

Gas
Transmission

NTSCMF

06 September 2022

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Overview of this material

- This material is addressing action 0701 – “National Grid to provide a more detailed breakdown of the non Transmission Services revenue”.
- It is also provided in response to NTSCMF Issues Tracker reference “CMF003”
- In combination with the mapping document that illustrates the revenue contributions to allowed revenue collection, the items shown in this pack are to help illustrate how certain items are treated in the various steps of the charging process.
- All this is provided for awareness and discussion

Background

- The use of this information helps to show the treatment and values associated to four specific elements that we have discussed to focus on via NTSCMF:
 - Entry overruns
 - Exit overruns
 - Non-Obligated Entry Capacity
 - Non-Obligated Exit Capacity
- The way in which the values are treated on recovery and the values set as forecasts when setting the respective Transmission Services and Non-Transmission Services has been a topic of discussion given there are some differences between Entry and Exit for overruns and Non-Obligated Capacity.
- The reconciliation of these numbers, actuals to forecasts will mean, like other charges, the 'reconciliation' impacts charges into a subsequent year. All charges are set on a forward-looking basis, recovery actual versus forecasts impact other charges over time.

TO/SO and Tx/GNTS Revenue

Understanding Revenue mapping between the UNC and the Licence for the purposes of Gas Transportation Charges documentation was provided to NTSCMF on 03 December 2021.

Following the flow diagrams in this document will help provide the illustration of where the monies are considered in the setting of Transportation charges.

Document can be found [here](#). It was updated before December following comments received. We welcome any further comments or questions to keep this document helpful and relevant.

Data used within this presentation

The values used show those of the current Gas Year (GY), October 2021 to September 2022, covering the months which data is available at the time of publication of the materials.

Values shown are those numbers included as forecasts, where relevant to include into charge setting and the actuals to date

- Actuals to date will be as up to date as they can be at the time of publication of this material, which impacts the timing of when capacity and commodity based values are available.

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Overruns

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Overruns revenue feeds

- Entry Overruns Revenue will be attributed to Capacity Neutrality (UNC TPD B 2.13.2). Licence specifies not included in SO Revenue (SC2.3.4)
- Exit Overruns Revenue will be attributed to Licence SO Revenue (SC2.3.4) and UNC Non-Transmission Services Revenue.
- The mapping of these can be found [here](#) in the revenue mapping document

Overrun considerations in Transportation charge setting

Revenue forecasted within the Charge Setting processes for Gas Year 2021/22:

Overruns (Entry): Zero

Overruns (Exit): Zero

Overruns actual revenue

Gas Year 2020/21:

Entry Overruns Revenue: £3.5m (Capacity Neutrality Revenue redistributed to Shippers)

Exit Overruns Revenue: £0.9m

Gas Year 2021/22 (up to June 2022):

Entry Overruns Revenue: £5.1m (Capacity Neutrality Revenue redistributed to Shippers)

Exit Overruns Revenue: £2.0m

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Non-Obligated Capacity

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Non-Obligated revenue feeds

- Entry Non-Obligated Revenue will be attributed to Licence revenue of SO Revenue (SC2.3.4) and Capacity Neutrality (UNC TPD B 2.13.2).
- Exit Non-Obligated Revenue will be attributed to Licence revenue of SO Revenue (SC2.3.4) and UNC Transmission Services Revenue.
- The mapping of these can be found [here](#) in the revenue mapping document

Non-Obligated considerations in Transportation charge setting

Non-Obligated Entry:

- The Non-Obligated Entry Capacity revenue goes through the Capacity Neutrality mechanism and are therefore returned to Shippers.
- The revenue value is added to the total Transmission Services Entry target revenue to be collected by the Entry Capacity charges, as the capacity values for Non-Obligated Entry are part of the FCC values.

Non-Obligated Exit:

- The Non-Obligated Exit Capacity revenue is allocated to the SO Allowance.
- The forecast of Non-Obligated Exit Capacity is added onto the Transmission Services Exit target revenue (derived from the TO Allowance) to be collected by the Exit Capacity Charges, and it is subsequently removed from the target revenue that need to be collected by the General Non Transmission Services Charge.

Non-Obligated Revenue considerations in Transportation charge setting

Revenue forecasted within the Charge Setting processes for Gas Year 2021/22:

- Non Obligated (Entry): £1.9m
- Non Obligated (Exit): £7.4m

Non-Obligated actual revenue

Gas Year 2020/21:

- Entry Non-Obligated Revenue: £2.3m (Capacity Neutrality)
- Exit Non-Obligated Revenue: £7.4m

Gas Year 2021/22 (up to July 2022):

- Entry Non-Obligated Revenue: £1.6m
- Exit Non-Obligated Revenue: £10.4m

Summary

- **Overruns are not forecasted within charge setting as we assume that all capacity that is flowed against will be booked.**
 - Entry overruns are returned to Shippers, Exit overruns are not.
 - All else being equal, if there are Exit overruns these would impact Non-Transmission Charges in a subsequent year.
- **Non-Obligated Capacity is forecasted based on what we have seen in previous years and months up to the point the Transmission Services charges are calculated.**
 - All forecasted Non-Obligated capacity is part of the Forecasted Contracted Capacity (FCC) used in setting Transmission Services Entry and Exit reserve prices.
 - All else being equal, any variance of actuals to forecast will impact:
 - Non-Transmission Services charges for Exit Non-Obligated;
 - Transmission Services Entry Reserve Prices for Entry Non-Obligated

Next Steps / Stakeholder views

- The information presented here has been provide to support actions and NTSCMF items related to transparency on revenues and charges
- The purpose has been to provide material Stakeholder views and for NTSCMF discussions – particularly on the 4 data items where there are some differences between Entry and Exit, as provided in the UNC / Licence. The focus was to highlight values and materiality and process for awareness.
- If there are any other elements based on any reflections to share, we welcome views and comments

Reminder of Other information

Overruns has been discussed within Transmission workgroup over the last years, for more information on those discussions see the Transmission workgroup slides available [here](#).

Licence can be found [here](#).

Revenue Mapping document can be found [here](#).

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