MODIFICATION 0636D

UPDATING PARAMETERS FOR THE NTS OPTIONAL COMMODITY CHARGE

[Proposed Legal Text]

TRANSPORTATION PRINCIPAL DOCUMENT

SECTION B – SYSTEM CAPACITY

Amend paragraph 3.12.10 to read as follows:

3.12.10 For the purposes of paragraphs 3.12.9 to 3.12.14 (inclusive), the capacity of a Specified Exit Point shall be in the case of:

(a)   an LDZ Supply Point determined in accordance with Section G5.4.1, except for a LDZ Shared Supply Point in which case the capacity shall be determined in accordance with Section G1.7.17;

(b)   an LDZ CSEP determined in accordance with paragraph 4.5.2;

(c)   an NTS Exit Point equal to the Maximum NTS Exit Point Offtake Rate (converted into kWh/Day) (provided for an NTS Exit Point in respect of a pipeline interconnector having no physical exit capability which is both a Connected Offtake System and a Connected Delivery Facility, the capacity shall be equal the amount (where positive) determined as the instantaneous rate (in kWh/hour) which the Transporter determines to be the maximum instantaneous rate at which it is feasible to deliver gas to the NTS at the System Entry Point associated with such Connected Delivery Facility (converted into kWh/Day)).

SECTION Y – CHARGING METHODOLOGIES

In Chapter 3, paragraph 3.5 delete the third paragraph and replace with text to read as follows:

A - Where the Specified Exit Point is not an Interconnection Point

The following formula shall be used to determine the NTS Optional Commodity Rate (in p/kWh), in respect of a Specified Exit Point:

$$\text{NTS Optional Commodity Rate} = w * [(M) \wedge x] * D + y * (M) \wedge z$$

where w, x, y and z are quantities derived (on the basis of the NTS OCR Methodology) from the estimated costs of laying and operating a dedicated pipeline of NTS specification, for which the units and values for Gas Year 2018/19 are set out in the table below,

Term	Unit	Value for Gas Year 2018/19
w	p/kWh/Day per kilometre	2077.00
x	None	-0.835

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y	p/kWh/Day	608.00
z	None	-0.654

and such values shall be adjusted in respect of each subsequent Gas Year (from the value applying in the preceding Gas Year) on the basis of inflation in the estimated costs from which they are derived (in accordance with the NTS OCR Methodology), and where for Gas Year Y the estimated cost used to derive the value shall be as follows:

$$EC * RPIt$$

where:

EC   is the estimated cost from which w, x, y and z was derived (in accordance with the NTS OCR Methodology) for Gas Year Y-1;

RPIt   is equal to RPIt-1 / RPIb;

RPIt-1   is the arithmetic average of the monthly RPI for the twelve (12) calendar months ending 31 March in Gas Year Y-1;

RPIb   is the arithmetic average of the monthly RPI for the twelve (12) calendar months ending 31 March 1999;

RPI   means the monthly retail prices index published by the United Kingdom Office for National Statistics;

M   is a measure (expressed in kWh) of maximum offtake at the Eligible Exit Point, being:
in the case of:

    (i)   an NTS Exit Point, the Maximum NTS Exit Point Offtake Rate (converted into kWh/Day);

    (ii)   an LDZ Exit Point, the Supply Point Offtake Rate (converted into kWh/Day);

D   is the distance (in accordance with TPD Section B3.12.11) from the Specified Exit Point to the Specified Entry Point;

^   means to the power of; and

the **NTS OCR Methodology** is the methodology developed and published by National Grid NTS for the purposes of this paragraph 3.5.

B - Where the Specified Exit Point is an Interconnection Point

The following formula shall be used to determine the NTS Optional Commodity Rate (in p/kWh) in respect of a Specified Exit Point:

$$\text{NTS Optional Commodity Rate} = 1203 * [(M)^{-0.834}] * D + 363 * (M)^{-0.654}$$

where:

M   means the Maximum NTS Exit Point Offtake Rate (converted into kWh/Day);

D   is the distance (in accordance with TPD Section B3.12.11) from the Specified Entry Point to the Specified Exit Point; and

^   means to the power of.

TRANSITION DOCUMENT – PART IIC

Add new paragraph 24 to read as follows:

24   REVISED NTS OPTIONAL COMMODITY RATE

24.1   Implementation

24.1.1 For the purposes of this paragraph 24:

(a)   **Effective Date** means the date (being the first day of a calendar month) specified in National Grid NTS's notice under paragraph 24.1.2;

(b)   **Relevant Supply Point** means a Supply Point in respect of which the NTS Optional Commodity Rate applies on the Effective Date;

(c)   **Relevant User** means a User who at the Effective Date is the Registered User of a Relevant Supply Point.

24.1.2 The revised NTS Optional Commodity Rate (in accordance with Section Y, paragraph 3.5 as modified by Modification 0636D) shall apply from the Effective Date in respect of a Relevant Supply Point for the purposes of determining the NTS Exit (Flat) Commodity Charge payable pursuant to TPD Section B3.12.9 where prior to such date (and following the date on which the Authority directed approval of Modification 0636D) National Grid NTS has given the Relevant User not less than:

(a)   2 months notice;

(b)   such shorter period of notice as consented to by the Authority in writing and notified by National Grid NTS to the Relevant User.