

Revision of the UNC Post-Emergency Arrangements Modification Proposal 260

July 2009

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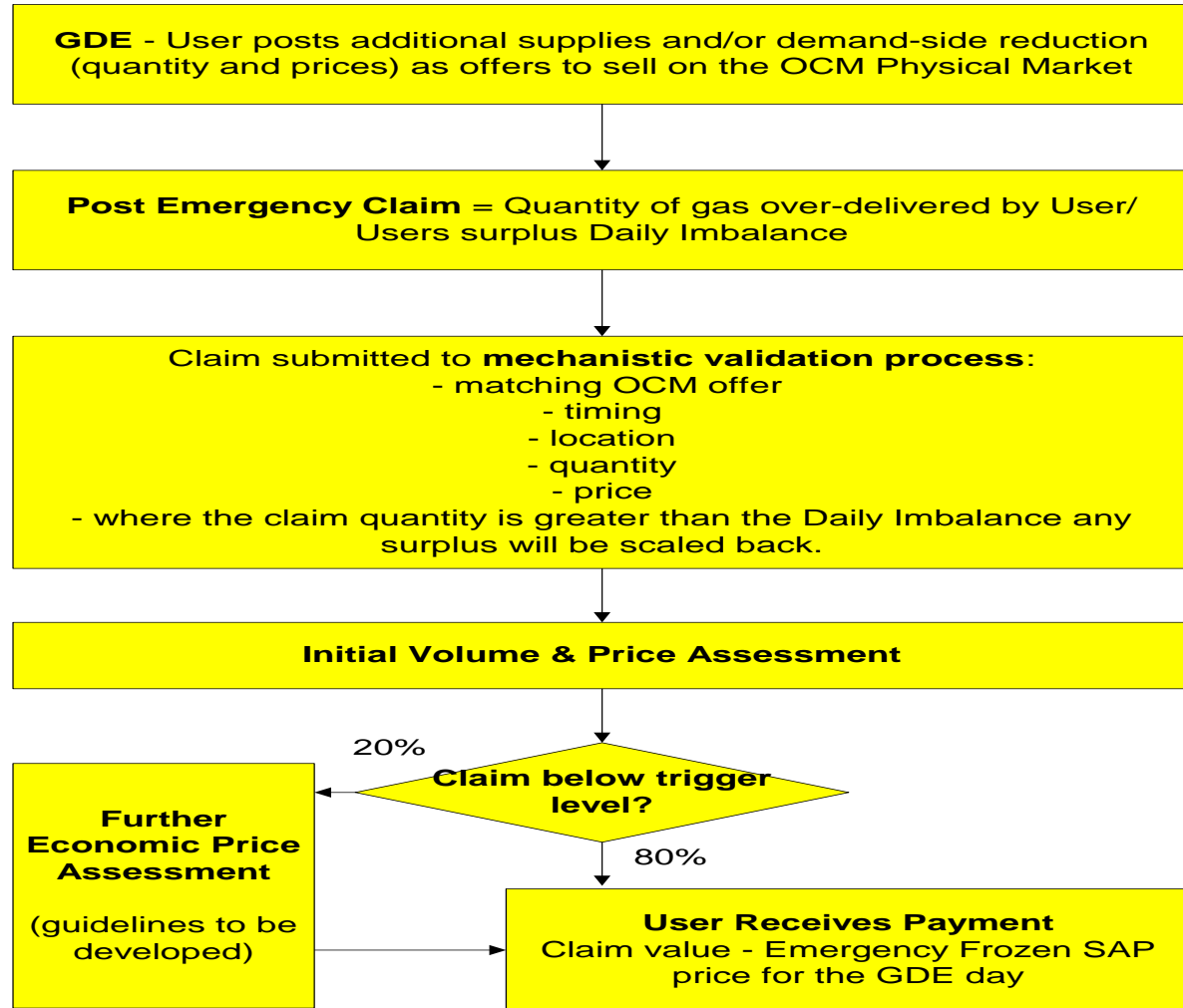
Background

- ◆ Numerous proposals have been made to the UNC Emergency Arrangements in relation to industry concerns
- ◆ 0149a decision letter - Ofgem advised it would welcome further proposals that aimed to:
 - Attract non-UKCS supplies into the UK
 - Mitigate the effects of potentially spiralling prices
- ◆ February 2009 - National Grid initiated Transmission Workstream Review (workshops)
 - Allowed stakeholders to consider pragmatic changes to the existing UNC post-emergency arrangements
- ◆ July 2009 - Revision of the UNC Post-Emergency Arrangements Modification Proposal 0260 raised, which aims to:
 - Introduce improvements that would bring greater clarity and definition to the UNC post-emergency claims arrangements.
 - Provide a balance between providing a cash-out price that does not excessively penalise Users who are unable to respond , whilst encouraging additional non-UKCS gas into the GB and/or further demand-side reductions during a Gas Deficit Emergency (GDE)

Modification Proposal 0260 - Key Aspects (1)

There are 3 key aspects to the Proposal.

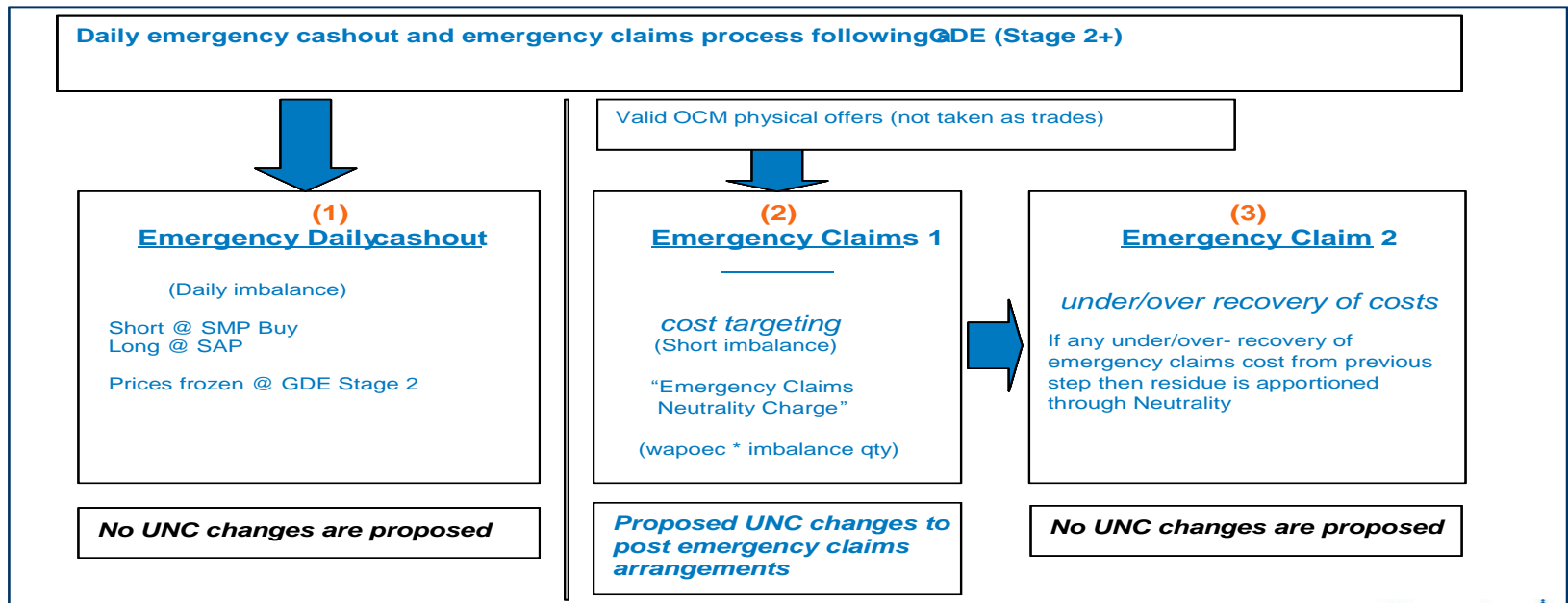
Introduction of criteria for submitting and receiving payment for Post-Emergency Claims



Modification Proposal 0260 - Key Aspects (2)

Introduction of revised processes for the recovery of post emergency claims costs

- ◆ Proposal does not seek to make any changes to the derivation of the emergency cashout prices
- ◆ Any under-over recovery of emergency claims costs would be apportioned across all Users, based on their throughput as a proportion of total throughput on the Gas Day(s) of the Gas Deficit Emergency through the Balancing Neutrality adjustment process.



Modification Proposal 0260 - Key Aspects (3)

Introduction of emergency claims information provision during and post, the Gas Deficit Emergency day

The Market Operator and National Grid NTS will provide;

- ◆ Within the GDE Day
 - Indicative volume weighted average prices of all physical market offers (real time)

- ◆ Post GDE Day
 - Details of all post-emergency claims submitted.
 - Volume Weighted Average price of all validated Post-Emergency Claims

Indicative timetable & further details

- ◆ Mod 260 to UNC Mod Panel (July 2009) - *recommend to consultation*
- ◆ Final Mod Report August 2009 / Mod Panel
- ◆ Ofgem decision September 2009
- ◆ Implementation 1st October 2009
- ◆ Develop guideline (process/procedures & economic assessment) July/Oct 2009

- ◆ For further details please contact Steve Pownall on 01926 656362 or steve.pownall@uk.ngrid.com

- ◆ Link to Modification Proposal 0260: [Mod Proposal 0260](#)