Energy for generations

Mod Proposal A101

Amendment to Code of Operations to facilitate the Extension of the Daily Exit Capacity Booking window

A101: Current Situation

- **Currently the Daily Capacity Booking Window is defined as:**
  - *The period commencing at start of the Day which is seven Days prior to the requested Capacity Booking Effective Date specified in a request for Short Term Capacity for a duration of a Day, and ending at 03:00 hours on the requested Capacity Booking Effective Date*
  - Effective Date for Daily Capacity meaning the Day for which the capacity is requested and active
- **Shippers have incomplete information of capacity requirements at the Exit Point when the window closes**
- **The overrun cost of under-booking can be extremely high**
  - Even if prudently booking stacks of Annual / Quarterly / Monthly capacity, daily multipliers combined with overrun charges at 4 times Daily Capacity are highly punitive
- **Therefore there is a tendency to overbook, which leads to inefficiency**
  - Cost inefficiency from wastage – pass-through to end-users
  - Poor quality signals to Transporter

A101: Possible Solutions for Consideration

- Efficiency would improve if a Shipper were able to book Exit capacity at or very close to actual capacity needs
- This could be achieved by aligning the capacity booking with the availability of information
- As it is impossible for final allocation data to be available before the end of the booking window, we propose adjustment to the capacity booking arrangements
- We have considered and analysed 4 options in detail:

A. Extend the Daily Exit Capacity Booking Window to coincide with the publishing of the final meter read of the day by GNI on GTMS

B. Extend the Exit Capacity Booking Window to end on D+X

C. Reduce the Exit Capacity Overrun multiplier from 4 to 1

D. Allocate Exit capacity to Shippers to match their final allocation (“implicit allocation”)

A101: What the Proposed Solutions Look Like

Option		Description	Comment
A	Extend the window to when the final daily meter reads become available.	▪ Shippers book Daily Exit capacity as now, but avail of an extended booking window ▪ More information allows more accurate booking	• Ops staff required out of hours to gain benefit • Data incomplete – booking better but not 100% accurate
B	Extend the window to D+X.	• Shippers book Exit Daily capacity as now, but on D+X • Final allocation information allows completely accurate booking	▪ Booking in regular working day – better for smaller Shippers ▪ Increased accuracy through greater info
C	Reduce the Exit Capacity Overrun multiplier from 4 to 1	• Transporter essentially charges the Daily Exit capacity rate to Shippers based on net requirement from final allocation	• No requirement for Shipper to book Daily tranche, save admin – better for smaller Shippers • Accuracy of Exit bookings as aligned to allocations
D	Implicit Allocation	▪ Transporter allocates Daily Exit capacity tranche to Shippers based on net requirement from final allocation ▪ Monthly reconciliation statement and invoicing	• No requirement for Shipper to book Daily tranche, save admin – better for smaller Shippers • Accuracy of Exit bookings as aligned to allocations

A101: Initial Soundings

A101: Chances of Implementation / Approval

A101: Why Make The Change?

- The current cut off time for Exit capacity purchasing can lead to unnecessary capacity overruns or excess capacity purchase.
  - Overbooking leads to wastage and inefficiency which is passed through to end-users
  - Under-booking can lead to punitive costs due to seasonal Daily Capacity multipliers compounded with the overrun multiplier
- The variability and unpredictability of power station operating patterns has increased with the introduction of ISEM and this has made making accurate Daily Exit capacity bookings more difficult and inefficient for generators.
  - This trend is likely to grow due to expanding role of renewables
- **Implementing any of the proposed options would reduce inefficiency**
- **It is the role of the Code Mod Group to make sure that the rules RoI Shippers operate under are fit for purpose and reflect the ever-changing Shipper requirements – by supporting and introducing this change we are ensuring that is the case**

- **Option D would be our preference** – although we understand that for systems reasons Options A, B or C (or a combination of them) may be faster for GNI to implement and these are the focus of Mod A101

A101: Discussion


THANK
YOU