

# Soft Landing

## What UNC states....

- Interpretation as follows:
- Soft Landing applies where:
  - DM SOQ is greater than or equal to the NDM SOQ immediately prior to the period which the Supply Meter Point is Class 1 or 2 (UNC TPD B 4.7.14 (d))
- And applies until, **the earlier of:** UNC TPD B 4.7.15
  - The anniversary of the Supply Meter Point becoming DM (UNC TPD B 4.7.15 (a))
  - The DM SOQ becoming less than the NDM SOQ immediately prior to the period which the Supply Meter Point is Class 1 or 2 (UNC TPD B 4.7.15 (b))
  - The Registered User changes... (UNC TPD B 4.7.15 (c))
- Mod 0708S recently amended UNC references effective 24/07/2020
  - (pre 0708 references were B4.7.12 and 13)

(d)

the DM Supply Point Capacity following such Supply Point Registration or Supply Point Amendment is not less than the NDM Supply Point Capacity of the Supply Point prior to it.

(d)

4.7.15

Where this paragraph 4.7.15 applies, for a period starting with the Supply Point Registration Date or (as the case may be) effective date of the Supply Point Amendment, and ending on the earlier of:

- (a) the expiry of a period of 12 months; or
- (b) the date (if any) when the DM Supply Point Capacity becomes less than the NDM Supply Point Capacity as referred to in paragraph 4.7.14(d); or
- (c) the Supply Point Registration Date of any subsequent Supply Point Registration pursuant to which a User other than the Existing User becomes the Registered User

the Registered User shall not be liable for any Supply Point Ratchet Charge in respect of the Supply Point (but without prejudice to paragraph 4.7.1(b)(i)).

4.7.16 Where any of the circumstances set out in the Class 1 Ratchet Charge Guidance Document apply in respect of a Class 2, 3 or 4 Supply Point the Transporter may designate the Supply Point as one in respect of which Class 1 Ratchet Charges should apply; and where the Transporter so designates a Supply Point it shall notify the CDSP, and the CDSP shall promptly notify the Registered User and the designation shall be

# Soft Landing –

No Capacity Reduction / No Shipper change

UNC test passed

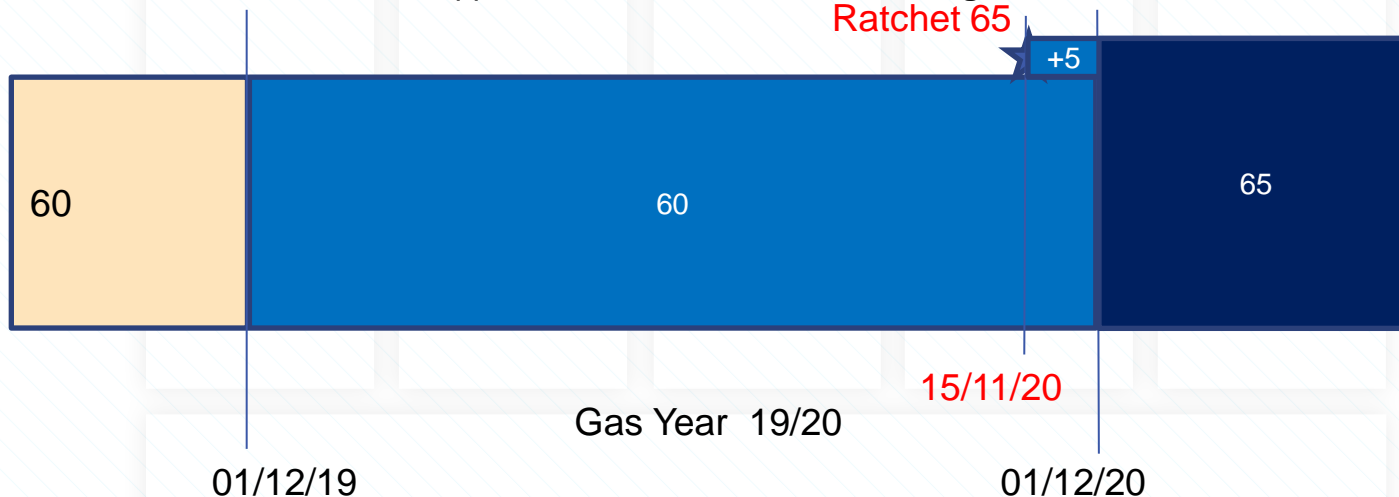
UNC test failed

NDM SOQ

DM SOQ (Soft Landing applies)

DM SOQ (SL does not apply)

- NDM SOQ = 60, DM SOQ nominated = 60 ✓ (UNC TPD B 4.7.14 (d))
- Prior to anniversary of move to DM:
  - No intervening Capacity Reduction below NDM SOQ prior to SMP becoming DM ✓
  - No change of Shipper ✓
- Soft Landing applies to anniversary date( – 1 day) of becoming DM
- Ratchet on 15/11/20, SL applies until 01/12/20 - **Ratchet charge NOT APPLIED**

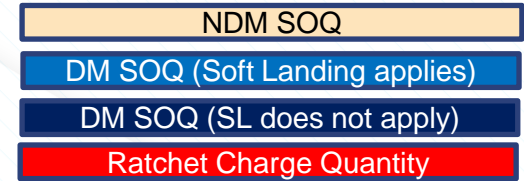


# Soft Landing –

## Capacity Reduction below NDM SOQ / No Shipper change

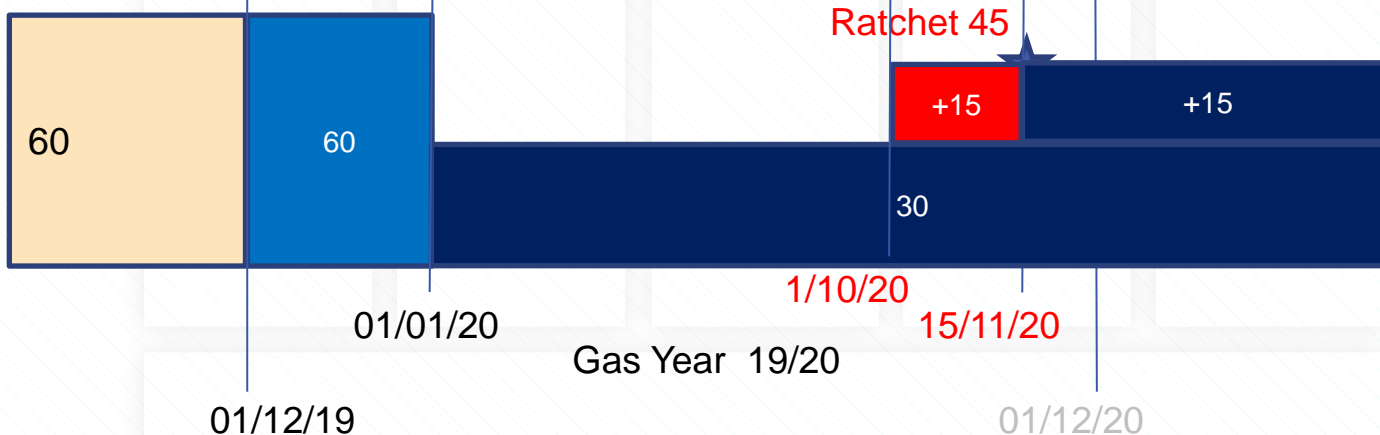
UNC test passed

UNC test failed



- NDM SOQ = 60, DM SOQ nominated = 60 ✓
- Prior to anniversary of move to DM:

- No intervening Capacity Reduction below NDM SOQ prior to SMP becoming DM ☹️ (UNC TPD B 4.7.15 (b))
- No change of Shipper ✓ (UNC TPD B 4.7.15 (c))
- Soft Landing applies to Capacity Reduction effective date
- Ratchet on 15/11/20, SL applies until 01/01/20 - **Ratchet charge APPLIED**



# Soft Landing –

Capacity Reduction DM SOQ remains above NDM SOQ / No Shipper change

UNC test passed

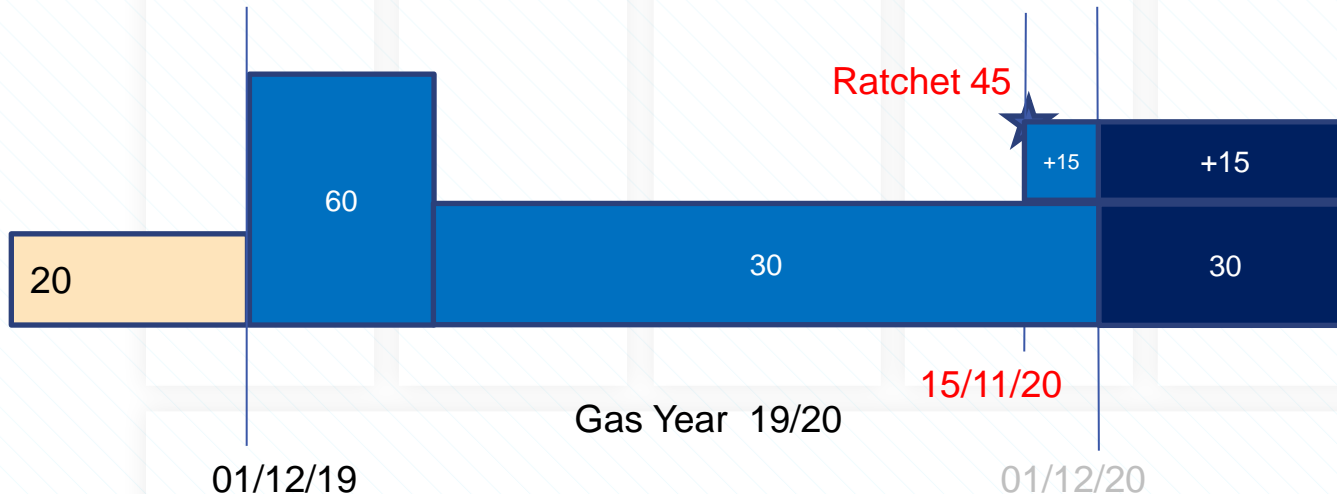
UNC test failed

NDM SOQ

DM SOQ (Soft Landing applies)

DM SOQ (SL does not apply)

- NDM SOQ = 20, DM SOQ nominated = 60 ✓
- Prior to anniversary of move to DM:
  - No intervening Capacity Reduction below NDM SOQ prior to SMP becoming DM ✓
  - No change of Shipper ✓
- Soft Landing applies to anniversary date( – 1 day) of becoming DM
- Ratchet on 15/11/20, SL applies until 01/12/20 - **Ratchet charge NOT APPLIED**



# Soft Landing

## What UNC states....

- Once a Soft Landing no longer applies then the Ratchet Charge Calculation needs to be performed:
  - Class 1 – the Ratchet Charge would apply which is “2 times the Applicable Annual Charge” (UNC TPD B4.7.7), but does not seek to assign to a specific period
  - Class 2 the Ratchet Charge would apply but in order to calculate the charge the period of the charge needs to be determined
- Questions arising whether the Soft Landing End Date is considered in the calculation of the Ratchet Charge Period for Class 2 Supply Meter Points
  - The start of the Ratchet Charge period is specified in UNC B4.7.8 a)
    - This paragraph does not reference the end of the Soft Landing Period as defining the start of the Ratchet Charge period
  - The Soft Landing (UNC TPD B4.7.15) definition indicates that ‘the Registered User shall be liable for the Ratchet Charge’ where the Soft Landing is in force.

**4.7.7** A Class 1 Ratchet Charge shall be calculated as the Capacity Ratchet Amount multiplied by the sum of:

- (a) 2 times the Applicable Annual Rate (including where determined in accordance with paragraph 1.8.5(a)) of the LDZ Capacity Charge; and
- (b) where applicable, 2 times the Applicable Annual Rate of the Capacity Variable Component (if any) of the Customer Charge

the rate in each case being determined (where such rate is a function of LDZ Capacity or Supply Point Capacity) by reference to the sum of the Capacity Ratchet Amount and the User's Registered Supply Point Capacity at the DM and any NDM Supply Point on the Day of the Supply Point Ratchet.

**(a)** in the case of a Supply Point:

- (i) for which the User was the Registered User prior to the start of the Gas Year in which the Supply Point Ratchet occurred, the preceding 1 October;
- (ii) for which the User was not the Registered User prior to the start of the Gas Year in which the Supply Point Ratchet occurred, the Supply Point Registration Date;

**4.7.15** Where this paragraph 4.7.15 applies, for a period starting with the Supply Point Registration Date or (as the case may be) effective date of the Supply Point Amendment, and ending on the earlier of:

- (a) the expiry of a period of 12 months; or
- (b) the date (if any) when the DM Supply Point Capacity becomes less than the NDM Supply Point Capacity as referred to in paragraph 4.7.14(d); or
- (c) the Supply Point Registration Date of any subsequent Supply Point Registration pursuant to which a User other than the Existing User becomes the Registered User

the Registered User shall not be liable for any Supply Point Ratchet Charge in respect of the Supply Point (but without prejudice to paragraph 4.7.1(b)(i)).

- This is a complex part of Code.
- Question: which takes precedent?
  - B4.7.8
  - B4.7.15
- What level of clarification should be added to the UNC?

# Soft Landing – B4.7.8a precedent?

Soft Landing expires / No Shipper change / No subsequent Class Change

– NDM SOQ = 30, DM SOQ nominated = 30 ✓

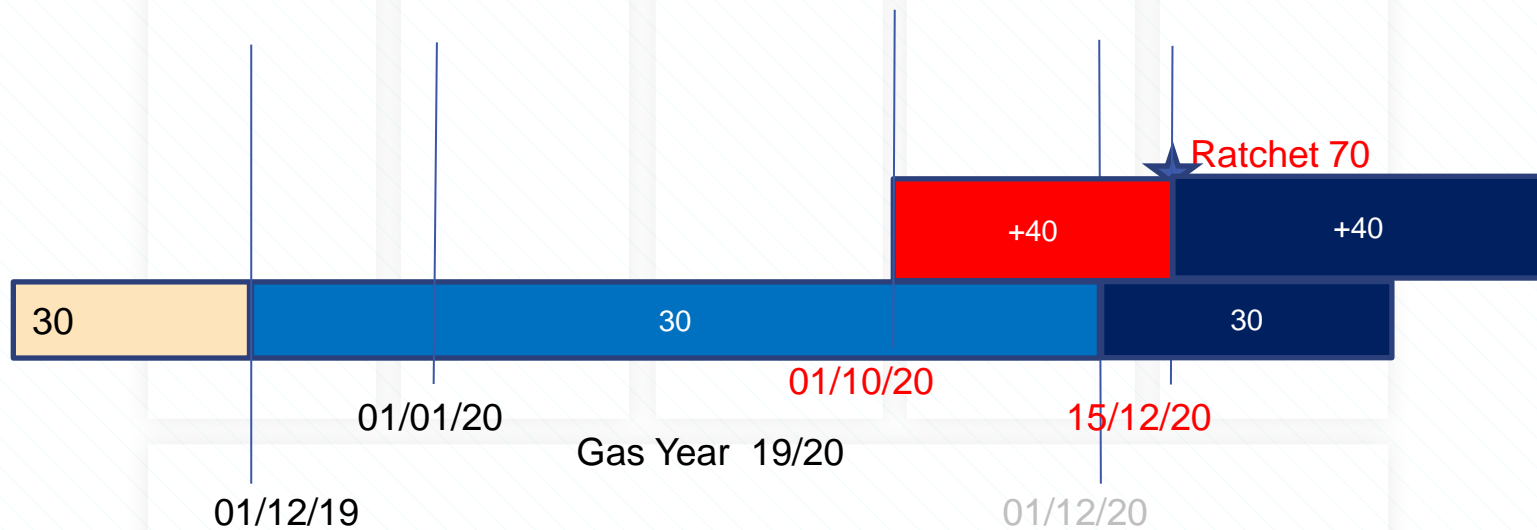
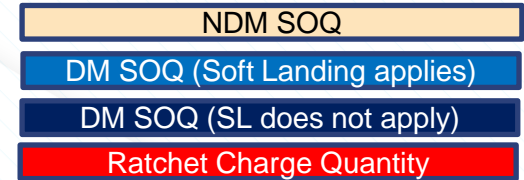
– **After** the anniversary of move to DM:

– Soft Landing expires on 01/12/20

– Ratchet on 15/12/20, - **Ratchet charge APPLIED NOT CONSIDERING THE SOFT LANDING END DATE**

UNC test passed

UNC test failed



# Soft Landing – B 4.7.15 precedent?

Soft Landing expires / No Shipper change / No subsequent Class Change

- NDM SOQ = 30, DM SOQ nominated = 30 ✓
- **After** the anniversary of move to DM:
- Soft Landing expires on 01/12/20
- Ratchet on 15/12/20, - **Ratchet charge APPLIED CONSIDERING THE SOFT LANDING END DATE**

UNC test passed

UNC test failed

