

UNC 0729:

Applying a discount to the RRC at Storage Points



Proposer: Storengy UK (represented by WWA)

Panel Date: 16 July 2020

Why change?



- Without the change the UNC will not be compliant with EU Tariff Code
 - RRC is a capacity-based transmission charge used for the purpose of collecting Transmission Services Revenue
 - Article 9 of the EU TAR requires that there should be a minimum 50% discount applied to capacity-based transmission tariffs at Storage Facilities
- Were the RRC to be “material” the impact on Storage Users and Facilities would be significant e.g. £50m revenue under-recovery at Entry and Exit would impose additional (RRC) costs of £5.2m on storage
- Analysis produced by CEPA (0678 analysis) that UNC 0678A would have detrimental impacts on storage. Depending on the level of RRC, the impact could be of a similar magnitude.

Options



- There is only one option to ensure compliance and reduce the significant impact on storage

Solution



- Changes are proposed to the Charging Methodology contained within UNC TPD Section Y to include a discount to the RRCs for Entry and Exit Capacity holdings at Storage Points equivalent to the discount applied to the Specific Capacity Discount applied to the Reserve Prices in respect of Firm and Interruptible/Off-peak Capacity

Recommended Steps



- The Proposer recommends that this modification should be: Not subject to Self-Governance because Urgency not granted and impacts all parties that pay NTS charges
 - Workgroup assessment for 1 month. The Proposal is fully developed.
- Given the significance of the impact of RRCs on storage Users, Storage Facilities and more broadly on price stability for all Users the Proposal should be reviewed and implemented in the shortest possible timescale.