



# Introduction of a Minimum General Non-Transmission Services Charge

Pre-Mod Discussion

02.May.2023



# Background

- There exists, under certain circumstances, a possibility that the methodology used to calculate the General Non-Transmission Services (GNTS) charge could produce a negative value.
- Unlike the principal Transmission Services charges the UNC does not explicitly prohibit a negative GNTS Charge being set by way of a having a minimum price. With recent events highlighting the potential for negative prices under certain conditions, this proposal will provide certainty that negative charges are not able to materialise under any circumstances and create alignment with the principle Transmission Services charges.
- The risk of negative charges occurring has been very low historically. The potential of negative prices occurring (something not envisaged in the design of the charges) under certain conditions has increased. This was detailed in a NGT [webinar](#) on 27 February 2023.
- Solutions to help mitigate some of the challenges for Non-Transmission Charges shared at the February Webinar will be developed over the coming months.

# Why Change

- Indicative values (as of 27 Feb 2023) suggest that the GNTS charge that will be applicable from 01 October 2023 will increase substantially. Without intervention, this would be followed by a large decrease in the GNTS charge applicable from 01 October 2024 which creates the potential for a negative charge.
- National Gas Transmission provides a service to its customers via the transportation of gas through the NTS, we believe on principle that there should always be a charge for using this service.
- Negative GNTS charges if they were to occur would, in effect, result in National Gas Transmission paying users of the system to flow gas. This would create a perverse incentive for users to flow gas which would likely drive unpredictable behavioural changes and impacts for all Stakeholders.
- Introducing a minimum GNTS charge will also align them with the primary Transmission Services charges where there already exists minimum Entry and Exit Capacity Reserve Prices.

# Solution

- Steps will be taken in the coming months to address the issues with GNTS charging that will also help to mitigate the risks of negative charges.
- The principal objective of this Proposal is to ensure that zero or negative GNTS charges can not materialise in the event that other mitigation measures fail to prevent them.
- It is Proposed that an additional paragraph is appended to UNC TPD Section Y to introduce a minimum General Non-Transmission Services Charge of 0.0001p/kWh.

# Next Steps

Based on Authority Direction:

- Raised for consideration by the Modification Panel on 18th May 23
- NTSCMF Workgroup development in June, July and August
- Send to Ofgem for decision September 23
- Decision required by July 24 (In order to be used if required for October 24 charge setting)

# Appendix



# Indicative GNTS Revenues and Charges

Formula Year Revenues	Apr 21-Mar 22	Apr 22 – Mar 23	Apr 23 – Mar 24	Apr 24 – Mar 25	Apr 25-Mar 26
Allowed Revenues Updated View (Feb 2023)	£198m	£514m	£1,148m	£650m	£520m

Indicative Non-Transmission Charges	October 2021	October 2022	October 2023	October 2024	October 2025
Prices as published for October 2022	0.0092*	0.0343*	0.0638	-0.0123	0.0368
GNTS Charge Unit rate (p/kWh) (Feb 2023)	0.0092*	0.0343*	0.0724	-0.0026	0.0454

Indicative values show a large increase in the GNTS price applicable from 01 October 2023 followed by a negative price applicable from 01 October 2024.