

New Code and Allocations



Balancing – Allocations Needed Daily

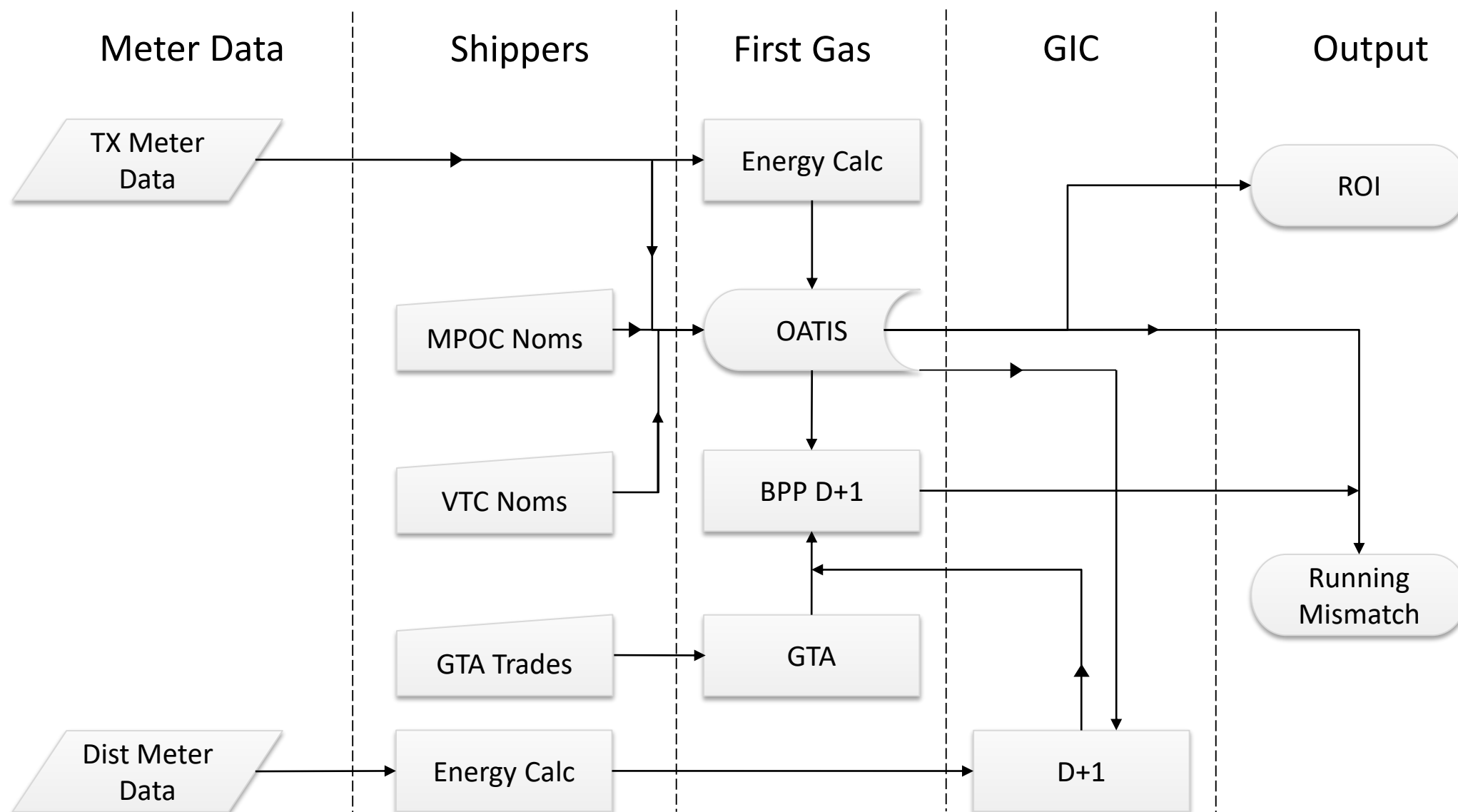
- Balancing measure (*Running Mismatch*) of each Shipper and OBA holder will be assessed for each day
- Balancing incentive charges for Running Mismatch will be applied on a daily basis
- To minimize balancing incentive charges by managing Running Mismatch, Shippers and OBA holders will need to know their Running Mismatch for a day as soon as possible
- For most Shippers, Running Mismatch will be determined using energy quantities for delivery and receipt points that are used by multiple parties
- An allocation will be required to split those energy quantities between parties
- Therefore, allocations will be required for the calculation of Running Mismatch as soon as possible after the end of a day

Transmission Invoicing – Allocations Needed Monthly

- A nomination incentive charge will be applied for quantities greater than nominations (*Overruns*)
- Overruns are not managed on a rolling basis, therefore they do not need to be known on the day or a day-in-arrears
 - However, First Gas acknowledges that some Shippers may want to know their Overruns on a day-in-arrears basis to help with nomination management
- Overruns are required for monthly invoicing
- Overruns are determined using energy quantities for delivery and receipt points that are used by multiple parties
- An allocation is required to split those energy quantities between parties
- Therefore, allocations, which are used for determining Overruns, are required for each day of a month after the end of that month

Factor	Balancing	Transmission Invoicing
Source	<ul style="list-style-type: none"> • Metered data • OBAs • Gas market • Gas Transfer Agent 	
Timing	Daily (day-in-arrears)	Monthly (after end of month)
Geography	Transmission System	Connection point and/or zone
Changes/ Wash-ups	Required for: <ul style="list-style-type: none"> • Metering corrections • Allocation corrections/wash-ups 	

BPP D+1 Current Process – A few moving parts...



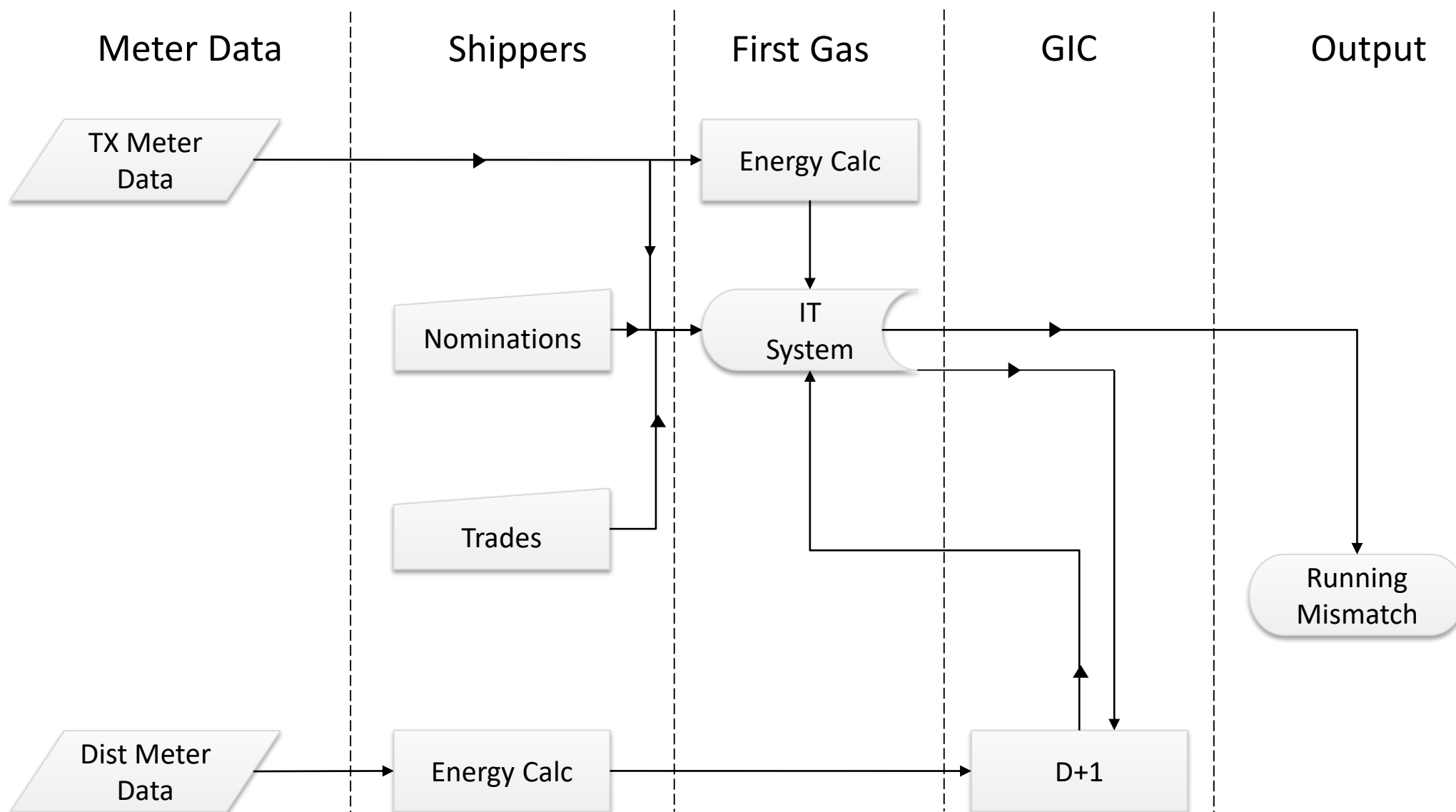
BPP D+1, current issues

- Separate systems means there are multiple pinch points:
 - TX Meter Data
 - TX Energy Calc
 - OATIS
 - GTA
 - D+1
 - BPP D+1
- Failure of any of these processes/systems, or the data flows between them, prevents the calculation and publication of Running Mismatch
- Metering errors and/or issues for a day are not always picked up in time before BPP D+1 is published

Changes to BPP/Balancing process for GTAC

- GTA and BPP D+1 exist outside of OATIS
- The OATIS replacement will absorb GTA and BPP D+1 (or their equivalents under the GTAC)
- Current regime produces two balancing measures, ROI under the MPOC and Running Mismatch under the VTC
- GTAC will have a single balancing measure, Running Mismatch
- OATIS replacement will be able to automatically produce estimates in place of any missing data, this will reduce the scale of wash-ups due to missing data

GTAC Balancing Process – A simpler future

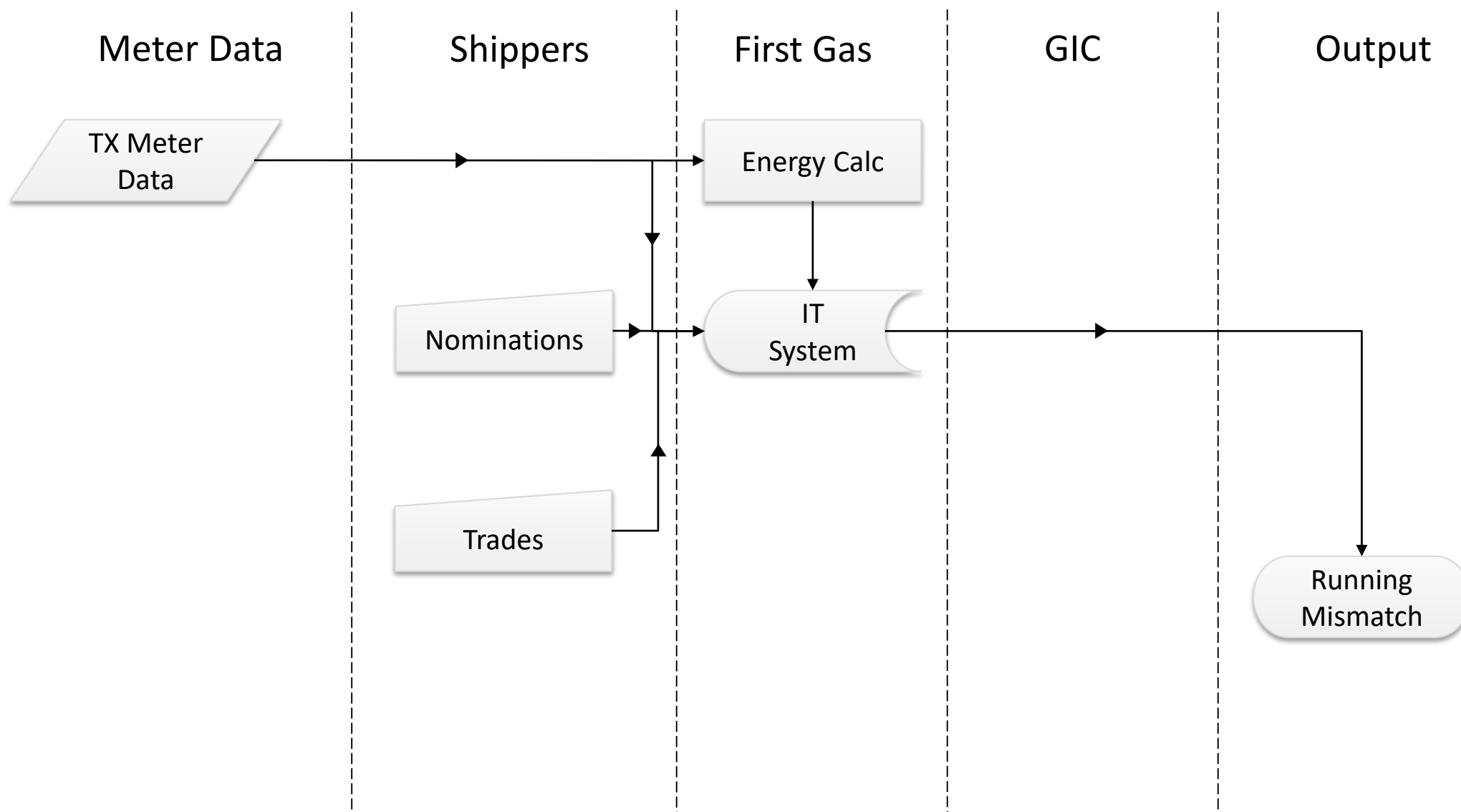


Default Allocations are needed

- If on a day D+1 (or its replacement) fails, a daily allocation will need to be actioned in its place so Running Mismatch can be produced for that day
- This can be achieved by having default allocation algorithms preloaded into the system
- The preloaded algorithm(s) can be one that comes with the system or one that is developed for the system
- All systems investigated by First Gas to date have the following preloaded algorithms available as options as well as an option for allocations to be uploaded
- Some examples of preloaded algorithms are:
 - Pro rata based on nominations
 - Based on set %, share or priority
 - Allocation equal to nomination or set value/formula with remainder (swing) allocated to a designated party

GTAC Balancing Process – Default Allocation

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Proceed with D+1 or other?

- First Gas is agnostic about whether D+1 or an alternative is used for daily allocations as long as what is chosen does not prevent Running Mismatches being published as early as possible
- First Gas' requirements are met if the allocation method chosen results in allocations that can be uploaded to or calculated by the new system on a daily basis
- A default allocation algorithm will need to be ready in the system if the upload cannot happen
- No matter what is chosen, First Gas is planning on using the 3 and 12 month wash-ups currently produced (or whatever replaces them)

Thanks for listening

