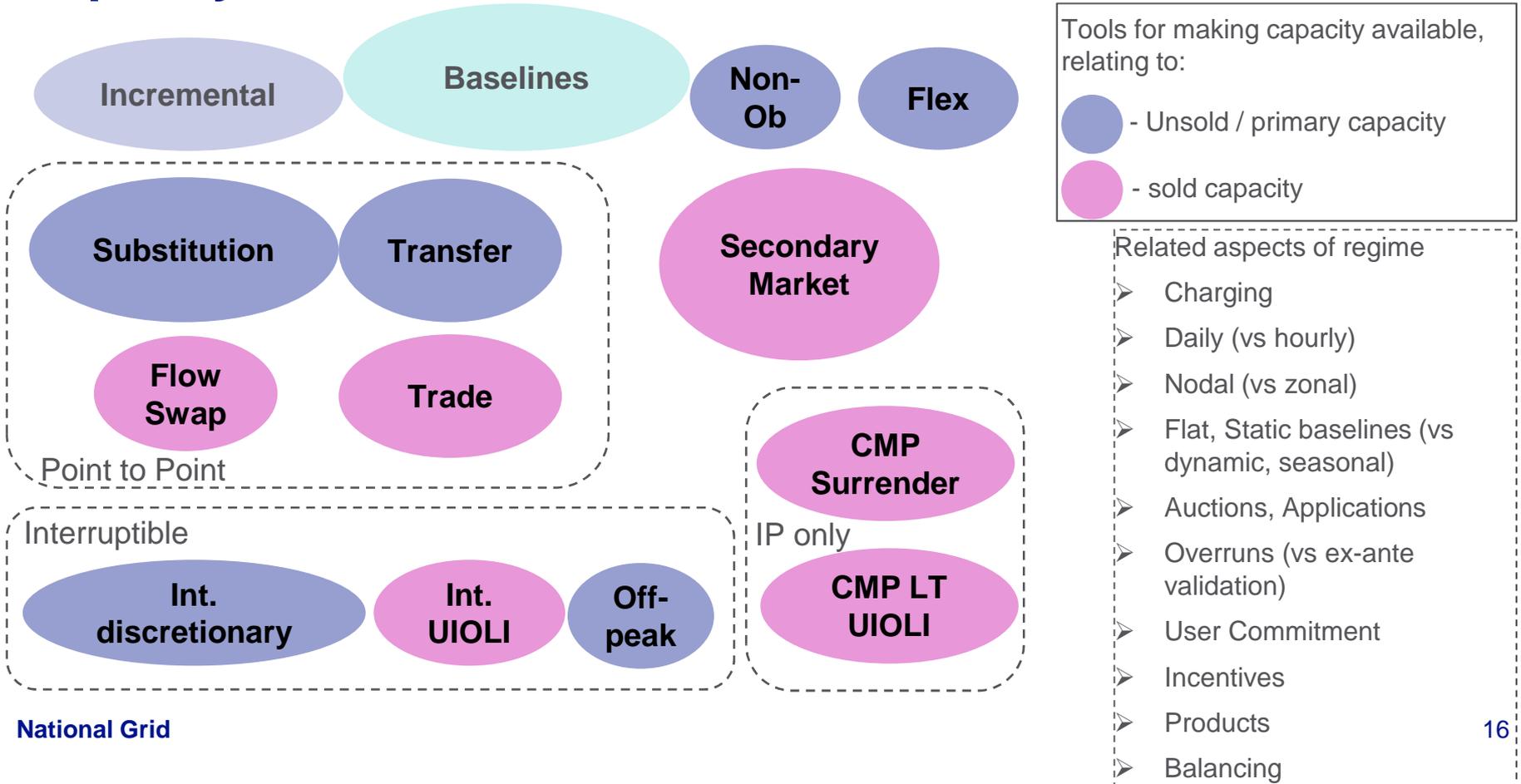
Maximise capacity availability in response to customer needs

- Encourages release of capacity in response to customer demand for that capacity

St Fergus



Capacity mechanisms



Summary

The Gas Transmission Network has evolved over many years

National Grid don't invest to meet every baseline on a 365 day/year basis

Baselines touch many elements of the commercial regime

Need to be clear what behaviour/value is anticipated as a result of any changes

Capacity Baselines

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Baselines
Table
Discussion

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Capacity Baselines Table Discussion

Are there perceived issues with capacity baselines at current levels ? If so, what are they and what is the current impact on you?

- *Entry*
- *Exit*

Capacity Baselines Table Discussion

What are the potential areas of impact to you if baselines were to change?

- *Entry*
- *Exit*

What would you expect National Grid to do differently if baselines were to change?

- *Entry*
- *Exit*

Capacity Baselines Table Discussion

Are there other issues with the capacity or access regime you would like to raise?

Capacity Baselines Q&A

Feedback summary from table discussion

Open forum Q&A/ discussion

Capacity Baselines

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