

Gas  
Transmission

# NTSCMF

Action updates

07 December 2021

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## Outstanding Actions:

- **0107** – National Grid (CWi) to provide documented explanation and diagrams detailing the relationship between the SO /TO and TS/non-TS revenue services.
- **0901 - CMF002 – TAR NC Compliance** National Grid (CWi) to update the slide from the last presentation on this subject: Revenue Mapping
- **0110** – Long Term Revenue Forecasts: National Grid (CWi) to provide an update on increased Shrinkage costs and the timing effect on future prices
- **1101** – National Grid (CWi) to provide an update of the bad debt process from a transportation and balancing costs perspective.
- **1102** – National Grid (CWi) to confirm when the Revenue Recovery Charge (RRC) was taking place in April 2022.

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Action updates

Action 0107

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## 0107: Revenue Relationships

- This action covers the determination of revenues for Transmission Services and comparing back to their starting point of TO and SO revenues. As the UNC deals with Transmission Services and Non-Transmission Services and the Licence with Transmission Owner and System Operator there can be some further clarity to highlight the relationship between these terms.
- It covers the process / steps and relationships for the same period (ie. Looking at a formula year).
  - There are additional steps in the UNC to determine the Gas Year revenues however the principles of comparing a 'like-for-like' is necessary to help facilitate the understanding of the linkages
- A 'live' document was produced for NTSCMF material for July 2021. This has been updated to include the additional material related to elements that were requested. Version 0.2 of this document is available on the December 2021 NTSCMF page:
  - <https://www.gasgovernance.co.uk/ntscmf/071221>
  - On receipt of feedback, this document can be further refined as would be considered helpful.

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Action 0901

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## 0901: CMF002 – TAR NC Compliance National Grid Revenue Mapping

- This item is now on the issues list to discuss further. We propose this be expanded in terms of the ask and be included in the discussion / development of those topics on the issues list to ensure the action is fully addressed and any more detailed actions noted.
- Recommend 0901 be closed and CMF002 be discussed as part of a dedicated session for addressing those items on the issues list.

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Action 0110

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## 0110: LTRF & Non-Transmission Charges including Shrinkage increases

- Separate update will be issued



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Action 1101

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## **1101: Bad debt process from a transportation and balancing costs perspective.**

- For any Bad Debt there are process associated for recovery under RII02
- Transportation Charges: Any bad debts can be recovered via adjustments to allowed revenues which in turn would be recovered through Transportation Charges. There are adjustment terms under both the TO and SO revenue determination for these.
  - Time wise, adjustments for these under the specific terms in the Licence, would only be updated in the Annual Iteration Process to produce the Allowed Revenues for a given year.
  - Once finally set for the Allowed Revenue Year, any further changes would adjust a subsequent year.

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Actions 1102

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# 1102: Gas Transmission Pricing Notifications

Following the implementation of UNC Modification 0678A from 1<sup>st</sup> October 2020, the notification of indicative and final Gas Transmission charges has been revised to align with the new regime.

## Publication Timeline under Previous Charging Regime

### Capacity Prices

- Published separately for each auction, e.g.:
  - Notice of Revised QSEC Reserve Prices (Jan)
  - Notice of Final Exit Capacity Charges (Apr)
  - Notice of Annual Quarterly IP Reserve Prices (Apr)
  - Notice of Rolling Monthly and Rolling Day Ahead IP (Jun)
  - Notice of Annual Yearly IP Reserve Prices (Jun)
  - Notice of Revised Entry Capacity Reserve Prices (Jul)
- Prices provided were Final
- No indicative capacity prices published.

### Commodity Prices

- Prices updated every April and September for the following 6 months (prices and target revenues changed within year for both TO and SO charges)
- Indicatives published in October (for April) and April (for October)
- Indicatives provided only for the following 6 months.

Transportation Statement updated to reflect Capacity and Commodity price updates (in line with Commodity price revisions) for next 6 months

- 2 x Indicative and 2 x Final.

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## Revised Publication Timeline

### Transmission Services (Capacity) Prices

- Single Reference price calculated for the Gas Year at Entry and Exit applicable for all products (except RRC which can be revised in exceptional circumstances within year subject to 2 months notice)
- Notices published for Exit Capacity and IP prices in line with Auction timescales (May)
- Information Provision Notification published providing notification of all prices applicable across all products for the Gas Year (May)
- 4 years worth of indicative prices published providing notification of QSEC and AMSEC auction reserve prices for future Gas years.

### General Non-Transmission (Commodity) Prices

- Prices set for the Gas Year (July)
- Target revenues cannot be changed within the Gas Year
- Prices can be changed if significant under/over-recovery, with 2 months notice.
- Indicative prices published for an additional 4 Gas Years (July)

Transportation Statement updated to reflect annual Transmission Services and General Non Transmission Services price updates in July, for the Gas Year and 4 years worth of Indicative prices.

- 1 x Final.

## 1102: Potential for price changes under current regime

- There are a number of charges that can be updated within the Tariff Period (Gas Year) per the UNC. Here we focus on the Capacity-based Entry and Exit Revenue Recovery charges (RRCs) and the General Non-Transmission Services Charges.
- Transmission Services Entry and Exit RRCs can be used to manage revenue recovery within the Tariff Period (Gas Year). At this time it is too early to indicate if a change to Entry or Exit RRCs rates will be needed.
  - As the prices are set to recover a Gas Year revenue, we must recognise we are only one month in and are not materially out on collection.
- General Non Transmission Services charges are also set for a Gas Year. Although they can be changed where there is a variance between target and actual revenues for the Gas Year, there is no longer the certainty of a 6 monthly price setting cycle, that of October and April to adjust these charges.
- At present we have no expectation that prices will need to change within year and will keep this under close monitoring and provide the notice accordingly for any changes.

# Contact

General Questions

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General Regulatory Change Queries

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General Charging Queries

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General Capacity Queries

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