

Gas  
Transmission

# Managing Inefficient bypass in Charging

NTSCMF/MOD0670R:  
07 April 2020

nationalgrid



Gas  
Transmission

# Agenda

NTSCMF/MOD0670R:  
07 April 2020

nationalgrid



# Agenda

---

|           |                          |    |
|-----------|--------------------------|----|
| <b>01</b> | Overview                 | 04 |
| <b>02</b> | Next Steps               | 06 |
| <b>03</b> | Comparison MOD0718/A/B/C | 08 |
| <b>04</b> | Contact Details          | 13 |

---

Gas  
Transmission

# Overview

NTSCMF/MOD0670R:  
07 April 2020

nationalgrid



# Overview

## **UNC0717 and UNC0718/A/B/C were raised and sent to Ofgem with Urgent Status**

- On 19<sup>th</sup> March Ofgem decided to not accept Urgent Status on these Modifications.
- Ofgem said ‘that both the licence conditions governing the arrangements around UNC and the existing UNC Modification Rules preclude us from considering proposals against a baseline that is not at that point in time part of the UNC.’

## **On 26<sup>th</sup> March the proposes of the Modifications withdrew the Modifications:**

- The Code Administrator has advised that an Urgency Request cannot be submitted again on the same proposal following a rejection
- National Grid considers that urgency is necessary
- Withdraw 0718 and raise under a new modification number

Gas  
Transmission

# Next Steps

NTSCMF/MOD0670R:  
07 April 2020

nationalgrid



# Next Steps

## After this NTSCMF meeting:

- **Propose National Grid host some WebEx session(s) to cover the comparative analysis between 0718/A/B/C along with other proposers**
- **Propose National Grid undertake an informal consultation on the proposals, so industry have a time to formulate and air views.**
  - Could support a more compressed timetable post 0678 decision.
- **Timelines are tight to conclude UNC change processes and to decide and implement one of the (formally 0718) solutions for 1 October 2020. These could be ways to enable October 2020 implementation to be achieved.**

## **Raise the Modification based on MOD0718 proposal after a decision on MOD0678. Proposed approach:**

- **Legal text aligned to the UNC after MOD0678 decision to implement**
  - le. Only working of the “live” UNC.
- **Without a UNC0678 decision, the mods would not be raised.**

Gas  
Transmission

# Comparison MOD0718

NTSCMF/MOD0670R:  
07 April 2020

nationalgrid





# Comparison of MOD0718 Alternatives

## Comparison between the proposals

- Using the same format as in previous analysis given in workgroups, we have run a comparison of each of the four alternatives presented
- 0718C differs to the others as it does not consider utilised capacity
- This is based on the same data sets as presented previously, with more granularity on some of the items.
- The following slide outlines each of the data items being compared looking at the eligible routes for the respective modifications.
  - They use the same underlying data on capacity and utilisation (e.g. there will be examples where utilisation is not 100% of the capacity) and this will show across the proposals in terms of the impacts under each.

# Comparison of MOD0718 Alternatives

|  | Description  |
|--|--|
| <b>TS Standard Rate Contribution</b>           | Ineligible Capacity for eligible routes (as defined by the business rules applicable to the alternative) multiplied by Standard Entry and Exit Rates |
| <b>TS Discounted Rate Contribution</b>         | Eligible Capacity multiplied by Standard Rates and Discount Factor   |
| <b>Standard Gen Non-TS Contribution</b>        | Ineligible Flow for eligible routes multiplied by Standard General Non-Transmission Rates  |
| <b>Discounted Gen Non-TS Contribution</b>      | Eligible Flow multiplied by Standard General Non-Transmission Rates  |
| <b>Potential TS Socialisation</b>              | Revenue effectively not paid due to discounts applicable to Capacity Charges   |
| <b>TS Socialisation as % of TO MAR</b>         | Transmission Services Revenue effectively not paid, expressed as a percentage of TO Maximum Allowed Revenue  |
| <b>Gen Non-TS Socialisation</b>                | Revenue not paid due to discounts applicable to Flow Charges   |
| <b>Gen Non-TS Socialisation as % of SO MAR</b> | General Non-Transmission Services Revenue not paid, expressed as a percentage of SO Maximum Allowed Revenue  |
| <b>Total Socialisation as % of Total MAR</b>   | Total revenue not paid expressed as a percentage of total Maximum Allowed Revenue  |
| <b>Routes Considered</b>                       | Number of currently active NTS OCC routes which are able to achieve a discount based on the respective alternative.                                  |
| <b>Max Effective Rate Discount</b>             | The highest discount level achieved by any route under the respective alternative  |
| <b>Longest Route Considered</b>                | The distance in km of the longest route which can achieve a discount under the respective alternative  |

# Comparison of MOD0718 Alternatives

|  | 0718           | 0718A          | 0718B           | 0718C           |
|--|----------------|----------------|-----------------|-----------------|
| <b>TS Standard Rate Contribution</b>           | £91,050,510.89 | £91,050,510.89 | £112,398,543.94 | £0.00           |
| <b>TS Discounted Rate Contribution</b>         | £12,599,653.97 | £12,599,653.97 | £29,932,749.22  | £39,190,887.90  |
| <b>Standard Gen Non-TS Contribution</b>        | £30,965,026.67 | £0.00          | £0.00           | £30,965,026.67  |
| <b>Discounted Gen Non-TS Contribution</b>      | £0.00          | £6,193,005.33  | £12,693,982.19  | £0.00           |
| <b>Potential TS Socialisation</b>              | £54,825,410.84 | £54,825,410.84 | £59,230,544.91  | £120,262,440.82 |
| <b>TS Socialisation as % of TO MAR</b>         | 7.2%           | 7.2%           | 7.8%            | 15.9%           |
| <b>Gen Non-TS Socialisation</b>                | £0.00          | £24,772,021.33 | £28,254,347.46  | £0.00           |
| <b>Gen Non-TS Socialisation as % of SO MAR</b> | 0.0%           | 11.7%          | 13.3%           | 0.0%            |
| <b>Total Socialisation as % of Total MAR</b>   | 5.7%           | 8.2%           | 9.0%            | 12.4%           |
| <b>Routes Considered</b>                       | 17             | 17             | 22              | 19              |
| <b>Max Effective Rate Discount</b>             | 62%            | 87%            | 83%             | 90%             |
| <b>Longest Route Considered</b>                | 17.7           | 17.7           | 27.2            | 17.7            |

# Comparison of MOD0718 Alternatives: Points to note

- **0718 & 0718A offer the same TS discount to the same 17 routes, so the TS figures are identical, they diverge when considering the Gen Non-TS socialisation.**
- **0718B works over a longer distance so enables 5 additional routes, increasing the TS socialisation and the Gen Non-TS Socialisation, though this is tempered slightly by a decreased Gen Non-TS discount offered.**
- **For 0718C we have used the minimum of the Entry and Exit FCC to calculate the capacity eligible for discount, this is regardless of whether or not that capacity has been utilised.**
- **This means two additional routes within the distance boundary become eligible for the capacity discount, but because they have no flow registered against them the Gen Non-TS contribution still matches 0718, here it is the TS contribution which differs.**

Gas  
Transmission

# Contact Details

NTSCMF/MOD0670R:  
07 April 2020

nationalgrid



# Contact National Grid

For any queries, comments, or more information please contact:

[Box.gsoconsultations@nationalgrid.com](mailto:Box.gsoconsultations@nationalgrid.com)

Or directly:

- Colin Williams ([colin.williams@nationalgrid.com](mailto:colin.williams@nationalgrid.com))
- Daniel Hisgett ([daniel.hisgett@nationalgrid.com](mailto:daniel.hisgett@nationalgrid.com))
- Laura Johnson ([laura.johnson@nationalgrid.com](mailto:laura.johnson@nationalgrid.com))

national**grid**