

| UNC Modification | At what stage is this document in the process? |
|---|--|
| <h1>UNC 0802:</h1> <h2>Clarification of ‘Annual Update’ for impacted Users in relation to CNCCD Election(s)</h2> | <div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 2px solid green; border-radius: 10px; padding: 5px; display: flex; align-items: center; justify-content: center;"> 01 Modification </div> <div style="border: 2px solid blue; border-radius: 10px; padding: 5px; display: flex; align-items: center; justify-content: center;"> 02 Workgroup Report </div> <div style="border: 2px solid purple; border-radius: 10px; padding: 5px; display: flex; align-items: center; justify-content: center;"> 03 Draft Modification Report </div> <div style="border: 2px solid orange; border-radius: 10px; padding: 5px; display: flex; align-items: center; justify-content: center;"> 04 Final Modification Report </div> </div> |
| <p>Purpose of Modification:</p> <p>This UNC Modification proposal clarifies which Users receive the ‘annual update’ for the Conditional NTS Capacity Charge Discount (CNCCD) product. Should a ‘live’ election become ineligible or the discount level is to change, only those impacted Users will receive an update via the ‘annual update’. This process ensures that when an impacted User receives the ‘annual update’ file, they are informed that something has changed which will impact their CNCCD Election for the following Gas Year and serves as a prompt to consider any actions they may need to take with regards to the impacted ‘live’ CNCCD Election(s).</p> | |
| <p>Next Steps:</p> <p>The Proposer recommends that this Modification should be subject to Self-Governance. This Modification will be presented by the Proposer to the Panel on 17 February 2022. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</p> | |
| <p>Impacted Parties:</p> <p>High: N/A</p> <p>Low: Shippers</p> <p>None: Consumers, Suppliers, Distribution Network Operators, IGTs and CDSP</p> | |
| <p>Impacted Codes:</p> <p>N/A</p> | |

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| Timetable | | |
| Modification timetable: | | |
| Pre-Modification Discussed | 11 January 2022, 01 February 2022 | |
| Date Modification Raised | 04 February 2022 | |
| New Modification to be considered by Panel | 17 February 2022 | |
| First Workgroup Meeting | 01 March 2022 | |
| Workgroup Report to be presented to Panel | 17 March 2022 | |
| Draft Modification Report issued for consultation | 21 March 2022 | |
| Consultation Close-out for representations | 08 April 2022 | |
| Final Modification Report available for Panel | 13 April 2022 | |
| Modification Panel decision | 21 April 2022 | |

 Any questions?

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1 Summary

What

The 'Annual Updates' within the UNC to be clarified to ensure that the Users can consider their CNCCD election(s) ahead of the next Tariff Period (Gas Year) if there was a change to their 'live' CNCCD election(s).

Why

The purpose for the 'Annual Updates' within the UNC was to enable Users to consider their CNCCD election(s) ahead of the next Tariff Period (Gas Year) if there was a change to their 'live' CNCCD election(s). The 'Annual Update' file for impacted Users will state the updated CNCCD percentage and/or eligibility status. The wording should be clarified through this UNC Modification proposal.

How

Amendment to the UNC to clarify that the "Annual Updates" would notify only impacted Users where the discount percentage has changed for a 'live' CNCCD election or it was to become ineligible. This process is run by 01 August each year and by taking place with time before the start of the next Gas Year, this would enable time for any impacted User to consider their CNCCD election(s) before the start of the next Gas Year.

If there are no changes then no 'Annual Update' file will be generated as the discount percentage and eligibility status will stay the same for the following Gas Year.

2 Governance

Justification for Self-Governance

This UNC Modification proposal should be classed as a Self-Governance Modification because it has no effect on existing or future gas consumers, competition between parties, operation of network systems nor will it unduly discriminate between different classes of UNC parties.

Amendment to the UNC to clarify that the 'Annual Updates' would notify only impacted Users where the discount percentage or eligibility has changed for an 'live' CNCCD election. This would enable time for any impacted User to consider their impacted CNCCD election(s). This Modification clarifies when the 'Annual Update' files will be sent for the 'Annual Update' process, it does not change the operation and application of the NTS Charging Methodology which was implemented as part of UNC Modification 0728B¹.

The requirement for this UNC Modification proposal was noted at the 11 January 2022 and 01 February 2022 meetings of the NTS Charging Methodology Forum (NTSCMF)².

Requested Next Steps

This Modification should be considered a non-material change and subject to Self-Governance.

¹ <https://www.gasgovernance.co.uk/sites/default/files/ggf/book/2020-06/Modification%200728B%20%28Urgent%29%20v2.0%20.pdf>

² <https://www.gasgovernance.co.uk/ntscmf>

3 Why Change?

The purpose for the Annual Updates within the UNC was to enable Users to consider their CNCCD election(s) ahead of the next Tariff Period (Gas Year) if there was a change to their 'live' CNCCD election(s), to ensure that elections for the following Gas Year are appropriate for that particular User.

The 'annual update' for CNCCD as written in UNC currently, states that all Users will receive the update annually, proposal is to amend this to only send to the Users where there is a change to the discount percentage or eligibility of the 'live' CNCCD Election(s). If there are no changes then no 'Annual Update' file will be generated as the discount percentage and eligibility status will stay the same for the following Gas Year.

This UNC Modification proposal will ensure that when a User receives the 'Annual Update' file they will know that something has changed and it will be a prompt for them to have a look at the CNCCD and assess whether any changes need to be made for the following Gas Year.

For awareness, the application and confirmation processes that are used for applying for the CNCCD election(s) (including confirmation of Entry/Exit point, distance and discount percentage) are unaffected.

4 Code Specific Matters

Reference Documents

[UNC TPD Section Y](#) (including Part A-I: NTS Transportation Charging Methodology), specifically section 5.5.

[UNC TPD Section B](#) specifically section 9.2.2

Knowledge/Skills

Knowledge of the current NTS Transportation Charging Methodology (in place from 01 October 2020) and the CNCCD product (in place from 01 October 2021) would be beneficial.

5 Solution

Amendment to TPD Section Y 5.5³ and TPD Section B 9.2.2⁴, to state that 'annual update' will be sent to User which has a 'live' CNCCD election(s), if the CNCCD Percentage of the User in respect of the relevant Entry Point and Exit Point will change in the following Gas Year and if so what the new CNCCD percentage will be or the CNCCD Eligibility Criteria in respect of the relevant Entry Point and Exit Point will no longer be met in the following Gas Year.

³ <https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2021-10/24%20TPD%20Section%20Y%20-%20Charging%20Methodologies%20%281%29.pdf>

⁴ https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2021-10/4%20TPD%20Section%20B%20-%20System%20Use%20%26%20Capacity_0.pdf

6 Impacts & Other Considerations

Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No impact.

Consumer Impacts

This proposal is providing clarity that the 'Annual Updates' would notify only impacted Users where the CNCCD percentage or eligibility has changed for a 'live' CNCCD election, so would not see that this proposal would have an impact on customers.

What is the current consumer experience and what would the new consumer experience be?

No impact.

| Impact of the change on Consumer Benefit Areas: | |
|---|-------------------|
| Area | Identified impact |
| Improved safety and reliability | None |
| Lower bills than would otherwise be the case | None |
| Reduced environmental damage | None |
| Improved quality of service | None |
| Benefits for society as a whole | None |

Cross-Code Impacts

No impact.

EU Code Impacts

No impact.

Central Systems Impacts

~~TBC~~ No impact.

7 Relevant Objectives

Impact of the Modification on the Transporters' Relevant Objectives:

| Relevant Objective | Identified impact |
|--|-------------------|
| a) Efficient and economic operation of the pipe-line system. | None |
| b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters. | None |
| c) Efficient discharge of the licensee's obligations. | None |
| d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers. | None |
| e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers. | None |
| f) Promotion of efficiency in the implementation and administration of the Code. | Positive |
| g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators. | None |

Standard Relevant Objective f) Promotion of efficiency in the implementation and administration of the Code is overall furthered as this proposal providing clarity that the 'Annual Updates' would notify only impacted Users where the CNCCD percentage or eligibility has changed for a 'live' CNCCD election. This would enable time for any impacted User to consider their CNCCD election(s) before the start of the next Gas Year. It does not change any calculations for the CNCCD and applicable discount percentage that was implemented in UNC Modification 0728B - Introduction of Conditional Discount for Avoiding Inefficient Bypass of the NTS with 28km distance cap.

Impact of the Modification on the Transporters' Relevant Charging Methodology Objectives:

| Relevant Objective | Identified impact |
|--|-------------------|
| a) Save in so far as paragraphs (aa) or (d) apply, that compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business; | None |
| aa) That, in so far as prices in respect of transportation arrangements are established by auction, either: (i) no reserve price is applied, or (ii) that reserve price is set at a level - | None |

| | |
|---|------|
| (I) best calculated to promote efficiency and avoid undue preference in the supply of transportation services; and (II) best calculated to promote competition between gas suppliers and between gas shippers; | |
| b) That, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business; | None |
| c) That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers; and | None |
| d) That the charging methodology reflects any alternative arrangements put in place in accordance with a determination made by the Secretary of State under paragraph 2A(a) of Standard Special Condition A27 (Disposal of Assets). | None |
| e) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators. | None |

As this proposal provides clarity that the ‘Annual Updates’ would notify only impacted Users where the CNCCD percentage or eligibility has changed for a ‘live’ CNCCD election. This would enable time for any impacted User to consider their CNCCD election(s) before the start of the next Gas Year. It does not change any calculations for the CNCCD and applicable discount percentage that was implemented in UNC Modification 0728B, hence the Proposer considers there is no overall impact on any Charging Methodology Relevant Objectives.

8 Implementation

As Self-Governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

9 Legal Text

Text Commentary

~~To be provided~~ The legal text, once implemented, ensures that the ‘Annual Update’ would notify only impacted Users where the CNCCD percentage or eligibility has changed for a ‘live’ Conditional NTS Capacity Charge Discount (CNCCD) election.

Text

~~To be provided~~ **UNIFORM NETWORK CODE (UNC) – TRANSPORTATION PRINCIPAL DOCUMENT (TPD)**

SECTION Y

5.5 Annual update

5.5.1 National Grid will, not later than 1 August in each Gas Year, give notice to each User which has made a CNCCD Election which is then in force (and is not subject of a notice of termination effective before the end of that Gas Year) if: of the Discounted Applicable Daily Rates of the NTS Capacity Charges in respect of the relevant Entry Point and Exit Point which will apply in the following Gas Year.

- (a) the CNCC Discount of the User in respect of the Entry Point and Exit Point to which the CNCCD Election relates will change in the following Gas Year and if so what the new CNCC Discount will be; or
- (b) the CNCCD Eligibility Criteria in respect of the Entry Point and Exit Point to which the CNCCD Election relates will no longer be met in the following Gas Year.

SECTION B

9.2.2 A CNCCD Election shall remain in force until it is terminated under paragraph 9.2.1(c).; and before the start of each Gas Year the CDSP will give notice to each User which has made (and not given notice of termination of) a CNCCD Election to remind the User that the election will continue in force in the following Gas Year.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to agree that Self-Governance procedures should apply and issued to Workgroup for assessment.