

# **Gas SCR – Proposed Final Decision**

## **Workshop 1**

7 September 2012

## Introduction

- Proposed final decision published 31 July
  - Along with IA, business rules and proposed legal drafting for code and licence changes
- Seminar on proposed final decision held on Monday
  - Discussion of policy
- Workshop to discuss the detail
  - Today focussed on discussing business rules and legal drafting as published
  - Will discuss structure of next workshop later this afternoon
- Consultation closes **24 October**

## Purpose of today's workshop

- To discuss the detail of the proposed final decision
  - Focus on business rules and legal drafting published alongside proposed final decision – outline our current positions
- Areas for discussion
  - Emergency cash-out arrangements
  - Accounting for emergency curtailment
  - Payments to consumers
  - Neutrality, cash-flows and invoicing
  - Information provision, others?
- Future workshops will include opportunities for stakeholders to raise and discuss alternatives

## Emergency cash-out arrangements

- Cash-out no longer frozen in an emergency
  - ‘more dynamic’ in stage 2 onwards (capped at VoLL once NGG has ceased taking market balancing actions)
- Price for short shippers goes to VoLL when firm customers curtailed
- PEC retained

## Accounting for emergency curtailment

- Retain existing ECQ process for DM customers (“DR ECQ”)
- Develop similar process for NDMs (“NDR ECQ”) to correct imbalances
  - Current thinking is an “uplift” applied for all NDMs within an affected LDZ
- Limit liability in network isolation
  - ECQ processes only applied for a site subject to network isolation for the first day of isolation
- Commercially interruptible customers excluded from ECQ processes

## Payments to consumers

- Payments at VoLL to firm customers for involuntary DSR services
  - Based on estimated volume: “what would have been consumed”
  - Current view is to have burden of proof on consumer to qualify for payment
- Shippers/suppliers obliged to make payments to commercially interruptible customers as under the terms of the contracts
  - No payment from DSR fund
  - Shippers benefit as these customers excluded from ECQ processes

## Neutrality, cash-flows and invoicing

- Cash-out charges paid into/out from neutrality
  - DSR fund treated as payment out of neutrality
- DSR fund “topped-up” if there is a shortfall, current view:
  - Targeted at short shippers to extent their contribution to emergency can be identified
  - Remainder (if any) targeted at neutrality
- Payments invoiced within existing EBI process

## Information provision

- DNs provide information to NGG on affected sites, ECQ calculations, etc.
- Shippers provide information to NGG on commercially interruptible contracts they hold with consumers
  - So that commercially interruptible customers can be excluded from ECQ process

# **Any Questions?...**

...Over to NGG



Promoting choice and value  
for all gas and electricity customers