













UNC Request	At what stage is this document in the process?
<h1>UNC 0705R:</h1> <h2>NTS Capacity Access Review</h2>	<div>01 Request</div> <div>02 Workgroup Report</div> <div>03 Final Modification Report</div>
<p><b>Purpose of Request:</b></p> <p>To review the principles and establish long-term strategy for the NTS capacity access regime. Ensuring the regime is appropriate for commercial behaviours experienced today, simplified and adaptable whilst being consistent with relevant obligations. To make recommendations for change and addressing short-term problems in accordance with the long-term ambition.</p>	
	<p>The Proposer recommends that this request should be assessed by a Workgroup</p> <p>This request will be presented by the Proposer to the Panel on 15 October 2020.</p>
	<p>High Impact:</p> <p>GB gas market participants, National Grid NTS, Ofgem</p>
	<p>Medium Impact:</p> <p>None</p>
	<p>Low Impact:</p> <p>None</p>

Contents		 Any questions?
<b>1 Request</b>	<b>3</b>	Contact: <b>Joint Office of Gas Transporters</b>
<b>2 Impacts and Costs</b>	<b>4</b>	 <a href="mailto:enquiries@gasgovernance.co.uk">enquiries@gasgovernance.co.uk</a>
<b>3 Terms of Reference</b>	<b>7</b>	 0121 288 2107
<b>4 Recommendation</b>	<b>8</b>	Proposer: <b>Jennifer Randall</b>  <a href="mailto:Jennifer.randall@nationalgrid.com">Jennifer.randall@nationalgrid.com</a>  07768 251404
<b>About this document:</b> <p>This document is a Request, which will be presented by the Proposer to the panel on 15 October 2020.</p> <p>The Panel will consider the Proposer's recommendation, and agree whether this Request should be referred to a Workgroup for review.</p>		Transporter: <b>National Grid NTS</b>  <a href="mailto:Jennifer.randall@nationalgrid.com">Jennifer.randall@nationalgrid.com</a>  07768 251404
		Systems Provider: <b>Xoserve</b>  <a href="mailto:UKLink@xoserve.com">UKLink@xoserve.com</a>

# 1 Request

## Why is the Request being made?

The current entry and exit capacity arrangements for Users to access the NTS were built on the foundations of an expanding gas transmission network. Historically, incremental capacity signals from long-term auctions would trigger investment on the NTS. Today, this environment has changed and we are not experiencing the capacity signals requiring expansion of the network we were 10 years ago<sup>1</sup>. Therefore, this Request is being raised to review the principles of the capacity access arrangements to ensure they are aligned to future needs of our customers and allow optimal development of the NTS.

This review will commence at a strategic level, looking at the long-term ambition for the NTS capacity access regime, including ensuring the regime is appropriate for commercial behaviours being experienced today, simplified and adaptable whilst being consistent with European obligations. Specific short-term problems identified by customers will be addressed consistently with the long-term ambition.

## Scope

To review the principles of the NTS capacity access regime, understanding issues and developing a long-term strategy. Making recommendations for change and addressing short-term problems in accordance with the long-term ambition.

1. Long-term Ambition			
<ul style="list-style-type: none"> <li>A capacity regime which is; <ul style="list-style-type: none"> <li>appropriate for commercial behaviours being experienced today</li> <li>simplified</li> <li>adaptable for the impact of ongoing industry change (e.g. Charging Review, Energy Codes Review, Baselines Review) and future developments of the gas network (e.g. hydrogen future)</li> <li>consistent with obligations at an European level (e.g. European Codes)</li> </ul> </li> </ul>			
2. Short-term Problems			
A	Substitution	Is the process and the associated timescales appropriate? (Lead times, Ofgem approval, treatment of decommissioned sites)	Governance
	Retainers	Are retainers still required with the introduction of PARCA?	
	Trade and Transfer	Any issues?	
	Zonal	Possible alternative solution to substitution and transfer	
B	Over-run charges	Are Over-run charges appropriate and incentivising "right" behaviour?	UNC / Methodology
C	PARCA	Appropriateness of fees Embedding and extending the "PARCA light process" embedded with CLoCC.	
D	User Commitment	Are the levels of User Commitment appropriate? <i>Potential links with PARCA and substitution</i>	
E	Capacity Products	Any new products required or redundant products? <i>Including additional auctions (e.g. duration); conditional products (e.g. temperature)</i>	
	Auctions / Applications	Any new processes, redundant processes or refined processes?	Are the rules contained in the right place?
F	Flex	Dependent on outcome of network capability work	
		Is the existing flex product appropriate for Tx?	

<sup>1</sup> [https://www.ofgem.gov.uk/system/files/docs/2018/12/riio-gt2\\_sector\\_annex\\_0.pdf](https://www.ofgem.gov.uk/system/files/docs/2018/12/riio-gt2_sector_annex_0.pdf) Page 54

## Impacts & Costs

The key impacts of this Request are currently considered to be:

- Possible changes to systems and business processes required to implement new capacity access arrangements
- Potential changes to governance documents (UNC and Gas Transporter Licence) to reflect amended capacity access arrangements
- Possible increase in Competition, Security of Supply and the efficient use of the NTS due to improved arrangements for accessing NTS capacity.
- Any improvements to transportation arrangements should result in net benefit to consumers.

## Recommendations

The objective of this Request is to explore the long-term needs of the capacity access regime and how short-term problems can be resolved in accordance with the future ambition. This Request should be issued to Workgroup for consideration.

## 2 Impacts and Costs

### Consideration of Wider Industry Impacts

Possible wider industry impacts and costs of the output of the Request are highlights below. However, until more detail is worked through, specific impacts cannot be identified.

### Impacts

Impact on Central Systems and Process	
Central System/Process	Potential impact – amendments to processes may be recommended by this review.
UK Link	•
Operational Processes	•

Impact on Users	
Area of Users' business	Potential impact – any changes to capacity processes could affect the below areas of Users' business.
Administrative and operational	•
Development, capital and operating costs	•
Contractual risks	•
Legislative, regulatory and contractual obligations and relationships	•

Impact on Transporters	
Area of Transporters' business	Potential impact - any changes to capacity processes could affect the below areas of Transporters' business.

Impact on Transporters	
System operation	•
Development, capital and operating costs	•
Recovery of costs	•
Price regulation	•
Contractual risks	•
Legislative, regulatory and contractual obligations and relationships	•
Standards of service	•

Impact on Code Administration	
Area of Code Administration	None identified.
Modification Rules	•
UNC Committees	•
General administration	•
DSC Committees	•

Impact on Code	
Code section	Potential impact
TPD Section B	• The focus of the review is on capacity processes.

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	None identified
Network Entry Agreement (TPD I1.3)	•
General	None identified.
Legal Text Guidance Document	•
UNC Modification Proposals – Guidance for Proposers	•
Self Governance Guidance	•
TPD	None identified.
Network Code Operations Reporting Manual (TPD V12)	•
UNC Data Dictionary	•

Impact on UNC Related Documents and Other Referenced Documents	
AQ Validation Rules (TPD V12)	•
AUGE Framework Document	•
Customer Settlement Error Claims Process	•
Demand Estimation Methodology	•
Energy Balancing Credit Rules (TPD X2.1)	•
Energy Settlement Performance Assurance Regime	•
Guidelines to optimise the use of AQ amendment system capacity	•
Guidelines for Sub-Deduct Arrangements (Prime and Sub-deduct Meter Points)	•
LDZ Shrinkage Adjustment Methodology	•
Performance Assurance Report Register	•
Shares Supply Meter Points Guide and Procedures	•
Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency	•
Standards of Service Query Management Operational Guidelines	•
Network Code Validation Rules	•
OAD	None identified.
Measurement Error Notification Guidelines (TPD V12)	•
EID	None identified
Moffat Designated Arrangements	•
IGTAD	None identified.
DSC / CDSP	None identified
Change Management Procedures	•
Contract Management Procedures	•
Credit Policy	•
Credit Rules	•

Impact on UNC Related Documents and Other Referenced Documents	
UK Link Manual	<ul style="list-style-type: none"> <li></li> </ul>

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Gas Transporter Licence	<ul style="list-style-type: none"> <li>Changes to areas such as substitution governance would require a Licence change.</li> </ul>

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> <li>Changes to processes could affect security of supply by affecting the attractiveness of the GB market.</li> </ul>
Operation of the Total System	<ul style="list-style-type: none"> <li></li> </ul>
Industry fragmentation	<ul style="list-style-type: none"> <li></li> </ul>
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	<ul style="list-style-type: none"> <li></li> </ul>

## 3 Terms of Reference

### Topics for Discussion

- Agree “Scope” of Capacity Access Review
- Understand the future long-term ambition for a capacity regime
- “No regrets” solutions to meet short-term problems consistent with the long-term strategy.
- Development of Solution (including business rules if appropriate)
- Assessment of potential impacts of the Request
- Assessment of implementation costs of any solution identified during the Request

### Outputs

Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup including a draft modification(s) where appropriate.

### Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate provided at least two Transporter and two User representatives are present.

### Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice.

## 4 Recommendations

### Proposer's Recommendation to Panel

The Proposer invites the Panel to DETERMINE that Request 0705R progress to Workgroup for review for a period of 12 months.