

# UNC 0XXX: Introduction of Conditional Discounts for Avoiding Inefficient Bypass of the NTS



Proposer: tbd (represented by Nick Wye, WWA)  
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# Why change?



- UNC 0678/0678A do not include an OCC product. From 1 October 2020 there will not be an OCC type tariff to discourage NTS bypass
- Inefficient NTS bypass will result in higher charges for those customers connected to the GB gas network than they would have been if such bypasses had not occurred
- This Proposal builds on UNC 07xx to deliver a solution which more accurately represents the costs of bypassing the NTS and as such better place to discourage inefficient bypass

# Options



- This is an Alternative to UNC 07xx where both Proposals are attempting to address the same issue
- This Proposal sets out a solution which is more complete and better aligned with the objective of discouraging inefficient bypass

# Solution



- UNC 07xx proposes a Conditional Discount Product to replace the current OCC. It includes a discount to standard Transmission Services Capacity Charges
- This Proposal incorporates the discount set out in 07xx but includes a discount to Non-Transmission Services Commodity Charges
- This proposal considers all costs which would be incurred by a potential bypass
- The application of the Non-Transmission Services Commodity Discount differs from the Transmission Services Capacity Discount on the basis that it is a flow based charge

# Solution (cont)



- Transmission Services Capacity Discount is calculated in the same way as UNC 07xx
- The Non-Transmission Services Commodity Discount is derived by reference to the relative max distance of potential bypass routes compared to the overall distance of the NTS
- This ratio is then applied to SO Base Revenues (including k) to generate an amount of revenue to be recovered from eligible flows
- This is converted to a p/kwh rate and compared to the standard rate to produce a level of discount
- Discount is 73% to standard rates

# Is this Modification an Alternative?



- The Modification will be raised shortly
- The Proposal is similar to UNC 07xx as it tackles the same issue and contains common characteristics, albeit with the inclusion of an additional discount
- The two solutions set out alternative approaches to developing an OCC type product and cannot be implemented together
- Pre modification discussion on 3<sup>rd</sup> March
- Legal text will be provided to correspond with timing of consultation

# Recommended Steps



- The Proposer recommends that this modification should be:  
*Treated as an Alternative to UNC 07xx and on the same timescales*