

UNC Modification	At what stage is this document in the process?
<h1>UNC 0766:</h1> <h2>Align TPD Section Y (Part A-I) to the National Grid Licence in respect of the NTS</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid green; background-color: #28a745; color: white; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">01</span> Modification         </div> <div style="border: 1px solid #17a2b8; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">02</span> Workgroup Report         </div> <div style="border: 1px solid #d9534f; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">03</span> Draft Modification Report         </div> <div style="border: 1px solid #ffc107; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">04</span> Final Modification Report         </div> </div>
<p><b>Purpose of Modification:</b></p> <p>This Modification proposes updating cross references and references to Licence terms within UNC TPD Section Y (Part A-I) which refer to the National Grid Gas ('NGG') Licence applicable from 01 April 2021.</p>	
	<p>The Proposer recommends that this Modification should be:</p> <ul style="list-style-type: none"> <li>subject to fast track self-governance procedures.</li> </ul> <p>This Modification will be presented by the Proposer to the Panel on <b>15 April 2021</b> The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>
	<p>High Impact: N/A</p>
	<p>Medium Impact: N/A</p>
	<p>Low Impact: No material impacts on NTS Users, NTS</p>

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6	Impacts & Other Considerations	4	 07970 842400
7	Relevant Objectives	6	Transporter: Colin Williams
8	Implementation	8	 <a href="mailto:colin.williams@nationalgrid.com">colin.williams@nationalgrid.com</a>
9	Legal Text	8	 07785 451776
10	Recommendations	8	Systems Provider: Xoserve
			 <a href="mailto:UKLink@xoserve.com">UKLink@xoserve.com</a>
Timetable			
<b>The Proposer recommends the following timetable:</b>			
Modification considered by Panel		15 April 2021	
Modification Panel decision		15 April 2021	

## 1 Summary

### What

The current NTS Charging methodology detailed in UNC TPD Section Y (Part A-I) contains a number of cross references to specific conditions of (as well as a reference to a number of terms defined in) the NGG Licence.

### Why

Material changes to the NGG Licence, which took effect from 01 April 2021 (start of the RIIO2 period), has resulted in a quantity of changes to the numbering of individual Licence Conditions and revisions to a number of defined terms. This means that a number of the cross references and references to NGG Licence terms in UNC TPD Y Part A-I are now incorrect.

### How

This Modification will make changes to the references within UNC TPD Section Y (Part A-I) in order to correctly align to the Conditions and defined terms in the current NGG Licence.

## 2 Governance

### Justification for Fast Track Self-Governance

This Modification should be classed as a Fast Track Self-Governance Modification because it has no effect on existing or future gas consumers, competition between parties, operation of network systems or UNC procedures nor will it unduly discriminate between different classes of UNC parties. It proposes to only update cross references and defined terms which link to the NGG Licence. These do not change the operation and application of the NTS Charging Methodology. The requirement for this Modification was noted at the January 2021 and February 2021 meetings of the NTS Charging Methodology Forum (NTSCMF)<sup>1</sup>.

### Requested Next Steps

This Modification should:

- be considered a non-material change and housekeeping modification updating out of date references and defined terms within UNC TPD Section Y (Part A-I) to the RIIO2 NGG Licence.
- be subject to fast track self-governance and
- be implemented.

## 3 Why Change?

As a consequence of the commencement of a new price control period ('RIIO2') material changes were made to the NGG Licence which took effect from 01 April 2021. This has resulted in a quantity of changes to the

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<sup>1</sup> For awareness, even though this Modification is proposed to be Fast Track Self-Governance, a summary will be presented at NTSCMF on 12 April 2021.

numbering of individual Licence Conditions and revisions to a number of defined terms which means that a number of the cross references and references to NGG Licence terms in UNC TPD Section Y Part A-I are now incorrect and as such should be updated.

## 4 Code Specific Matters

### Reference Documents

UNC TPD Section Y - <https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2020-12/24%20TPD%20Section%20Y%20-%20Charging%20Methodologies.pdf>

RIIO2 NGG Licence - <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licences>

### Knowledge/Skills

UNC TPD Section Y (Part A-I) and the NGG Licence.

## 5 Solution

### Cross References between UNC TPD Section Y (Part A-I) and the NGG Licence

Within UNC TPD Section Y (Part A-I) there are references to the NGG Licence, and these relate to the previous version of the NGG Licence (i.e. in place prior to 01 April 2021). These need to be updated to reflect the current NGG Licence (applicable from 01 April 2021). This Modification will ensure continuity and alignment of the UNC with the NGG Licence for such cross references in the NTS Charging Methodology.

Further, the terms “*Maximum NTS Transportation Owner Revenue*”, “*Maximum NTS System Operation Revenue*”, “*NTS System Operation Revenue*” and “*NTS Transportation Owner Revenue*” are from the previous Licence and no longer in the current Licence. They have been replaced in the current Licence with “*Allowed Revenue*”, “*SO Allowed Revenue*”, “*SO Recovered Revenue*” and “*TO Recovered Revenue*” respectively. It is therefore necessary to reflect the new terms to maintain the correct referencing of current Licence defined terms. This update provides consistency in the UNC and adds the correct references to the current version of the Licence.

Description of the change	Current UNC wording	Changes needed – changed marked	New UNC wording
UNC TPD Y A-I 1.1.2 removal of reference to Standard Condition 4C as section in Licence is Not Used.	UNC TPD Y A-I 1.1.2 - Part A-II sets out the connection charging methodology established by National Grid NTS pursuant to Standard Condition 4B and 4C of National Grid NTS’ Gas Transporter’s Licence.	UNC TPD Y A-I 1.1.2 - Part A-II sets out the connection charging methodology established by National Grid NTS pursuant to Standard Condition 4B <del>and 4C</del> of National Grid NTS’ Gas Transporter’s	UNC TPD Y A-I 1.1.2 - Part A-II sets out the connection charging methodology established by National Grid NTS pursuant to Standard Condition 4B of National Grid NTS’ Gas Transporter’s Licence.

		Licence.	
<p>Allowed Revenue terms aligned to RII02 NGG Licence terms UNC TPD Y A-I 1.3.1</p>	<p>1.3.1 In this Part A-I, the following terms have the meanings given to them in the Special Conditions:</p> <p>(a) Maximum NTS Transportation Owner Revenue;</p> <p>(b) Maximum NTS System Operation Revenue;</p> <p>(c) NTS System Operation Revenue; and</p> <p>(d) NTS Transportation Owner Revenue.</p>	<p>1.3.1 In this Part A-I, the following terms have the meanings given to them in the Special Conditions:</p> <p>(a) Maximum NTS Transportation Owner Revenue equates to "Allowed Revenue" in the Licence;</p> <p>(b) Maximum NTS System Operation Revenue equates to "SO Allowed Revenue" in the Licence;</p> <p>(c) NTS System Operation Revenue equates to "SO Recovered Revenue" in the Licence; and</p> <p>(d) NTS Transportation Owner Revenue equates to "TO Recovered Revenue" in the Licence.</p>	<p>1.3.1 In this Part A-I, the following terms have the meanings given to them in the Special Conditions:</p> <p>(a) Maximum NTS Transportation Owner Revenue equates to "Allowed Revenue" in the Licence;</p> <p>(b) Maximum NTS System Operation Revenue equates to "SO Allowed Revenue" in the Licence;</p> <p>(c) NTS System Operation Revenue equates to "SO Recovered Revenue" in the Licence; and</p> <p>(d) NTS Transportation Owner Revenue equates to "TO Recovered Revenue" in the Licence.</p>
<p>UNC TPD Y A-I 1.3.2.(e) - Storage Site Point definition link</p>	<p>(e) "Storage Site Point" means an Entry Point or Exit Point at which a 'Storage Site' (as specified in Table 4B in Special Condition 5F or Table 8 in Special Condition 5G) is connected to the NTS;</p>	<p>(e) "Storage Site Point" means an Entry Point or Exit Point at which a 'Storage Site' (as specified in <del>Table 4B</del> Appendix 1 and Appendix 2 in Special Condition <del>5F or Table 8 in Special Condition 5G</del> 9.13.15) is connected to the NTS;</p>	<p>(e) "Storage Site Point" means an Entry Point or Exit Point at which a 'Storage Site' (as specified in Appendix 1 and Appendix 2 in Special Condition 9.13.15) is connected to the NTS;</p>
<p>UNC TPD Y A-I 1.3.2. (f) – LNG Importation Terminal point</p>	<p>(f) "LNG Importation Terminal Point" means an Entry Point at which an 'LNG Importation Terminal' (as specified</p>	<p>(f) "LNG Importation Terminal Point" means an Entry Point at which an 'LNG Importation Terminal'</p>	<p>(f) "LNG Importation Terminal Point" means an Entry Point at which an 'LNG Importation Terminal' (as specified</p>

definition link	in Table 4B in Special Condition 5F) is connected to the NTS;	(as specified <del>Table 4B</del> Appendix 1 in Special Condition <del>5F</del> 9.13.15) is connected to the NTS;	in Appendix 1 in Special Condition 9.13.15) is connected to the NTS;
UNC TPD Y A-I 1.3.2. (j) – link to Licence	(j) in relation to a Gas Year the “Charges Publication Date” is 1 August in the preceding Gas Year, or such other date as National Grid NTS may, with Condition A11(18) Approval of the Authority, decide;	(j) in relation to a Gas Year the “Charges Publication Date” is 1 August in the preceding Gas Year, or such other date as National Grid NTS may, with Standard Special Condition A11(18) Approval of the Authority, decide;	(j) in relation to a Gas Year the “Charges Publication Date” is 1 August in the preceding Gas Year, or such other date as National Grid NTS may, with Standard Special Condition A11(18) Approval of the Authority, decide;

## 6 Impacts & Other Considerations

### Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

None identified.

#### Consumer Impacts

None – the Modification is limited to housekeeping changes which have no impact on Consumers.

#### Cross Code Impacts

None identified.

#### EU Code Impacts

None identified.

#### Central Systems Impacts

None identified.

## 7 Relevant Objectives

Impact of the modification on the Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None

b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	Positive
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

Standard Relevant Objective f) Promotion of efficiency in the implementation and administration of the Code is overall furthered as this proposal is promoting efficiency in the code and providing clarity in the necessary areas, here specifically the references within UNC TPD Section Y (Part A-I) to the RIIO2 NGG Licence. It does not change any calculations, however does ensure that the code is reflecting the necessary information.

### **Section Y (Charging Methodology) Modifications**

Impact of the modification on the Relevant Charging Methodology Objectives:	
Relevant Objective	Identified impact
a) Save in so far as paragraphs (aa) or (d) apply, that compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business;	None
aa) That, in so far as prices in respect of transportation arrangements are established by auction, either: (i) no reserve price is applied, or (ii) that reserve price is set at a level - (I) best calculated to promote efficiency and avoid undue preference in the supply of transportation services; and (II) best calculated to promote competition between gas suppliers and between gas shippers;	None
b) That, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business;	None
c) That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers; and	None

d) That the charging methodology reflects any alternative arrangements put in place in accordance with a determination made by the Secretary of State under paragraph 2A(a) of Standard Special Condition A27 (Disposal of Assets).	None
e) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

As this proposal is correcting the references within UNC TPD Section Y (Part A-I) to the NGG Licence, the broader Standard Relevant Objective f) (Promotion of efficiency in the implementation and administration of the Code) is better facilitated. TPD Section Y (Part A-I) is not substantively changed hence the Proposer considers there is no overall impact on any Charging Methodology Relevant Objectives.

## 8 Implementation

As fast track self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement the Proposal, subject to no Objection being raised during this period.

## 9 Legal Text

### Text Commentary

Individual provisions of UNC TPD Section Y (Part A-I) that contain cross references to Licence Conditions (and terms defined in the Licence) that have been revised as a consequence of the implementation of a new NGG Licence from 01 April 2021 have been amended as shown. The rationale for each of these amendments are as set out in the Solution.

### Text

#### 1 GENERAL

##### 1.1 Introduction

1.1.1 This Part A-I sets out the charging methodology established by National Grid NTS pursuant to Standard Special Condition A4(5) of National Grid NTS' Gas Transporter's Licence for determining charges (as referred to in Standard Special Condition A4(1)(a)) and reserve prices (as referred to in Standard Special Condition A4(1)(b)).

1.1.2 Part A-II sets out the connection charging methodology established by National Grid NTS pursuant to Standard Condition 4B ~~and 4C~~ of National Grid NTS' Gas Transporter's Licence.

1.1.3 This Part A-I includes provisions which give effect to the requirements of the Tariff Regulation, so far as those requirements are to be given effect in the Code (and having regard to the decisions of the Authority reflected in the direction dated 8 March 2018 given pursuant to paragraph 7B of Standard Special Condition A11).

##### 1.2 Structure of charges

1.2.1 Transportation Charges in relation to the NTS comprise:

- (a) charges in respect of transmission services ("**Transmission Services Charges**"), comprising:

- (i) Capacity Charges determined by Auction or Allocation Process pursuant to the provisions of the Code referred to in the Capacity Allocation Table in paragraph 2.2.1;
  - (ii) NTS Entry Capacity Retention Charges as provided for in paragraph 2.10;
  - (iii) Transmission Services Revenue Recovery Charges as provided for in paragraph 3; and
  - (iv) NTS Entry Transmission Services Rebate Charge as provided for in paragraph 3.4;
- (b) other charges (“**Non-Transmission Services Charges**”) comprising:
- (i) St Fergus Compression Charge;
  - (ii) NTS Meter Maintenance Charges;
  - (iii) DN Pensions Deficit Charges;
  - (iv) Shared Supply Meter Point Administration Charge;
  - (v) Interconnection Point Allocation Charge; and
  - (vi) General Non-Transmission Services Charges.

1.2.2 Transmission Services Charges are determined separately for Entry Points and Exit Points.

### 1.3 Interpretation

1.3.1 In this Part A-I, the following terms have the meanings given to them in the Special Conditions:

- (a) Maximum NTS Transportation Owner Revenue equates to the "Allowed Revenue" in the Licence;
- (b) Maximum NTS System Operation Revenue equates to "SO Allowed Revenue" in the Licence;
- (c) NTS System Operation Revenue equates to "SO Recovered Revenue" in the Licence; and
- (d) NTS Transportation Owner Revenue equates to "TO Recovered Revenue" in the Licence.

1.3.2 For the purposes of this Part A-I:

- (a) “**Tariff Regulation**” means Commission Regulation (EU) 2017/460 establishing a network code on harmonised transmission tariff structures for gas;
- (b) “**Entry Point**” means a NTS Aggregate System Entry Point;
- (c) “**Exit Point**” means a NTS Exit Point;
- (d) “**NTS Point**” means an Entry Point or an Exit Point;
- (e) “**Storage Site Point**” means an Entry Point or Exit Point at which a ‘Storage Site’ (as specified in ~~Table 4B Appendix 1 and Appendix 2~~ in Special Condition ~~5F or Table 8 in Special Condition 5G-9.13.15~~) is connected to the NTS;

- (f) **“LNG Importation Terminal Point”** means an Entry Point at which an ‘LNG Importation Terminal’ (as specified in [Table 4B Appendix 1](#) in Special Condition [5F 9.13.15](#)) is connected to the NTS;
- (g) **“NTS Capacity”** means NTS Entry Capacity or NTS Exit (Flat) Capacity;
- (h) **“Intra-System”** in relation to a System Point means other than an Interconnection Point; and **“Intra-System Point”** means any Intra-System System Point;
- (i) **“Excluded Storage Quantities”** are quantities of gas delivered to or offtaken from the NTS at a Storage Site Point, other than storage use gas offtaken by a storage gas use provider (as referred to in TPD Section R);
- (j) in relation to a Gas Year the **“Charges Publication Date”** is 1 August in the preceding Gas Year, or such other date as National Grid NTS may, with [Standard Special Condition A11\(18\)](#) Approval of the Authority, decide;
- (k) **“Tariff Regulation Effective Date”** means 6 April 2017.

#### 1.3.3 References in this Part A-I:

- (a) to Standard Conditions, Special Conditions, or Standard Special Conditions are to conditions of National Grid NTS’ Gas Transporter’s Licence; and
- (b) to an Interconnection Point, as an Entry Point, are to an IP ASEP.

1.3.4 For the purposes of this Part A-I, information or any document is **“published”** if it is provided or made available to Users, including posting on a website accessible to Users.

1.3.5 All calculations that are required in accordance with this Part A-I shall be performed by National Grid NTS.

## 10 Recommendations

### Proposer’s Recommendation to Panel

Panel is asked to:

- Agree that Fast Track self-governance procedures should apply,
- Determine that this Fast Track Proposal be implemented.