

## Representation – Draft Modification Report UNC 0877S

### Alignment of TO Revenue and TO Revenue Adjustment terms to the current Gas Transporter Licence

**Responses invited by: 5pm on 07 June 2024**

**To:** [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

*Please note submission of your representation confirms your consent for publication/circulation.*

<b>Representative:</b>	Ash Adams
<b>Organisation:</b>	National Gas Transmission
<b>Date of Representation:</b>	07/06/2024
<b>Support or oppose implementation?</b>	Support
<b>Relevant Objective:</b>	f) Positive
<b>Relevant Charging Methodology Objective:</b>	Not Applicable

**Reason for support/opposition:** *Please summarise the key reason(s) for your support or opposition.*

As proposer of this UNC Modification, National Gas Transmission supports its implementation.

Since the two Licence terms (TORt and TOKt) referred to in UNC TPD Section F1.1.2 no longer exist in NGT's current Gas Transporter Licence there is a requirement to update them to provide clarity on the values that are used in the Default SMP calculation.

The Transportation Owner Revenue term (TORt) broadly aligns with the TO Recovered Revenue Term (RRt) in the current Licence. However, given that the Recovered Revenue is not known at the time of Default SMP calculation, this cannot be used. Instead, the Allowed Revenue term (ARt) is the more appropriate term from the current Licence to use in the calculation as this is known at the time of the Default SMP publication. The Transportation Owner correction term (TOKt) term is replaced by the K correction term in the current Licence.

Given the Adjusted Revenue (ADJRt) term from the Licence is equal to the Allowed Revenue (ARt) independent of the K correction and any legacy adjustments, the most sensible approach is to update UNC TPD Section F 1.1.2 by replacing "TORt less TOKt" with "ADJRt" to simplify the UNC text while also aligning it with the current Licence drafting. For the avoidance of doubt the ADJRt value used we be as published in the most recent PCFM published by Ofgem.

National Gas believes that this Proposal would further standard Relevant Objective (f) Promotion of efficiency in the implementation and administration of the Code by ensuring

that the UNC is aligned with the most appropriate terms from within the current Licence and providing clarity on the values that feed into the default SMP calculation.

**Governance Statement:** *Please provide your views on the self-governance statement or reasons why Authority Direction should apply.*

This proposal should be classed as a Self-Governance Modification. It aims to update out-of-date Licence terms with an appropriate term from the current Licence. It has no effect on existing or future gas consumers, competition between parties, or operation of network systems nor will it unduly discriminate between different classes of UNC parties.

**Impacts and Costs:** *Please provide a view on the impacts and costs you would face.*

None.

**Implementation:** *What lead-time do you wish to see prior to implementation and why?*

No lead time is required for implementation of this Proposal. Implementation could therefore be sixteen business days following a decision to implement.

**Legal Text:** *Are you satisfied that the legal text will deliver the intent of the Solution?*

We are satisfied that the legal text delivers the intent of the solution.

**Panel Questions:** *Panel Members have requested that the following questions are addressed.*

n/a

**Error or Omissions:** *Are there any errors or omissions in this Modification Report that you think should be taken into account? Please include details of any impacts/costs to your organisation that are directly related to this.*

We have not identified any errors or omissions.

**Additional analysis:** *Please provide below any analysis or information to support your representation.*

National Gas Transmission does not believe that any additional analysis or information is required.