

# 2015 Postalised tariff model

Presentation to workshop

May 2015

# 1. Purposes of the model

- To calculate forecast and year end prices for:
  - Commodity
  - Entry capacity (annual, quarterly, monthly, daily, within-day, interruptible products) at Moffat and Gormanston
  - Exit capacity (annual products)
- Including auction premia as necessary
- To produce the outputs necessary for shipper invoices
- To model the reconciliation process
- To test the impact of changes in volumes

## 2. Structure of model

- Designed according to best practice
- Incorporates four existing UR spreadsheet models
- Both monthly and annual data produced
- Standard inputs/calculations/outputs structure
- Tested internally with both dummy and actual data
- Capacity for 20 shippers and four TSOs (three current TSOs and “West” TSO)

# 3. Calculation of reserve prices

- Forecast (and allowed) revenue allocated to entry/exit capacity/commodity products
- For each group of products:  
Price = Revenue / Volume
- For capacity products, model calculates annual price, then other product prices using seasonal and product weightings
- Weightings:
  - For entry capacity products, model includes seasonal and product weightings for six products
  - No seasonal weightings for commodity products

## 4. Main changes since last workshop

- Auction premia included for capacity products
- Entry and exit commodity charges amalgamated
- Entry/exit split input removed
- Hourly data for within-day products included (increased size of model from 8 MB to almost 40 MB)
- Calculations mapped to licence terms
- Provision for leap year (for 2015/16)
- Treatment of VAT

## 5. Reconciliation process

- Reconciliation works broadly as now:
  - all over-/under-recovery of revenue is returned/passed through in a single ('bullet') reconciliation payment; but
  - reconciliation payments apportioned to TSOs according to revenue requirement
- Reconciliation process ensures that licensees receive their ARR. In GNI(UK)'s case  $FRR=ARR$

## 6. Next steps

- Test model with 2014/15 data
- Train users of model as required
- Document model for continuity purposes
- Implement for 2015/16 gas year

**Question?**

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