Joint Office of Gas Transporters

UNC Modification	At what stage is this document in the process?
# UNC 0629S: ## Standard Design Connections: A2O connection process modification	01 Modification 02 Workgroup Report 03 Draft Modification Report 04 Final Modification Report

Purpose of Modification:

This modification will introduce the Standard Design Connection to the A2O and construction connection processes.

	The Proposer recommends that this modification should be: • subject to self-governance This modification will be presented by the Proposer to the Panel on 19 Oct 2017 The Panel will consider the Proposer's recommendation and determine the appropriate route.
	High Impact: None
	Medium Impact: None
	Low Impact: Transporters, Shippers and Consumers

Contents

Timetable

The Proposer recommends the following timetable:	
Initial consideration by Workgroup	02 November 2017
Workgroup Report presented to Panel	21 June 2018
Draft Modification Report issued for consultation	22 June 2018
Consultation Close-out for representations	13 July 2018
Final Modification Report available for Panel	16 July 2018
Modification Panel decision	19 July 2018

Any questions?

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1 Summary

What

This is a modification which seeks to introduce the concept of a Standard Design Connection to the NTS Connection Application to Offer and construction connection processes within UNC. Standard Design Connections are being developed as part of Project CLoCC[1] which is a Network Innovation Competition Project.

Why

The objectives of Project CLoCC are to reduce the cost and time of connection to the NTS. This Modification is to amend the connection processes in order to be more efficient and economical for a Standard Design connection. This is possible due to new pre-appraised and pre-approved standard designs to be delivered by Project CLoCC in October 2018.

How

To change the relevant sections of UNC in order to allow the definition of a Standard Design connection and to amend the processes associated with these types of connection.

2 Governance

Justification for Self-Governance

It is proposed that this modification proposal is subject to Self-Governance procedures as it is unlikely to have a material impact on consumers, competition, operation of the pipeline system, matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies, or governance procedures. In addition, it is unlikely to unduly discriminate between different classes of parties to the UNC. This is on the basis that it seeks to make a change to the current connection arrangements in order to open up the NTS to more customers.

Requested Next Steps

This modification should:

- be considered a non-material change and subject to self-governance

3 Why Change?

Background

Project CLoCC is a Network Innovation Competition project with the objective of reducing the time and cost of connection to the National Transmission System (NTS). Project CLoCC will deliver Standard NTS connection Designs, which are pre-appraised and pre-approved. Currently UNC defines the Connections

[1] Customer Low Cost Connections

process and this will need amending in order for the Standard Designs to be more effectively implemented and utilised by potential customers.

Resolution

In order to deliver Project CLoCC standard designs the UNC requires amending to include the definition of a Standard Design connection which can then enable a more appropriate, efficient and economic process to be applied. It is proposed that it is appropriate to have a modified process for a Standard Design Connection as this will have different costs and timelines associated compared to a bespoke design, in order to meet the objectives of reducing the time and cost of the connection for the customer.

In particular, to amend UNC in order to achieve the principles as proposed in the solution section 5.

4 Code Specific Matters

Reference Documents

TPD, V, Y

Knowledge/Skills

An understanding of the NTS Connections processes would be beneficial.

5 Solution

Solution

It is proposed that TPD is amended to allow the following principles to apply.

1. Define a Standard Design Connection which allows a connection with a flow rate of less than 57.3 gwh/d to connect to the NTS at a location which is verified and utilises the Standard Designs[2] .
2. Define Standard Designs – Pre-approved and Pre-appraised designs in accordance with National Grid policy T/SP/G/19 for Entry and Exit up to 300mm Minimum Offtake Connections.
3. Ensure all current UNC definitions are still applicable or updated accordingly to accommodate Standard Design connections. (e.g. V.13/Y2.12)
    a. Connection – Load Size threshold – It is no longer relevant to have the threshold of 2 million therms and therefore this should be removed as NG has a licence obligation to connect and would make a minimum connection offer for the customer to determine if economic. (Y2.12)
4. Allow appropriate NTS connection application fees.
    a. Applicant to pay the “relevant Fee” (Connection Application Fee) - Standard Design FCO fee to be added to Connection Charging Statement. (V13.1.1)

[2] Subject to availability of NTS Entry or NTS Exit Capacity

b. Standard Design FCO to be fixed fee.- v13.2.2

5. Ensure the Principles set out in TPD section Y, The Gas Transmission Connection Charging Methodology, are appropriate for all types of connection including Standard Design connection.
   a. Proposed to restructure the principles (Y2 section 2) to make clearer and include Standard Design

6. Time for a Standard Design Full Connection Offer – to be issued within 3 months (TPD V.13.5) where no feasibility study is required and within 6 months where a feasibility study is required.

7. A Feasibility Study **May** be required (TPD V.13.6). – changes from will be required as not always required.

For Information only – see in Appendix A attached information which was presented to clarify the feasibility study requirements

6 Impacts & Other Considerations

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

No

Consumer Impacts

To be determined

Cross Code Impacts

None

EU Code Impacts

None

Central Systems Impacts

None

7 Relevant Objectives

Impact of the modification on the 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.	Positive
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.	Positive
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.	None
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

OR, for Section Y (Charging Methodology) Modifications

Impact of the modification on the 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 - (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;	None

b) That, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business;	Positive
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	Positive
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

This modification furthers relevant objective c) and d*)* because it introduces appropriate changes into the UNC to the Application to Offer Connections process in order to facilitate the introduction of more efficient processes for gas connections to the NTS, potentially increasing the number of new connections.

This modification furthers Section Y relevant objective b).and c) because it introduces appropriate changes into the charging methodology within the UNC to take into account the introduction of more efficient processes for gas connections to the NTS, potentially opening up the NTS to new customers.

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.

Project CLoCC live date will be 30th October 2018 and therefore the effective implementation date for the Mod should also be 30th October 2018. The timetable proposed is to ensure delivery of the modification ahead of the Project delivery date and to allow time for other consultations required following Mod implementation decision.

9 Legal Text

Text Commentary

Paragraph	Explanation
TPD V 13.1.2	Amended to include Standard Design Connection
TPD V 13.1.6	Added to define a Standard Design connection
TPD V 13.2.1	Amended to add that a Standard Design Full Connection Offer application will be a fixed fee.
TPD V 13.2.3	Amended to include Standard Design Connection treatment
TPD V 13.5.1	Amended to set out the timescales for completion of Full Connection Offers for standard and non standard designs
TPD V 13.5.6	Amended to state a feasibility May be required.
TPD Y S2 Para 4-11	Amended to include for Standard Design connection principles
TPD Y S2 Para 12	Removed clause

Text

TRANSPORTATION PRINCIPAL DOCUMENT

SECTION V – GENERAL

Amend paragraph 13.1.2 to read as follows:

13.1.2 A Connection Application shall be a "**Competent Connection Application**" where:

(a) the application form has been correctly and fully completed;

(b) the requested technical data has been fully provided and the applicant has indicated whether or not the application relates to a Standard Design Connection; and

(c) the relevant Connection Application Fee has been paid in full and is available to National Grid NTS in cleared funds.

Add new paragraph 13.1.6 to read as follows:

13.1.6 For the purposes of the Code a "**Standard Design Connection**" means:

(a) a standard design connection in accordance with the document named 'National Grid T/PM/G/19 – Management Procedure for Application of Model Design Appraisals for Entry and Exit Connections up to 300mm Minimum Offtake Connections'; and

(b) in respect of which, unless National Grid NTS otherwise agrees in writing, the maximum rate at which gas can be delivered to or offtaken from the NTS does not exceed 57.3 GWh/Day at a design pressure of 38barg;

and any other connection is a **"Non-Standard Design Connection"**.

Amend paragraph 13.2.1 to read as follows:

13.2.1 The Connection Application Fee in relation to:

(a) an Initial Connection Application shall be:

(i) the same monetary value for all categories of NTS connections; and

(ii) a fixed, full and final amount that shall not be subject to any adjustment by National Grid NTS once paid by the Connection Applicant (nor shall the Connection Applicant be entitled to any refund of part of the Connection Application Fee);

(b) an Initial Connection Application and a Full Connection Application in respect of a Standard Design Connection shall be a fixed amount.

Amend paragraph 13.2.3 to read as follows:

13.2.3 For the avoidance of doubt, no reconciliation under paragraph 13.2.2 shall be undertaken in relation to an Initial Connection Offer or an Initial Connection Application or, in relation to a Standard Design Connection, a Full Connection Offer or a Full Connection Application.

Deleted: such

Amend paragraph 13.5.1 to read as follows:

13.5.1 National Grid NTS shall issue a Connection Offer to the Connection Applicant as soon as reasonably practicable and in any event:

(a) in the case of an Initial Connection Offer, within two (2) months of the date on which National Grid NTS notifies the Connection Applicant that the relevant Initial Connection Application is a Competent Connection Application; and

(b) in the case of a Full Connection Offer, within:

(i) in the case of a Standard Design Connection where National Grid NTS determines:

(1) no feasibility study is required, three (3) months;

(2) a feasibility study is required, six (6) months;

(ii) in the case of a Non-Standard Design Connection;

(1) six (6) months (where the connection point requested by the Connection Applicant is in a greenfield location (being a location that has not previously been the subject of development) and the Full Connection Offer is in respect of a minimum offtake connection to the NTS with a ramp rate of less than 50MW/minute); or

(2) where paragraph (1) does not apply nine (9) months

(or such longer time as the Authority may agree, or be deemed to have agreed, pursuant to paragraph 13.5.2) of the date on which National Grid NTS has confirmed to the Connection Applicant that the Connection Application is a Competent Connection Application (the "**Connection Offer Deadline**").

Amend paragraph 13.5.6 to read as follows:

13.5.6 A feasibility study may ~~will~~ be required in order to be able to provide a Full Connection Offer to the Connection Applicant except where the connection point requested by the Connection Applicant is in a greenfield location (being a location that has not previously been the subject of development) and the Full Connection Offer is in respect of a minimum offtake connection to the NTS with a ramp rate of less than 50MW/minute. Where a feasibility study is required in order to be able to provide a Full Connection Offer:

SECTION Y – CHARGING METHODOLOGIES

The Gas Transmission Connection Charging Methodology

Amend Section 2 (Principles) paragraphs 4 to 11 (inclusive) to read as follows:

4. .National Grid shall be entitled to recover in respect of:

(a) Standard Design Connections:

(i) Fixed Costs only in relation to Design Works;

(ii) Actual Costs in relation to Construction Works;

(b) Non-Standard Design Connections Actual Costs for both Design Works and Construction Works

National Grid will recover the Actual Costs incurred when it carries out ~~Design Works and~~ Construction Works~~, i.e customers are charged on~~ in relation to both Non-Standard Design Connections and Standard Design Connections. Actual Costs are recovered on a cost pass-through basis.

5. In relation to Standard Design Connections and Non-Standard Design Connections National Grid NTS's Actual Costs will reflect the cost of labour, materials, and any other expenses required to carry out the work to the customer's requirements including applicable Lane Rental Charges. Each cost element will carry an appropriate level of overhead.

6. National Grid will calculate Estimated Costs and Actual Costs using:

(b) National Grid's fully absorbed direct costs associated with undertaking any works, i.e. including appropriate overhead costs;

(c) Individually tendered rates for indirect costs, and

(d) Any other costs not included above related to the provision of connection activities.

7. National Grid may carry out work additional to that which is required to meet the requirements of the customer (in relation to both Standard Design Connections and Non-Standard Design

Connections) to ensure that it develops the NTS in an economic and efficient manner. Where this occurs, the cost of any additional works will not be charged to the customer.

8. All charges are made subject to the appropriate Standard Conditions of Contract (SCCs), which will be made available on request in respect of specific projects.

9. ~~Bespoke~~ Quotations will identify any assumptions that are used in the determination of the Estimated Costs

10. National Grid will enter into commercial agreements with customers in relation to Non-Standard Design Connections and Standard Design Connections on the basis of Estimated Costs, and will seek an advance payment of these Estimated Costs in accordance with both the relevant commercial agreement and National Grid's prevailing credit policy.

11. However, to ensure that the Actual Costs of the project are recovered as described in paragraph ~~11~~ above, when final payment is due, as specified in the relevant commercial agreement, National Grid will compare Actual Costs with Estimated Costs invoiced to date and charge for the additional costs incurred or refund any overpayment, as may be the case.

Deleted: 4

Amend Section 3 (Connection Charging Methodology) paragraph 12 to be removed.

~~12. Loads (or sources of gas) below 58,600,000kWh (2 million therms) per annum shall not be connected to the NTS. In However where suitable alternative connections to a Distribution Network are not available or are deemed uneconomic National Grid will consider requests for an NTS connection on a case by case basis.~~

10 Recommendations

Proposer's Recommendation to Panel

- Panel is asked to: Refer this proposal to a Workgroup for assessment.

11 Appendix A – Standard design Feasibility Study requirements proposed by Project CLoCC

Provided For information only to clarify requirements for Feasibility Studies for Standard Design connections.

Standard Design Feasibility Study requirements proposed by Project CLoC

Existing site Type	Standard Design Confirmed	Feasibility Study required	Notes
Block Valve	Yes	No	Assessment upfront mitigates feasibility study requiremen
Multi Junctions	Yes	No	Assessment upfront mitigates feasibility study requiremen
Multi Junctions	TBC	Maybe	There are some multi junctions which are more complex v investigation would be required which may result in a feas full study may not be required, a reduced study may be su
Pig Traps	Yes	No	Assessment upfront mitigates feasibility study requiremen
Pig Traps	TBC	Maybe	There are some Pig Traps which are more complex where investigation would be required which may result in a feas full study may not be required, a reduced study may be su
Other e.g. Compressor Station	Unknown	Yes highly likely	As the other types are more complex and unique/ potentia higher risk these have not been assessed in advance and investigation on a site by site basis on request so therefor study is highly likely to be required to establish if a Stand be utilised on the existing site.

Note Ramp Rate study may be required for any connection >50MW/minute, as part of the feasibility study.
Note that if a feasibility study is required then there will be an additional feasibility fee to be paid and the timeline for a fea will need to be added.
Greenfield sites with Standard Design are as per existing arrangements – not required unless >50mw ramp rate may be nee