NC TAR Implementation process

GTS Implementation Proposal

NC TAR session 31 October 2017

Stakeholders response

- We have received several written comments, also after our previous session of 13 October 2017

- We have shared your comments with ACM (for those parties who explicitly agreed to that)

- We have incorporated your feedback in our proposal

GTS NC TAR Implementation Proposal

- In our proposal we summarise the discussion with our stakeholders over the last few months and, based on that, propose a future tariff structure.

- Proposed tariff structure is intended to enhance the well functioning Dutch gas market, also given the changes coming to the market in near future.

- The proposal supports the goals that we, together with our stakeholders, have identified for the Dutch gas market.

- Key element is the further virtualisation of delivering services to our customers.

- We explain the compliance of our proposal with the NC TAR requirements as well as with the European gas regulation.

- Our proposal is meant to serve as input for the next phase, in which ACM will assess our proposal.

GTS NC TAR Implementation Proposal: key elements

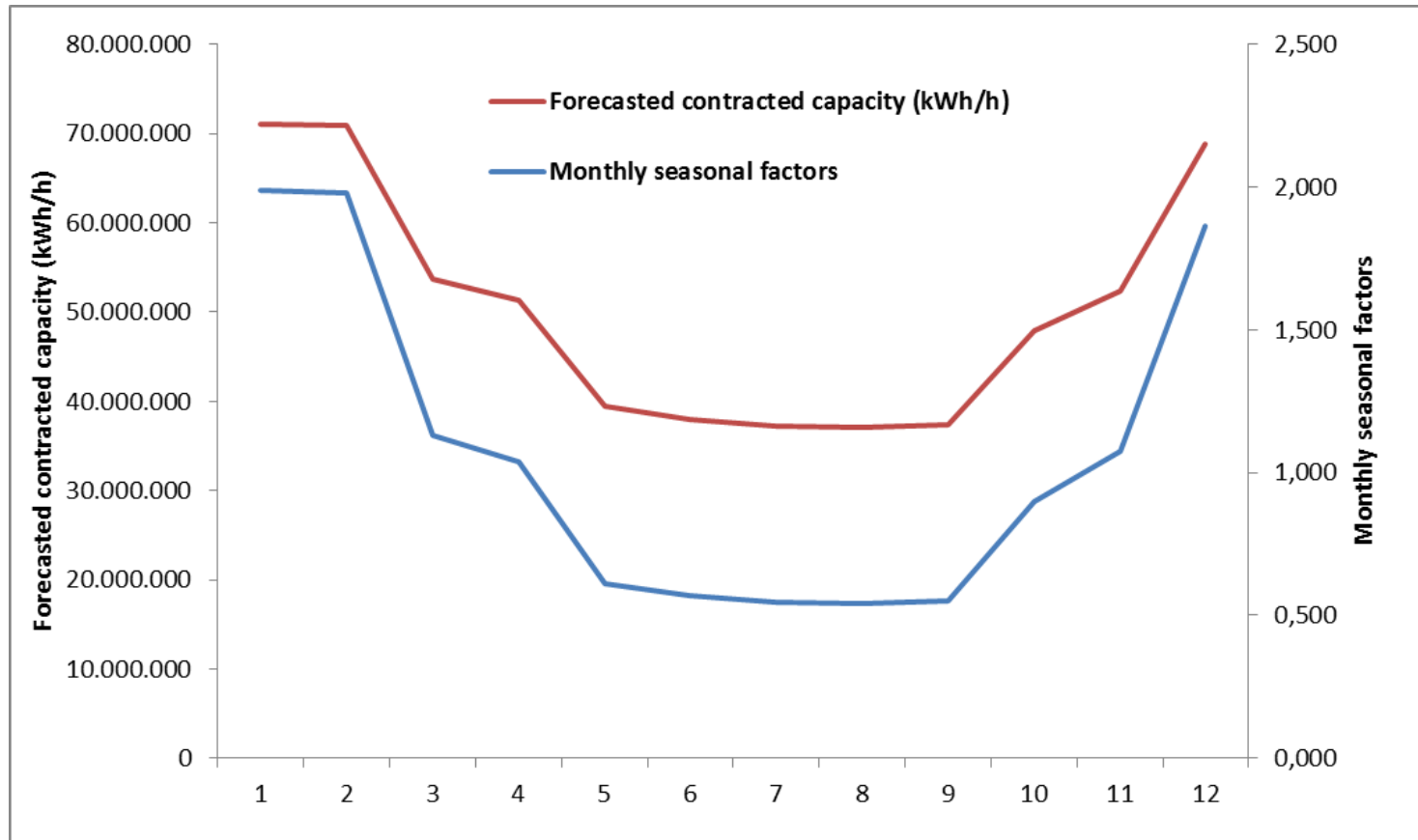| NCTAR element	Implementation proposal
Transmission service (TS)	All-in (TT, QC, BT, BAT, AT): Obligatory TS
Non Transmission service	None
Reference Price methodology (RPM)	Postage stamp, no distance dependency
Entry/Exit revenue split	Stepped approach: 2020-2021: 35%-65% 2022 onwards: 0%-100%
Storage discount	50%
LNG discount	0%
Multiplier/seasonal	One methodology for all points: NCTAR based Multiplier: Investigate if German algorithm is applicable for the Dutch situation Seasonal: Apply NCTAR seasonal algorithm for all points, with parameter power=2
Calculation of reserve price for interruptible capacity	Ex-ante, similar to current situation

Entry/exit revenue split

- 2020-2021: 35%-65%

- 2022 onwards: 0%-100%

- Identified issues will be further analysed in order to find a proper solution
  - Incentives for investments
  - Transport via BBL
  - Operational process
  - Effects on long term contracts

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Indicative Seasonal factors

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Numerical results of proposed implementation - 1

- Tariff results for tariff year 2018, expected revenues based on Tariff Proposal 2018 (entry/exit revenue split 35%-65%)

- Forecasted contracted capacity identical to "rekenvolumes" used in TV18

- Indicative tariffs based on web based tariff calculation tool

	NCTAR implementation proposal	
Segment	% revenue	Postage stamp (€/kWh/h/y)
Entry border point	8,5%	€ 1,241
Entry production point	12,5%	€ 1,241
Entry storage	9,6%	€ 0,620
Exit border point	30,3%	€ 2,066
Exit industrial point	9,1%	€ 2,066
Exit local distribution point	24,9%	€ 2,066
Exit storage	5,1%	€ 1,033

CAA before price adjustments	2%
CAA after price adjustments	5%

Numerical results of proposed implementation - 2

- Tariff results for tariff year 2018, expected revenues based on Tariff Proposal 2018 (entry/exit revenue split 0%-100%)

- Forecasted contracted capacity identical to "rekenvolumes" used in TV18

- Indicative tariffs based on web based tariff calculation tool

	NC TAR implementation proposal	
Segment	% revenue	Postage stamp (€/kWh/h/y)
Entry border point	0%	€ 0,000
Entry production point	0%	€ 0,000
Entry storage	0%	€ 0,000
Exit border point	43,6%	€ 2,974
Exit industrial point	13,1%	€ 2,974
Exit local distribution point	35,9%	€ 2,974
Exit storage	7,4%	€ 1,487
CAA before price adjustments		9%
CAA after price adjustments		3%

Other GTS activities, outside NC TAR

Activity category	
Associated primary service	Oversubscription and Buy Back (OBB), Auction premium, Balancing action and Line pack Flexibility Service (LFS)
Secondary products, Amendments and conditions	Diversion, Shift of capacity, Assignment (full transfer of all rights and obligations or ToC), Transfer of usage rights (ToU), Surrender of capacity, Capacity conversion, Decrease of capacity, Start-up service, Gas heating compensation, Capacity exceeding's, Overshoot agreement, SFA conditions, Capacity reduction due to transport restrictions, reconciliation, Metering/allocation correction

Questions?