

Gas
Transmission

Forecasted Contracted Capacity (FCC) Workshops

28 January 2021

nationalgrid



Agenda

- **Background**
- **Draft Terms of Reference (Discussion)**
- **Current FCC Methodology Review**
- **2020 Data from October**
- **Key Dates**
- **Way forward (Discussion)**
- **AOB**

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Forecasted Contracted Capacity (FCC) Methodology

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Current FCC Methodology – Gas Year Y

The FCC is calculated for all Entry Points and Exit Points which are not Gas Distribution Networks (GDN) Exit Points by taking the greater of:

- (a) Existing Contracts (as defined in the UNC) for the relevant Gas Year (Y) (average kWh/d)
- (b) Non-zero priced historical capacity sales for previous Gas Year (Y-2) (average kWh/d)
- (c) Historical flow for previous available Gas Year (Y-2) (average kWh/d)
- (d) Forecast supply or demand for the relevant Gas Year (Y) (average kWh/d)
- (e) Planning and Advanced Reservation of Capacity Agreement (PARCA) reserved capacity, if the associated PARCA has progressed to Stage 2 for the relevant Gas Year (Y) (average kWh/d)

The FCC is calculated for GDN Exit Points as the latest capacity booked for the Gas Year Y-1, known at the time of setting the reference prices for Gas Year Y

Current FCC Methodology – Gas Year Y+1, Y+2, Y+3, Y+4

For these Gas Years (Y+1, Y+2, Y+3 and Y+4):

- (a) This FCC Methodology will be used to determine the FCC values with the exception of the historical flows and non-zero historical capacity sales, which will continue to use Gas Year Y-2 values.
- (b) For GDN Exit Points, the FCC will be equal to the latest capacity booked for the associated Gas Year

Exceptions

In the first instance, this FCC methodology will be applied. In exceptional circumstances, it may be necessary for National Grid to apply different principles to determine an FCC for a specific Entry or Exit point.

This would be required to ensure reference prices and reserve prices can be generated so as not to inhibit the operation of the RPM.

National Grid will outline along with publication of charges where this has been carried out.

FCC for Oct 2020 – Dec 2020 vs Actuals - Entry

- For the data we have since the start of the gas year
- Taken the Monthly FCC phasing, Existing Contracts (EC), Actual Capacity Bookings and Flows at each point for the month
- Totals below based on the aggregated values for the month at ASEP
- Percentage comparison of differences can be seen below:

Entry Point Type	Oct-20				Nov-20				Dec-20			
	Capacity Utilisation (booked vs flow)	Proportion of FCC forecast booked	Proportion of FCC that is EC	Proportion of capacity booked that is EC	Capacity Utilisation (booked vs flow)	Proportion of FCC forecast booked	Proportion of FCC that is EC	Proportion of capacity booked that is EC	Capacity Utilisation (booked vs flow)	Proportion of FCC forecast booked	Proportion of FCC that is EC	Proportion of capacity booked that is EC
STORAGE SITE	3%	90%	89%	98%	6%	88%	86%	98%	7%	87%	85%	98%
INTERCONNECTION POINT	80%	68%	57%	85%	72%	75%	56%	74%	95%	121%	55%	46%
BEACH TERMINAL	87%	85%	56%	65%	88%	83%	54%	66%	92%	88%	54%	61%
ONSHORE FIELD	66%	53%	53%	100%	53%	52%	52%	100%	56%	51%	51%	100%
BIOMETHANE PLANT	27%	95%	0%	0%	28%	92%	0%	0%	20%	91%	0%	0%
LNG IMPORTATION TERMINAL	17%	119%	119%	100%	31%	117%	115%	99%	40%	114%	114%	100%
TOTAL	45%	94%	79%	79%	50%	92%	77%	84%	57%	95%	76%	80%

FCC for Oct 2020 – Dec 2020 vs Actuals - Exit

- For the data we have since the start of the gas year
- Taken the Monthly FCC phasing, Actual Capacity Bookings and Flows at each point for the month
- Totals below based on the aggregated values for the month at Exit Point type
- Percentage comparison of differences can be seen below:

	Oct-20		Nov-20		Dec-20	
Exit Point Type	Proportion of FCC forecast booked	Capacity Utilisation (booked vs flow)	Proportion of FCC forecast booked	Capacity Utilisation (booked vs flow)	Proportion of FCC forecast booked	Capacity Utilisation (booked vs flow)
DC	75%	65%	71%	65%	71%	66%
GDN	96%	35%	97%	44%	98%	55%
INTERCONNECTOR	44%	78%	47%	84%	49%	91%
STORAGE SITE	62%	51%	45%	39%	43%	31%
Total	86%	43%	84%	49%	85%	58%

Potential Methodology Changes which could take place

- **The following is some potential changes to the FCC Methodology which could be considered:**
 - **Different inputs into calculation e.g. Forward looking data rather than backward looking, reduce number of inputs used in calculation**
 - **Rather than Max of the values could use something like average with exceptions i.e. Existing Contracts**
 - **Different methods used for the FCC for different types of sites**
 - **Utilisation in total**
 - **Utilisation of Existing Contract Capacity**

Any other suggestions on changes which could be considered?

FCC Methodology Changes

- **Publication of prices by end May**
- **Updated FCC Methodology published 40 business days before publication of prices – by end March**
- **Consultation needed propose one week and some time following the end of the consultation to review comments and update FCC Methodology if necessary for final methodology for publication**

FCC Data Production

- **FCC values for charge setting expected to be finalised by end of April**

Useful Links

Current FCC Methodology:

https://www.gasgovernance.co.uk/sites/default/files/ggf/book/2019-03/Forecasted%20Contracted%20Capacity%20v1.0_0.pdf

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