

0621: Amendments to Gas Transmission Charging Regime



Proposer: Colin Williams, National Grid Transmission
Panel Date: 15th June 2017

Background



- Gas Charging Review
 - To better meet the relevant charging objectives and customer/stakeholder provided objectives and deliver EU Compliance
- One consolidated modification
 - Interactions difficult to separate
 - To enable alternates
 - To facilitate easier decision making for Ofgem.
- Modification discussed at NTSCMF in May / June

Why Change?



- Current methodology been in place for a long time.
- Long Run Marginal Cost (LRMC) methodology for calculating Capacity charges has issues
 - too volatile
 - unpredictable
 - does not provide stability of charges for Users
- Review overall methodology to complement LRMC review
- Timeline driven by EU Tariff Code - must be implemented by end of May 2019, prices impacted from October 2019.

Proposed Solution



- Amend Section Y Part A of the UNC
- To move from a LRMC method to a Capacity Weighted Distance (CWD) based approach for Capacity charges.
- To review other aspects of the charging framework
- The proposals modification will be discussed and debated through the development of the modification.

Recommended Steps



- The proposer is asking Panel to:
 - agree that Authority Direction should apply
 - refer this proposal to a Workgroup (NTSCMF) for assessment.
- The Proposer recommends that this modification should be:
 - assessed by Workgroup (NTSCMF) for 6 months (workgroup report presented to Panel in December 2017)
 - as this will affect the Transportation charges that are paid for the use of the NTS