

# CODE OF OPERATIONS MODIFICATION PROPOSAL



MODIFICATION DETAILS				
<b>Modification Number:</b> A084		<b>Modification Title:</b> Replace the NTS SO & TO exit Commodity cost element in the Balancing Transportation Cost formula with the Optional Commodity Charge.		
<b>Modification Proposer:</b>	<b>Modification Representative:</b>	<b>Modification Representative Contact Details (email address):</b>	<b>Date Submitted:</b>	<b>Proposed Implementation Date:</b>
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<b>Proposal (including rationale):</b>				
The Balancing Transportation Cost is currently calculated as the sum of the NTS SO exit & NTS TO exit commodity charges and the GNI entry commodity charge. This modification proposes that the NTS component be amended to reflect the cost of shorthauling gas to Moffat directly from the entry points.				
<b>Proposed Implementation Date:</b>				
<b>ASAP</b>				
<b>Proposed section of the Code to be modified:</b>				
1.6 Daily Imbalance Charges				
MODIFICATION MOTIVATION				
<b>Intended Outcome of the Proposed Modification:</b>				
The intended outcome is to better align the Balancing Transportation Cost with the current cost of flowing balancing gas from Great Britain to Ireland.				
<b>Benefits of implementing this Modification:</b>				
The Balancing Transportation Cost will be better aligned with the cost of flowing gas from Great Britain to Ireland.				
<b>Consequences of not making this Modification:</b>				
The current sub-standard process continues.				
<b>Illustrative Example (Please enter a scenario where the issue and solution are illustrated):</b>				
The Optional NTS Commodity charge (known as the shorthaul rate) is available as an alternative to both the Entry / Exit NTS SO and TO Commodity charges. Although originally intended to only be attractive for large supply points situated close to terminals, it is now attractive for the flowing of gas to Moffat from every terminal in the UK. The charge is site specific and is calculated using the function below.				
<div style="background-color: #0070C0; color: white; padding: 5px; display: inline-block;">Pence per kWh</div> <div style="border: 2px solid #0070C0; padding: 10px; display: inline-block;"> <math display="block">1203 \times [(SOQ)^{0.834}] \times D + 363 \times (SOQ)^{0.654}</math> </div>				
The SOQ is the Maximum NTS Exit Point Offtake Rate (MNEPOR) which, in the case of Moffat, is 432,000,000 kWh per day. D is the straight line distance from the entry point to Moffat which, in the case of Bacton, Easington, St Fergus, Teesside and Barrow is 419, 293, 274, 162 and 133 km respectively.				
By way of example, the commodity cost of flowing gas from Teesside to Moffat via the NBP is 0.1016 p/kWh (2.98 p/therm) whereas the equivalent cost of shorthauling that gas is 0.0131 p/kWh (0.38 p/therm). The Balancing Transportation Cost for December 2016 was 0.052688 c/kWh being the sum of the NTS SO and NTS TO commodity charge (0.0370 p/kWh) and the GNI entry Commodity charge (0.011776 c/kWh). The Balancing Transportation Cost would instead have been 0.0885 p/kWh (2.6 p/therm) lower had the balancing gas instead been sourced at Teesside.				