

System Entry Points connected directly into the DNs

DISG

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Identification of sites & locations

There are two System Entry Points referenced in the Licence that are directly connected into the DNs

System Entry Point	Network	UCAG (£/kWh)	Baseline Capacity (GWh/day)
Hatfield Moor	North	0.042	1
Wytch Farm	South	0.0	3.2

Principles of Commercial Arrangements – “Access to the NTS and NBP”

Rules for treatment of these System Entry Points (SEPs) are defined in:

- Network Code
- Transco's NTS GT Licence

and are no different from any other ASEP.

Specifically this includes all processes associated with

- Capacity Booking and Allocation
- Treatment of gas inputs

Post DN sales business processes & administration will be unchanged

- Capacity release mechanism (LTSEC,MSEC,RMSEC,DSEC)
- Shipper gas nominations received
- Input quantities feed into Demand Attribution processes
- Gas flow measurements deemed as DN inputs (for NDM attribution)
- Entry allocations agent submits shippers' daily allocations (UDQIs)
- Overrun mechanism
- Charging arrangements

At present : NTS Entry Capacity only

From 1/10/04 : NTS Entry Cap, TO commodity, SO commodity

GT Licence & Incentives treatments

- System Entry Points identified in Licence
- Baseline Quantities set out in Schedule A, Table A2
- UCAGs defined in
- Long Term Capacity above baseline quantity
 - IECR (Incremental Entry Capacity Release) methodology
- UK Transmission exposed to any buy-back risk should DN not have capability to accept gas properly tendered for delivery

It is for UKT to manage its risks with DN

DN Sales Day 1 Proposal

Provision of capacity at existing DN entry points

- No requests received above baseline
- Revenue flows non-material

Therefore propose approach as follows:

- UKT will auction capacity and release up to baseline
- Release of obligated incremental capacity in line with IECR
- Non-obligated only to be released with agreement of DN

Where DNs cannot accommodate flows

- DNs may request UKT to buy-back and DN will be responsible for reimbursing costs
- DN will repay UKT for any Section I liabilities.

DN Sales Day 1 Proposal

Provision of capacity at new DN entry points

DNs will inform UKT of any potential new DN Entry Point

If the new connection is designated as an Entry Point within the Licence (as per existing treatment) the approach in earlier slide will be used.

Otherwise new regulatory treatment will need to be defined.

Given the leadtimes associated with investment it is unlikely that the recommended approach to either existing or new DN input connections is likely to generate a significant issue during this price control

Next Price Control Treatment

- Explicit allowance in DN price controls for provision of “direct entry”
- Removal of DN Entry Points from UKT incentive schemes
- UNC arrangements to remain eg:
 - Shipper nominations
 - National balancing and the single balancing point

UKT issue only if DN Offtake becomes entry point – no immediate expectation of reverse flow