

UNC 0678I: Amendments to Gas Transmission Charging Regime

Including an Ireland Security Discount and Wheeling

Proposer: Sinead Obeng

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Why change?

- It is necessary to define and implement a new gas transmission charging regime that meets the requirements of the EU Tariff network code and provides for more predictable and stable charges in future.
- Modification 0678I has been raised in response to National Grid's 0678 Modification and covers the same subject matter, i.e. a new gas transmission charging methodology, and should be treated as an Alternative Modification.
- Modification 0678 has been granted urgent status by Ofgem who advise that any Alternative should follow the same development and delivery timetable
- Modification 0678 does not consider that the Moffat Interconnector is infrastructure that ends isolation of Ireland, and therefore qualifies for a discount under Article 9 to ensure it continues to attract gas supplies
- Modification 0678 does not provide a cost reflective solution for the transportation of gas across short distances and the alternatives proposed provide additional complexity that proposer does not feel is required

Options

- The Proposer has expressed views to National Grid on what are major shortcomings with Modification 0678. To date, no changes have been made to address these views and it has therefore been necessary to expedite this Alternative Modification.
- Raising a New Modification instead of an Alternative would act against the need for urgency, would result in duplication of Workgroup effort and lead to a disjointed consultation process. It would therefore not be in the interests of an effective code change process to go down this route.
- The clear choice is therefore to progress Modification 0678I as an Alternative to 0678 and to broadly the same timescale.

Solution

- The solution shares many common elements with Modification 0678 but differs in the following key areas:
- Introduction of a Wheeling charge
 - Wheeling is the transportation of gas from one entry point to an exit point in the same location or deemed to be in the same location (for example Bacton UKCS Entry and Bacton IP Exit would qualify)
 - A discounted capacity based tariff will apply at the qualifying route
 - Consistent with existing EU tariff methodologies and Article 4(3) TAR NC
- Introduction of an Ireland Security Discount
 - Article 9 TAR NC that allows discounts at entry points from and exit points to infrastructure developed with the purpose of ending the isolation of member states
 - A discount of [80%] to be applied
- The Transmission Services Revenue Recovery Charge will not apply to any Existing Capacity.
- The Forecasted Contracted Capacity Methodology will be incorporated in the UNC
- It is recommended that charges derived from this methodology take effect from 1 October 2020 or any preceding 1 October date as decided by Ofgem

Recommended Steps

- The Proposer recommends that this modification should be:
 - Treated as an Alternative to Modification 0678 (and its alternatives) and assessed and progressed on the same timetable.
 - Not subject to self-governance procedures given the major impact expected on system users.