

10 October 2019

MODIFICATION 07xx

LAST RESORT SUPPLY PAYMENTS

Proposed legal text

TRANSPORTATION PRINCIPAL DOCUMENT

SECTION B – SYSTEM USE AND CAPACITY

Amend paragraph 1.7 to read as follows:

1.7 Transportation Charges, Metering Charges and SoLR Charges

1.7.1 For the purposes of the Code:

- (a) **"Transportation Charges"** are
 - (i) charges (other than Energy Balancing Charges or Storage Charges) payable by a User in respect of a transportation arrangement under the Code, and (subject to paragraph 1.7.8) comprise Capacity Charges, Commodity Charges, Customer Charges, CSEP Charges, and NTS Entry Capacity Retention Charges; and
 - (ii) amounts payable by a DNO User in respect of DN Pensions Deficit Charges;
- (b) **"Metering Charges"** are the prevailing charges payable by a User as contained in the Metering Charges Statement
- (c) **"SoLR Charge"** is the charge payable by a Shipper User following receipt by a Transporter of a valid claim for a last resort supply payment from a supplier pursuant to Standard Special Condition 48 of the Transporter's Licence and for the purposes of Code shall be treated as being Transportation Charges..

1.7.2 A **"Capacity Charge"** is a charge in respect of, and determined by reference to the amount of, a User's Registered NTS Entry Capacity, Registered NTS Exit Capacity or Registered LDZ Capacity at a System Point.

1.7.3 A **"Commodity Charge"** is a charge in respect of use of a System, determined by reference to the quantity of the gas flow (or the part thereof attributable to a User) at a System Point, or a charge payable by reference to the arrangements in Special Condition 2A or Special Condition 3A of National Grid NTS's Transporter's Licence or Special Condition 1B of the relevant DNO's Transporter's Licence.

1.7.4 A **"Customer Charge"** is a charge payable by reason of being the Registered User of a Supply Point.

1.7.5 In respect of a Customer Charge:

- (a) the "**Capacity Variable Component**" is the component (if any) thereof the amount of which is determined by reference to the amount of a User's Registered Supply Point Capacity;
- (b) the "**Commodity Variable Component**" is the component (if any) thereof the amount of which is determined by reference to the quantity of the gas flow at a Supply Point;
- (c) the "**Fixed Component**" is the component (if any) thereof which is not determined by reference to Supply Point Capacity or gas flow.

1.7.6 Where any element of a Transportation Charge is payable by a User pursuant to a contract other than one made upon the terms of the Code, such element shall not in addition be payable under the Code.

1.7.7 A "**CSEP Charge**" is a charge payable by virtue of being (in relation to a relevant Connected System Exit Point) a CSEP User.

1.7.8 The further provisions of the Code set out the basis on which Transportation Charges and Metering Charges are payable by Users; provided that (subject to paragraph 1.8.2) where:

- (a) the prevailing Transportation Statement or Metering Charges Statement provides for any charge which is not provided for in the Code; and
- (b) the amount payable by way of such charge in any case is capable of being determined by reference to the provisions of the Code prevailing at the time

such charge shall be a Transportation Charge or Metering Charge and shall be payable by Users or Users of such class in accordance with the relevant provisions of the Transportation Statement or the Metering Charges Statement respectively.

1.7.9 For the avoidance of doubt paragraph 1.7.8(b) shall not be taken as requiring that the Code should provide for the determination or (other than by virtue of paragraph 1.7.8) payment of any such charge as is therein referred to.

1.7.10 The basis on which the Transporter will reduce any Transportation Charges pursuant to Standard Condition 7(5) of the Transporter's Licence is not contained in the Code; and nothing contained in the Code shall be taken to prevent the Transporter from reducing such charges in accordance with that Standard Condition.

Amend paragraph 1.8.1 to read as follows:

1.8 Rates and amounts of Transportation Charges

1.8.1 Subject to paragraphs 1.8.2 to 1.8.5 and paragraph 1.10, and except as provided in paragraph 2.9:

- (a) the amount or rate of any Transportation Charge accrues (irrespective of when it is due for payment); and accordingly the rate of the Transportation Charges payable by a User may vary during the period for which the User holds any System Capacity or is the Registered User of any Supply Point or is a CSEP User;
- (b) the amount or rate of any Metering Charge payable at any time by a User shall be determined in accordance with the Metering Charges Statement in force at the time such charge accrues irrespective of when it is due for payment

- (c) the amount of any SoLR Charge payable at any time by a Shipper User shall be determined in accordance with the DN Transportation Charging Methodology.

SECTION Y – CHARGING METHODOLOGIES

PART B – DN TRANSPORTATION CHARGING METHODOLOGY

Add new paragraph 11 to read as follows:

11 SoLR Charge

11.1 Where a DN Operator is in receipt of a valid claim from a supplier for a last resort supply payment in accordance with Standard Special Condition 48 of the DN Operator's Gas Transporter's Licence ("**Condition 48**") the DN Operator shall be entitled to recover from Shipper Users the SoLR Charge calculated in accordance with this paragraph 11.

11.2 For the purposes of this paragraph 11:

- (a) "**Specified Amount**" means, in respect of a valid claim for a last resort supply payment submitted to a DN Operator pursuant to Condition 48, the amount of such claim;

11.3 Following a valid claim from a supplier under Condition 48 each Shipper User will be required to pay each DN Operator the SoLR Charge:

11.4 The "**SoLR Charge**" in relation to a relevant LDZ Supply Point on a DN Operator's System shall be calculated as follows:

$$C_{\text{SoLR}} = T_{\text{SoLR}} - T$$

Where:

C_{SoLR} is the SoLR Charge;

T_{SoLR} is the Transportation Charge that would have been charged were the Specified Amount to be treated as being an addition to the revenue allowed under the DNO Licence for the provision of transportation services to Shippers for the relevant year;

T is the Transportation Charge that would be charged to recover allowed under the DNO Licence for the provision of transportation services to Shippers for the relevant year;

and the charge published in the Transporter's transportation charging statement shall be the sum of T and C_{SoLR} .

11.5 For the purposes of charging Shipper Users in accordance with Section S, for each charge type the SoLR Customer Charge shall be added to the Transportation Charge and invoiced as one charge payable in accordance with Section S.

Commented [RP1]: We may need to call it Charges to Shippers to be accurate. The PCFM can stay as the PCFM but we would need to ensure that A48 claims are not processed through it.

Commented [RP2]: Is it charge type or Invoice Type

Commented [RP3]: If Section S refers to Transportation Charges we may need to define Transportation Charges in Section S differently to how they are defined in Section Y part B namely as the sum of Transportation Charges as defined in TPD Y part B and the SoLR Charge as defined in TPD Y part B. This would be undesirable but doable.

I think that there is only one place where Transportation Charge appears in Section S and that is in relation to set off.

We do have precedents for this as User is defined differently in different sections of the UNC and I think that Business Days might also be defined differently.