

Clarification to the Decision Paper on Treatment of Gas Transportation Capacity Costs and Modification to the Bidding Code of Practice (SEM-14-018)

13 August 2014

The SEM Committee has received a number of queries in relation to the Decision Paper on Treatment of Gas Transportation Capacity Costs and Modification to the Bidding Code of Practice (SEM-14-018). Further to these queries, the SEM Committee is publishing the following clarifications:

1. We do not consider the good cause override in paragraph 8 to apply to the GTC specific principles in paragraphs 12A to 12C or to the principle of good market behaviour set out in paragraph 12D.
2. Paragraph 12D does not, of itself, allow or prevent the inclusion of charges such as overrun charges. It is a principle of market behaviour designed to help guide generators as to how they must construct their COD in advance of knowing what their SRMC (as defined in Condition 15) will be on any given day. The principle is that generators should expect to act so as to avoid unreasonable exposure to such charges. The SEM Committee provided initial guidance on some examples of such unreasonable exposure in paragraph 7.3 of SEM-14-018.