











UNC Modification	At what stage is this document in the process?
<h1>UNC 0XXX:</h1> <h2>Amendment to the Allocation of Entry Capacity and Flow Quantities to Qualifying CNCCD Routes</h2>	
<p>Purpose of Modification:</p> <p>Amend the apportionment of Entry Capacity and Entry Flow between multiple Conditional NTS Capacity Charge Discount qualifying routes that share an Entry Point so that it is based on the minimum of both the Exit Capacity and the Exit Flow at each of the Exit Points of each route.</p>	
<p>Next Steps:</p> <p>The Proposer recommends that this Modification should be:</p> <ul style="list-style-type: none">• subject to Self-Governance• assessed by a Workgroup <p>This Modification will be presented by the Proposer to the Panel on 15 September 2022. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</p>	
<p>Impacted Parties:</p> <p>Low: Shippers</p>	
<p>Impacted Codes:</p> <p>None</p>	

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		telephone
Timetable		
<i>Please provide proposer contacts and an indicative timeline. The Code Administrator will update the contents and provide any additional Specific Code Contacts.</i>		Transporter: Insert name and Organisation
Modification timetable: (amend as appropriate)		
Pre-Modification Discussed	01 September 2022	email address
Date Modification Raised	TBC	
New Modification to be considered by Panel	15 September 2022	telephone
First Workgroup Meeting	06 October 2022	Systems Provider: Xoserve
Workgroup Report to be presented to Panel	20 October 2022	
Draft Modification Report issued for consultation	TBC	UKLink@xoserve.com
Consultation Close-out for representations	TBC	Other: Insert name
Final Modification Report available for Panel	TBC	
Modification Panel decision	TBC	email address
		
		telephone

1 Summary

Please provide a high level executive summary of the Modification proposed including drivers and benefits i.e. **what** is the identified defect/change in the existing code that needs to be rectified, **why** this change needs to be made, and **how**.

What

The methodology to apportion shared Entry Capacity and Entry Flow between multiple Conditional NTS Capacity Charge Discount qualifying routes is based on proportions of procured Exit Capacity only (TPD B9.3.8).

Under these arrangements, unused Exit Capacity on one route, if not matched by unused Entry Capacity and Entry Flow, attracts an apportionment of Entry Capacity and Entry flow which is not needed on that route and away from other routes where it is needed for eligibility for CNCCD.

Why

The current arrangements disincentivise Users from booking Exit Capacity associated with CNCCD routes which share Entry Points with other routes until the last opportunity, and do not reflect the costs and benefits of access to and use of a pipeline that is owned and operated by the User, which is the intent of the current CNCCD arrangements to avoid inefficient bypass of the NTS.

How

The proposal is to amend the apportionment calculation in TPD B9.3.8 so that both Entry Capacity (CapEn) and Entry Flow (DQEn) is allocated based on the minimum of both Exit Capacity and Exit Flow at each of the Exit points of each registered route.

2 Governance

Justification for Self-Governance

The proposal would better facilitate CNCCD discount arrangements to avoid inefficient bypass of the NTS for CNCCD qualifying routes that share Entry Points with other qualifying routes. The current defect affects a small minority of CNCCD qualifying routes because the majority of routes do not share Entry Points. **[insert historic CNCCD discounts to demonstrate materiality]**. The proposed arrangements would redistribute a small amount of Entry and Exit Capacity charges that become eligible for the CNCCD discount across all Users.

The modification:

(i) is unlikely to have a material effect on:

- (aa) existing or future gas consumers; and*
- (bb) competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes; and*
- (cc) the operation of one or more pipe-line system(s); and*
- (dd) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and*
- (ee) the uniform network code governance procedures or the network code modification procedures; and*

(ii) is unlikely to discriminate between different classes of parties to the uniform network code/relevant gas transporters, gas shippers or DN operators.

Requested Next Steps

This Modification should:

- be considered a non-material change and subject to Self-Governance.
- be assessed by a Workgroup.

3 Why Change?

The current arrangements disincentivise Users from booking Exit Capacity associated with CNCCD routes which share Entry Points with other routes until the last opportunity, because any unused Exit Capacity may impact eligibility for the CNCCD discount on other routes. The current allocation arrangements do not reflect the costs and benefits of access to and use of a pipeline that is owned and operated by the User, which is the intent of the current CNCCD arrangements to avoid inefficient bypass of the NTS. A User with a bypass pipeline would be able to nominate Entry into and flow across that pipeline, whereas the shared Entry allocation arrangements do this by calculation. This calculation should be amended so that the proportions better reflect the Entry Capacity requirements and Flow along each route.

4 Code Specific Matters

Reference Documents

Current CNCCD arrangements were introduced with modification UNC728
<https://www.gasgovernance.co.uk/0728>

Transportation Principal Document: Section B
https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2020-10/4%20TPD%20Section%20B%20-%20System%20Use%20%26%20Capacity_0.pdf

5 Solution

The proposal is to modify the Entry apportionment calculation to use the minimum of Exit Capacity and Gas Flow at the Exit point of each registered route. This will mean that each route becomes self-contained in that it cannot be adversely impacted by the existence of unused exit capacity on another Route registered against the same Entry point.

Business Rules proposed for UNC728B

37. Where a User specifies a single Entry Point as the relevant Entry Point for more than one route (i.e. in respect of more than one Exit Point): 37.1. the Entry Capacity (CAPEn) for the relevant route will be equal to the User's Entry Capacity at the ASEP pro-rated on the basis of the Exit Capacity quantity as a proportion of the aggregate of the Exit Capacity quantities (for which the Entry Point is the relevant Entry Point for the nominated routes);

37.2. the quantity of Entry Capacity procured via an Existing Contract (ECEn) for the relevant route will be the equal to the User's Entry Capacity procured via an Existing Contract at the ASEP pro-rated on the basis of the

Exit Capacity quantity as a proportion of the aggregate of the Exit Capacity quantities (for which the Entry Point is the relevant Entry Point for the nominated routes); and

37.3. the Entry Allocation (AEn) for the relevant route will be the equal to the User's Entry Allocation at the ASEP pro-rated on the basis of the Exit Allocation quantity as a proportion of the aggregate of the Exit Allocation quantities (for which the Entry Point is the relevant Entry Point for the nominated routes).

37.4. the Apportionment Quantity (AQEn) for the relevant route will be the equal to the User's Apportionment Quantity pro-rated on the basis of the Exit Capacity quantity as a proportion of the aggregate of the Exit Capacity quantities (for which the Entry Point is the relevant Entry Point for the nominated routes);

Potential Amended Wording to Business Rules

37. Where a User specifies a single Entry Point as the relevant Entry Point for more than one route (i.e. in respect of more than one Exit Point):

37.1. the Entry Capacity (CAPEn) for the relevant route will be equal to the User's Entry Capacity at the ASEP pro-rated on the basis of the **Minimum** of Exit Capacity quantity **and Exit Allocation Quantity** as a proportion of the aggregate of the **minimum** of the Exit Capacity quantities **and Exit Allocation Quantity per route** (for which the Entry Point is the relevant Entry Point for the nominated routes);

37.2. the quantity of Entry Capacity procured via an Existing Contract (ECEn) for the relevant route will be the equal to the User's Entry Capacity procured via an Existing Contract at the ASEP pro-rated on the basis of the **Minimum of** Exit Capacity quantity **and Exit Allocation Quantity** as a proportion of the aggregate of the **minimum of the** Exit Capacity quantities **and Exit Allocation Quantity per route** (for which the Entry Point is the relevant Entry Point for the nominated routes); and

37.3. the Entry Allocation (AEn) for the relevant route will be the equal to the User's Entry Allocation at the ASEP pro-rated on the basis of the **Minimum of** Exit Capacity quantity **and Exit Allocation quantity** as a proportion of the aggregate of the **minimum of** the Exit Capacity quantities **and Exit Allocation quantities** (for which the Entry Point is the relevant Entry Point for the nominated routes).

37.4. the Apportionment Quantity (AQEn) for the relevant route will be the equal to the User's Apportionment Quantity pro-rated on the basis of **the Minimum of** Exit Capacity quantity **and Exit Allocation quantity** as a proportion of the aggregate of **the minimum of** the Exit Capacity quantities **and Exit Allocation quantities** (for which the Entry Point is the relevant Entry Point for the nominated routes);

Current UNC Legal Text

Section TPD B9.3.8 would require amendment to reflect proposed business rules:

9.3.8 The "Election Entry Proportion" for a CNCCD Election and a Day is:

(a) subject to paragraph (b), one (1);

(b) where the User has made more than one CNCCD Election in relation to the same Eligible Entry Point, for the purposes of each such election, the proportion determined as:

$RQEx / \Sigma RQEx$

where

RQEx is

(i) for the purposes of paragraphs 9.3.3(b), 9.3.5 and 9.3.7(a), the User's Fully Adjusted Available Firm NTS Exit Capacity at the Nominated Exit Point;

(ii) for the purposes of paragraph 9.3.7(c), the User's UDQO at the Nominated Exit Point;

Σ is the sum over all of the User's CNCCD Elections for the Nominated Entry Point.

6 Impacts & Other Considerations

Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No

Consumer Impacts

The CNCCD discount arrangements are intended to avoid Inefficient bypass of the NTS. Inefficient bypass would reduce the capacity charges cost base and result in increased NTS Capacity reserve tariffs which would then be passed through to consumers. This proposal improves eligibility for the CNCCD discount to help avoid inefficient bypass and increased tariffs and prevent higher bills for consumers.

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
Improved safety and reliability N/A	None
Lower bills than would otherwise be the case The CNCCD discount arrangements are intended to avoid Inefficient bypass of the NTS. Inefficient bypass would reduce the capacity charges cost base and result in increased NTS Capacity reserve tariffs which would then be passed through to consumers. This proposal improves eligibility for the CNCCD to help avoid inefficient bypass and increased tariffs.	Positive
Reduced environmental damage Reduce probability of inefficient pipeline construction and bypass of the NTS	Positive
Improved quality of service N/A	None

Benefits for society as a whole N/A	None
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Cross-Code Impacts

None

EU Code Impacts

None

Central Systems Impacts

To be confirmed.

7 Relevant Objectives

Impact of the Modification on the Transporters' Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	Positive
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

The CNCCD discount arrangements are intended to avoid Inefficient bypass of the NTS. Inefficient bypass would reduce the capacity charges cost base and result in increased NTS Capacity reserve tariffs which would then be passed through to consumers. This proposal improves eligibility for the CNCCD discount to help avoid inefficient bypass and improve effective competition.

8 Implementation

Suggested wording for Self-Governance Modifications:

As Self-Governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

Implementation timescales may also be subject to Central Systems development TBC

9 Legal Text

Legal text will be drawn up by the relevant Transporter at a time when the Modification is sufficiently developed in line with the [Legal Text Guidance Document](#).

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to

- Agree that Self-Governance procedures should apply.
- Refer this proposal to a Workgroup for assessment.