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**CVSL process**

CVSL receives:
- Step 1 (a)
  - 6-6 DQ
  - 6-6 Producer Entitlements
  - 6-6 Shipper Claim

CVSL receives:
- Step 1 (b)
  - 5-5 DQ
  - 5-6 DQ
  - 5-5 Initial Shipper Allocation (Gemini)

**Existing 6-6 CVSL Validation Process (CVIA)**

- Step 2: CVSL validate 6-6 Shipper Claim with 6-6 DQ and 6-6 Producer Entitlement
- Step 3: CVSL record individual Shipper allocation based on 6-6

**Additional CVSL 5-5 Scaling Process (CVSA)**

- Step 4: Apply scaling calculation on the 6-6 Shipper allocation
- Step 5: CVSL generate a Shipper allocation based on 5-5 and inputs into Gemini

**National Grid process**

NG receives:
- Step 6: 5-5 Shipper allocation fed into imbalance charge calculation and invoicing
Option B Overview

Aim
Provide certainty for Shippers by ensuring upstream notified daily deliveries match Network input claims for the purpose of imbalance management.

Method
Convert daily Shipper claims, at participating Terminals, from a 06:00-06:00 basis to an 05:00-05:00 basis (using Option A methodology) then use a Linepack Flexibility Service to supplement (or repay) an amount leading to alignment with 06:00-06:00 quantities for use in subsequent imbalance charge calculations.

Calculation
Shipper allocation = 06:00 Shipper claim + the last hour delivery of the previous day - the last hour delivery of the current day + Shipper LFS quantity.
Option B (i)

CVSL/Agent process

CVSL receives:

Step 1 (a)
- 6-6 DQ
- 6-6 Producer Entitlements
- 6-6 Shipper Claim

Existing 6-6 CVSL Validation Process (CVIA)

Step 2
CVSL validate 6-6 Shipper Claim with 6-6 DQ and 6-6 Producer Entitlement

Step 3
CVSL record individual Shipper allocation based on 6-6

Agent receives:

Step 1 (b)
- 5-5 DQ
- 5-6 DQ
- 5-5 Initial Shipper Allocation (Gemini)

Performed daily by Agent (NG, CVSL or other)

Step 4
Apply scaling calculation on the 6-6 Shipper allocation

Step 5
Agent generate a Shipper allocation based on 5-5 and inputs into Gemini

NG receives:

Step 8
5-5 Shipper allocation + Shipper LFS allocation fed into imbalance charge calculation, LFS charge and invoicing

Step 6
Agent identifies Shipper LFS requirement through subtraction of 5-5 and inputs into Gemini

Step 7
Agent generates a Shipper 5-5 allocation plus LFS allocation. Record LFS daily and cumulative usage
What are the benefits?

Option B (i)

- Shipper within day forecast information will be more accurate
  - Producer forecasts will align with final Shipper claims

- Potential misalignment of upstream purchasing arrangements by Shippers will be avoided

- No requirement to change the CVIA

- Avoids potential liquidity issues due to different arrangements at different Terminals
Option B (ii)

**CVSL process**
- **Step 1 (a)**: 6-6 DQ, 6-6 Producer Entitlements, 6-6 Shipper Claim
- **Step 2**: CVSL validate 6-6 Shipper Claim with 6-6 DQ and 6-6 Producer Entitlement
- **Step 3**: CVSL record individual Shipper allocation based on 6-6

**Existing 6-6 CVSL Validation Process (CVIA)**

**NG process**
- **Step 4**: 5-5 Shipper allocation + Shipper LFS allocation (6-6 allocation) fed into imbalance charge calculation and invoicing

**NG receives:**
- **Step 5**: 5-5 DQ, 5-6 DQ, 5-5 Initial Shipper Allocation (Gemini)
- **Step 6**: Apply scaling calculation on the 6-6 Shipper allocation

**Offline process**
- Performed quarterly by Agent (NG, CVSL or other)
- **Step 7**: Agent generates a Shipper allocation based on 5-5 and inputs into Gemini
- **Step 8**: Agent identify Shipper LFS requirement through subtraction of 5-5 and inputs into Gemini
- **Step 9**: Agent generate a Shipper 5-5 allocation plus LFS allocation. Record LFS daily and cumulative usage

**NG receives:**
- **Step 10**: Shipper LFS usage fed into LFS charging mechanism and invoicing
What are the benefits?

**Option B (ii)**

- Shipper within day forecast information will be more accurate
  - Producer forecasts will align with final Shipper claims

- Potential misalignment of upstream purchasing arrangements by Shippers will be avoided

- No requirement to change the CVIA

- Avoids potential liquidity issues due to different arrangements at different Terminals

- Retrospective calculation may relieve any complexity in changes to the CVSA and work required by CVSL

- Timescale to complete any IT change can potentially be extended beyond the implementation date of the gas day change (due to the retrospective nature of the calculation)
What are the risks?

- Adherence to the regulation requires confirmation

- Confirmation is required that retrospective linepack utilisation will not interfere with physical network day to day operations

- Assuming a UNC modification is required can a positive outcome be achieved in sufficient time to allow for IT work scopes?

- Could create additional Shipper costs through LFS charges
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