

UNC 0662: Revenue Recovery at Combined ASEPs.

nationalgrid



Transmission Workgroup

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Mod UNC 0662: Revenue Recovery at Combined ASEPs

- Aims to deal with potential asymmetry of treatment between historical capacity at storage sites and historical capacity procured for storage purposes within ASEPs with mixed entry sources
- Mod aims to exempt historic “storage capacity” at combined ASEPs from the capacity based revenue recovery charge that may arise from UNC 0621

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- Proposed timetable:

- Initial consideration by workgroup **05 July 2018**
- Workgroup Report presented to Panel **18 April 2019**
- Draft Modification Report issued for consultation **19 April 2019**
- Consultation Close-out for representations **21 June 2019**
- Final Modification Report available for Panel **25 June 2019**
- Modification Panel decision **18 July 2019**

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- Action 0701 (part 1):
 - The primary purpose of 0662 is to attempt to give a similar treatment for capacity bought at storage sites with that bought for the purpose of storage at “combined ASEPs”
 - 0621 (and alternates) exempt storage “historic” capacity from the capacity based revenue recovery charge, 0662 aims to do likewise at “combined ASEPs”

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- Action 0701 (part 2):
 - For capacity to be exempted it will have to be demonstrated that it was procured for the purposes of storage, e.g.
 - The timing and quantities booked can be mapped to a storage project feasibility study at Bacton (both Baird & Deborah were mothballed in Autumn 2013, so capacity procured after this could not be argued to have been procured for the purposes of storage for these projects).
 - A shipper's internal governance sign-off for procurement of capacity to withdraw from Rough
 - **Only “historic” capacity will be considered but must be accompanied by evidence as to reason for its procurement**

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- Action 0702:

- The cost of actually implementing this from a systems perspective is likely to be absorbed in the existing cost of the EU change programme that incorporates 0621
- The only additional cost is the identification/validation of any exempt quantity
 - This will depend on the solution chosen (e.g. if NG is largely responsible for the validation process then any costs will be kept low)
 - It is not anticipated at this stage that additional costs to shippers will be applied
 - This is a reactive Mod to 0621 and might be seen as an associated cost from the implementation of changes arising from the Charging Review.

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- Action 0703:

- The materiality of this has yet to be fully assessed but it should be noted that
 - This Mod will not effect the absolute level of any revenues to be recovered by the proposed capacity based revenue recovery charge
 - There should be no increase in any costs to be passed through to end consumers
 - Depending on which version of 0621 is approved it is likely that any revenues to be recovered by the capacity based revenue recovery charge will be small after October 2021 as most revenues will be recovered through the sale of capacity.
- **Consideration of the above may suggest that this Mod should be Self-Governance**

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