

10 October 2019

## MODIFICATION 0687

### CREATION OF NEW CHARGE TO RECOVER LAST RESORT SUPPLY PAYMENTS

Proposed legal text

#### TRANSPORTATION PRINCIPAL DOCUMENT

#### SECTION B – SYSTEM USE AND CAPACITY

*Amend paragraph 1.7 to read as follows:*

#### 1.7 Transportation Charges and Metering Charges

1.7.1 For the purposes of the Code:

- (a) **"Transportation Charges"** are
  - (i) charges (other than Energy Balancing Charges or Storage Charges) payable by a User in respect of a transportation arrangement under the Code, and (subject to paragraph 1.7.8) comprise Capacity Charges, Commodity Charges, Customer Charges, CSEP Charges, and NTS Entry Capacity Retention Charges; and
  - (ii) amounts payable by a DNO User in respect of DN Pensions Deficit Charges;
- (b) **"Metering Charges"** are the prevailing charges payable by a User as contained in the Metering Charges Statement
- (c) **"SoLR Customer Charges" are the charges, comprising SoLR Customer (Domestic) Charges and SoLR Customer (Non-domestic) Charges, payable by a Shipper User in accordance with paragraph 11 of Part B of Section Y.**

1.7.2 A **"Capacity Charge"** is a charge in respect of, and determined by reference to the amount of, a User's Registered NTS Entry Capacity, Registered NTS Exit Capacity or Registered LDZ Capacity at a System Point.

1.7.3 A **"Commodity Charge"** is a charge in respect of use of a System, determined by reference to the quantity of the gas flow (or the part thereof attributable to a User) at a System Point, or a charge payable by reference to the arrangements in Special Condition 2A or Special Condition 3A of National Grid NTS's Transporter's Licence or Special Condition 1B of the relevant DNO's Transporter's Licence.

1.7.4 A **"Customer Charge"** is a charge payable by reason of being the Registered User of a Supply Point.

1.7.5 In respect of a Customer Charge:

- (a) the "**Capacity Variable Component**" is the component (if any) thereof the amount of which is determined by reference to the amount of a User's Registered Supply Point Capacity;
  - (b) the "**Commodity Variable Component**" is the component (if any) thereof the amount of which is determined by reference to the quantity of the gas flow at a Supply Point;
  - (c) the "**Fixed Component**" is the component (if any) thereof which is not determined by reference to Supply Point Capacity or gas flow.
- 1.7.6 Where any element of a Transportation Charge is payable by a User pursuant to a contract other than one made upon the terms of the Code, such element shall not in addition be payable under the Code.
- 1.7.7 A "**CSEP Charge**" is a charge payable by virtue of being (in relation to a relevant Connected System Exit Point) a CSEP User.
- 1.7.8 The further provisions of the Code set out the basis on which Transportation Charges and Metering Charges are payable by Users; provided that (subject to paragraph 1.8.2) where:
- (a) the prevailing Transportation Statement or Metering Charges Statement provides for any charge which is not provided for in the Code; and
  - (b) the amount payable by way of such charge in any case is capable of being determined by reference to the provisions of the Code prevailing at the time
- such charge shall be a Transportation Charge or Metering Charge and shall be payable by Users or Users of such class in accordance with the relevant provisions of the Transportation Statement or the Metering Charges Statement respectively.
- 1.7.9 For the avoidance of doubt paragraph 1.7.8(b) shall not be taken as requiring that the Code should provide for the determination or (other than by virtue of paragraph 1.7.8) payment of any such charge as is therein referred to.
- 1.7.10 The basis on which the Transporter will reduce any Transportation Charges pursuant to Standard Condition 7(5) of the Transporter's Licence is not contained in the Code; and nothing contained in the Code shall be taken to prevent the Transporter from reducing such charges in accordance with that Standard Condition.

1.7.11 A "**SoLR Customer Charge**" is a charge payable by a Shipper User following receipt by a Transporter of a valid claim for a last resort supply payment from a supplier pursuant to Standard Condition 48 of the Transporter's Licence.

*Amend paragraph 1.8.1 to read as follows:*

## **1.8 Rates and amounts of Transportation Charges**

- 1.8.1 Subject to paragraphs 1.8.2 to 1.8.5 and paragraph 1.10, and except as provided in paragraph 2.9:
- (a) the amount or rate of any Transportation Charge accrues (irrespective of when it is due for payment); and accordingly the rate of the Transportation Charges payable by a User may vary during the period for which the User holds any System Capacity or is the Registered User of any Supply Point or is a CSEP User;

(b) the amount or rate of any Metering Charge payable at any time by a User shall be determined in accordance with the Metering Charges Statement in force at the time such charge accrues irrespective of when it is due for payment

(c) the amount of any SoLR Customer Charge payable at any time by a Shipper User shall be determined in accordance with the DN Transportation Charging Methodology.

## **SECTION Y – CHARGING METHODOLOGIES**

### **PART B – DN TRANSPORTATION CHARGING METHODOLOGY**

*Add new paragraph 11 to read as follows:*

#### **11 SoLR Customer Charges**

11.1 Where a DN Operator is in receipt of a valid claim from a supplier for a last resort supply payment in accordance with Standard Condition 48 of the DN Operator's Gas Transporter's Licence ("Condition 48") the DN Operator shall be entitled to recover from Shipper Users the SoLR Customer Charge calculated in accordance with this paragraph 11.

11.2 For the purposes of this paragraph 11:

(a) "Relevant Date" means the date of the Authority's last resort direction in respect of the Relevant Supplier;

(b) "Relevant Supplier" means the supplier in relation to which the Authority has given the last resort direction in respect of which the Specified Amount relates;

(c) "Specified Amount" means, in respect of a valid claim for a last resort supply payment submitted to a DN Operator pursuant to Condition 48, the amount of such claim;

(d) the "Credit Balance Component" means such amount (if any) of the Specified Amount that is attributable to the aggregate of credit balances of customers of the Relevant Supplier existing at the Relevant Date; and

(e) the "Residual Component" means such amount (if any) of the Specified Amount that is not the Credit Balance Component.

11.3 Unless the Authority determines the Credit Balance Component of the Specified Amount the Credit Balance Component and Residual Component of a Specified Amount shall be the amounts agreed by and between the DN Operators.

11.4 Following a valid claim from a supplier under Condition 48 each Shipper User will be required to pay each DN Operator:

(a) in respect of each Supply Meter Point on the DN Operator's System at which the Supply Point Premises are Domestic Premises for which the Shipper User was the Registered User on the Relevant Date, the SoLR Customer (Domestic) Charge;

(b) in respect of each Supply Meter Point on the DN Operator's System at which the Supply Point Premises are Non-Domestic Premises for which the Shipper User was the Registered User on the Relevant Date, the SoLR Customer (Non-Domestic) Charge.

11.5 The "SoLR Customer (Domestic) Charge" in relation to a relevant LDZ Supply Point on a DN Operator's System shall be calculated as follows:

$$\text{C-D} = \frac{(\text{CC} / \text{MD}) + (\text{RC} / \text{MD} * (\text{S-D} / \text{S-D} + \text{S-ND}))}{\text{S-D} + \text{S-ND}}$$

where:

C-D is the SoLR Customer (Domestic) Charge;

CC is the Credit Balance Component of the Specified Amount;

MD is the total number LDZ Supply Meter Points on the DN Operator's System on the Relevant Date at which the Supply Point Premises are Domestic Premises;

RC is the Residual Component of the Specified Amount;

S-D is the total number LDZ Supply Meter Points on the Total System on the Relevant Date at which the Supply Point Premises are Domestic Premises and in respect of which the Relevant Supplier was the supplier of gas to such premises;

S-ND is the total number LDZ Supply Meter Points on the Total System on the Relevant Date at which the Supply Point Premises are Non-Domestic Premises and in respect of which the Relevant Supplier was the supplier of gas to such premises.

11.6 The "SoLR Customer (Non-Domestic) Charge" in relation to a relevant LDZ Supply Point on a DN Operator's System shall be calculated as follows:

$$\text{C-ND} = \frac{(\text{RC} / \text{M-ND}) * (\text{S-ND} / \text{S-D} + \text{S-ND})}{\text{S-D} + \text{S-ND}}$$

where:

C-ND is the SoLR Customer (Non-Domestic) Charge;

RC is the Residual Component of the Specified Amount;

M-ND is the total number LDZ Supply Meter Points on the DN Operator's System on the Relevant Date at which the Supply Point Premises are Non-Domestic Premises;

S-ND is the total number LDZ Supply Meter Points on the Total System on the Relevant Date at which the Supply Point Premises are Non-Domestic Premises and in respect of which the Relevant Supplier was the supplier of gas to such premises;

S-D is the total number LDZ Supply Meter Points on the Total System on the Relevant Date at which the Supply Point Premises are Domestic Premises and in respect of which the Relevant Supplier was the supplier of gas to such premises.

11.7 SoLR Customer Charges shall be invoiced and payable in accordance with Section S.