








UNC Draft Modification Report	At what stage is this document in the process?
<div>UNC 0861S:</div> <div>Clarification of Provisions Regarding Utilisation of the System Without Holding System Capacity</div>	<div><div>01</div>Modification</div> <div><div>02</div>Workgroup Report</div> <div><div>03</div>Draft Modification Report</div> <div><div>04</div>Final Modification Report</div>

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Timetable		 0121 288 2107
Modification timetable:		Proposer: Phil Lucas National Gas Transmission
Pre-Modification Discussed	05 Oct 2023	 phil.lucas@nationalgas.com
Date Modification Raised	24 Oct 2023	 07825 592518
New Modification to be considered by Panel	16 Nov 2023	Transporter: Phil Lucas National Gas Transmission
First Workgroup Meeting	28 Nov 2023	 phil.lucas@nationalgas.com
Workgroup Report to be presented to Panel	15 Feb 2024	 07825 592518
Draft Modification Report issued for consultation	16 Feb 2024	Systems Provider: Xoserve
Consultation Close-out for representations	07 Mar 2024	 UKLink@xoserve.com
Final Modification Report available for Panel	21 Mar 2024	
Modification Panel decision	21 Mar 2024	

1 Summary

What

In respect of the use of the Total System:

- TPD Section I ('Entry Requirements') sets out that the Transporter will accept deliveries of gas at the System Entry Points comprised in an Aggregate System Entry Point, at a rate in aggregate not exceeding the aggregate Available Firm NTS Entry Capacity held by Users at that Aggregate System Entry Point.
- TPD Section J ('Exit Requirements') sets out that at NTS Exit Points, LDZ DM Supply Points and LDZ CSEPs the Transporter is not obliged to make gas available for offtake by a User in excess of the relevant Exit Capacity held by that User.
- TPD Section B ('System Use and Capacity') sets out that if for any reason a User utilises the system without holding the relevant System Capacity it will be subject to certain charges:
 - in the case of Aggregate System Entry Points, a System Entry Overrun Charge;
 - in the case of NTS Exit Points, an NTS Exit (Flat) Overrun Charge;
 - in the case of LDZ DM Supply Points, a Supply Point Ratchet Charge; and
 - in the case of LDZ CSEPs, an LDZ CSEP Overrun Charge

Why

Read in isolation, the terms of TPD Section B that outline the consequence of the Use of the System by a User without holding the relevant Capacity do not recognise the relevant terms in TPD Sections I and J which set out the extent of the relevant Transporter's obligations to accept deliveries of gas to, and make gas available for offtake from, the Total System.

The Proposer is of the view adding such recognition into the relevant wording of TPD Section B would enhance the clarity of the UNC regarding the interaction between terms relating to the Use of System and the extent of relevant Transporters obligations in respect of deliveries to, and offtake from, the Total System.

How

It is proposed that TPD Section B is modified to include wording that essentially states that in spite of the limitations regarding Transporters *obligations* to accept deliveries of gas and make gas available for offtake in excess of Capacity, where for any reason a User *does* flow in excess of these Capacity holdings, the relevant additional Charges will be payable.

2 Governance

Justification for Self-Governance

Application of Self-Governance procedures is sought because the changes proposed are unlikely to have a material effect on the competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes, nor on the operation of one or more pipe-line system(s) (nor any of the other aspects described in the Self-Governance criteria). This is because the nature of the proposed change is to merely provide enhanced clarity and transparency in the UNC regarding the interaction between Use of System provisions (specifically payments triggered by Users flowing in excess of Capacity holdings) and Entry and Exit terms regarding the extent of

Transporters' obligations to (respectively) accept deliveries of gas to, and make gas available for offtake from, the Total System.

Requested Next Steps

This Modification should be considered a non-material change and subject to Self-Governance.

Workgroup's Assessment

All Workgroup Participants agreed that this Modification should be managed under Self Governance procedures as it clarifies rather than changes any rights and obligations.

3 Why Change?

Current Regime

In respect of the use of the Total System:

- regarding the delivery of gas (Entry):
 - TPD Section I3.7.1 states:
“the Transporter will accept into the Total System at any time gas tendered for delivery by Users at the System Entry Points comprised in an Aggregate System Entry Point, at a rate (in kWh/Day) in aggregate not exceeding the aggregate Available Firm NTS Entry Capacity held by Users at that Aggregate System Entry Point, as Adjusted”
- regarding the offtake of gas (Exit):
 - TPD Section J3.10.5 states:
*“In the case of an NTS Exit Point National Grid NTS will not be obliged under any provision of the Code to make gas available for offtake from the NTS by a User:

(b) on any Day, in a quantity which exceeds the User's Fully Adjusted Available NTS Exit (Flat) Capacity”*
 - TPD Section J3.8.4 states:
*“The Transporter will not be obliged under any provision of the Code to make gas available for offtake from the Total System by a User at a DM Supply Point comprised in an LDZ Supply Point:

(b) on any Day, in a quantity which exceeds the User's Registered Supply Point Capacity”.*
 - TPD Section J3.9.3 states:
*“The Transporter will not be obliged under any provision of the Code to make gas available for offtake from the Total System at a LDZ Connected System Exit Point:

(b) by a CSEP User, on any Day, in a quantity which exceeds the User's Registered LDZ Capacity”*
- TPD Section B1.3.1 states:
“A User may use the System without holding System Capacity but (subject to paragraphs 1.3.2 and 1.3.3) will be liable to pay System Entry Overrun Charges and/or NTS Exit (Flat) Overrun Charges (collectively "Overrun Charges") and/or LDZ CSEP Overrun Charges or Supply Point Ratchet Charges, in respect of the capacity utilised, in accordance with this Section B”.

- the specific mechanisms for determination of each of these Charges is set out in TPD Section B2.13, B3.13, B4.7 and B4.8

Interaction Between TPD Section B and TPD Sections I and J

Read in isolation, the terms of TPD Section B1.3.1 that outline the consequence of Use of the System by a User without holding the relevant Capacity do not recognise the relevant terms in TPD Sections I and J which set out the extent of the relevant Transporter's obligations to accept deliveries of gas to, and make gas available for offtake from, the Total System.

The Proposer is of the view adding such recognition into the relevant wording of TPD Section B would enhance the clarity of the UNC regarding the interaction between terms relating to the Use of System and the extent of relevant Transporters obligations in respect of deliveries to, and offtake from, the Total System.

4 Code Specific Matters

Reference Documents

[UNC TPD B \('System Use and Capacity'\)](#)

[UNC TPD I \('Entry Requirements'\)](#)

[UNC TPD J \('Exit Requirements'\)](#)

Knowledge/Skills

Knowledge of the capacity regimes and the applicable charges for the use of the Systems without capacity holdings would be advantageous.

5 Solution

It is proposed that TPD Section B is modified to include wording that essentially reflects that in spite of the limitations regarding Transporters obligations to accept deliveries of gas (as set out in TPD Section I3.7.1) and make gas available for offtake in excess of Capacity (as set out in TPD Sections J3.10.5(b), J3.8.4(b) and J3.9.3(b)), where for any reason a User does flow in excess of these Capacity holdings, the relevant additional Charges will be payable.

6 Impacts & Other Considerations

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

None

Consumer Impacts

None. The change proposed would not result in any change to the commercial market rules *per se*, alternatively it will simply add clarity with regards to the identified interaction between Code provisions.

What is the current consumer experience and what would the new consumer experience be?

As a result of there being no consequential change to the commercial market rules, there will be no change to the consumer experience in the event of implementation.

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
Improved safety and reliability Not applicable	None
Lower bills than would otherwise be the case Not applicable	None
Reduced environmental damage Not applicable	None
Improved quality of service Not applicable	None
Benefits for society as a whole Not applicable	None

Cross-Code Impacts

None.

EU Code Impacts

None.

Central Systems Impacts

None.

Rough Order of Magnitude (ROM) Assessment

Not required as no system changes are proposed.

Settlement Impact

No Settlement impacts anticipated.

Performance Assurance Considerations

No Performance Assurance monitoring required.

Initial Representations

None Received

Panel Questions

No Panel Questions to assess.

Workgroup Impact Assessment

A Workgroup Participant noted that it seemed a sensible addition. A Workgroup Participant added that this proposal was an output of discussions with NGT last spring, that adding in addition references helps clarify the obligations of Transporters. A Workgroup Participant agreed that Modification 0861S does not change the current arrangements but perhaps consolidates them.

A potential interaction with Modification 0860S was discussed and Workgroup Participants agreed that whilst the two proposals aim to clarify obligations and rights in respect of capacity holdings they are not alternates. Workgroup Participants did identify that clause references, including to TPD J3, appear in both modifications and for this reason it would be preferable to progress this Proposal through the governance process before Modification 0860S.

At the 29 January 2024 meeting, Workgroup Participants noted that this Proposal is due to report to the Modification Panel in February and that the report for 0860S is now delayed to the April Panel.

Reference Documents

No other changes were identified.

7 Relevant Objectives

Impact of the Modification on the Transporters' Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of <ul style="list-style-type: none"> (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.	None
d) Securing of effective competition: <ul style="list-style-type: none"> (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

The Modification furthers Relevant Objective (d), as follows:

d) Securing of effective competition between relevant Shippers

Ensuring that the provisions in TPD section B relating to the Charges applicable in the event that gas is delivered to (or offtaken from) the System in excess of Capacity applies in spite of the absence of an *outright obligation* for the relevant Transporter to accept such deliveries (or make such volumes available for offtake) removes any ambiguity that may be interpreted as existing between these two principles.

Enhancing the clarity of UNC provisions and removing any ambiguity that has been identified by stakeholders (as reflected above) will better facilitate the securing of effective competition between relevant Shippers.

Workgroup Assessment of Relevant Objectives

Some Workgroup Participants agreed with the Proposer that this Modification would further Relevant Objective d) by improving clarity in the UNC.

Some Workgroup Participants agreed that the Proposal would further Relevant Objective f) Promotion of efficiency in the implementation and administration of the Code by clarifying the rights and obligations under the Code.

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.

9 Legal Text

Text Commentary

PARAGRAPH	EXPLANATION
TRANSPORTATION PRINCIPAL DOCUMENT SECTION B – SYSTEM USE AND CAPACITY Amended paragraph 1.3.1	This clarifies that in spite of the absence of Transporters obligations to accept gas deliveries to (or make gas available for offtake from) the System in excess of Capacity, a User may utilise the system to flow such volumes but will be subject to the relevant charges identified in TPD Section B.

Legal Text

Uniform Network Code - Transportation Principal Document

Section B – System Use and Capacity

Amend paragraph 1.3 to read as follows:

1.3 Overrun Charges

1.3.1 ~~Notwithstanding Section I3.7.1, Section J3.8.4(b), J3.9.3(b) and J3.10.5(b), if for any reason a~~ ~~A~~ User ~~may use~~ ~~utilises~~ the System without holding System Capacity ~~it will but~~ (subject to paragraphs 1.3.2 and 1.3.3) ~~will~~ be liable to pay System Entry Overrun Charges and/or NTS Exit (Flat) Overrun Charges (collectively "Overrun Charges") and/or LDZ CSEP Overrun Charges or Supply Point Ratchet Charges, in respect of the capacity utilised, in accordance with this Section B

Workgroup Assessment

Workgroup Participants have reviewed the proposed Legal Text and are satisfied that it meets the intent of the solution.

10 Consultation

Representations were invited from interested parties on 15 February 2024. All representations are encompassed within the Appended Representations section, including any initial representations.

The following table provides a high-level summary of the representations. Of the 1 representation received 1 supported implementation.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives
National Gas Transmission	Support	d) positive

Please note that late submitted representations may not be included or referred to in this Final Modification Report. However, all representations received in response to this consultation (including late submissions) are published in full alongside this Report and will be taken into account when the UNC Modification Panel makes its assessment and recommendation.

11 Panel Discussions

Discussion

The Panel Chair summarised that Modification 0861S would acknowledge the extent of Transporters' obligations to accept gas tendered for delivery to (or make gas available for offtake from) the System in the provisions that set out the charges payable where a User utilises the System without holding system capacity.

Panel Members considered the representation submitted during the Consultation noting that, one representation was received that supports the Modification.

Panel Members agreed with the respondent (the Proposer) that this Modification would enhance the clarity of the UNC regarding the interaction between terms relating to the Use of System and the extent of the relevant Transporter's obligations in respect of deliveries to, and offtake from, the Total System.

Some Panel Members agreed that this Modification addresses a concern that had been identified by stakeholders.

CACoP Principle 15 – Consumer Impacts and Net Zero discussion

Panel Members agreed that this Modification does not impact on consumers (and noted there are no positive impacts identified in the consumer benefit table on page 6) and Panel Members were unable to determine any impact on Net Zero relating to this Modification.

Consideration of the Relevant Objectives

Some Panel Members considered Relevant Objective *d) Securing of effective competition between Shippers and/or Suppliers*, agreeing that implementation would have a positive impact because it reduces potential ambiguity for Users in interpretation of the UNC and thereby facilitates a more level competitive environment.

Some Panel Member considered the Modification to be neutral for Relevant Objective *d)* because it does not change the current process.

Panel Members considered Relevant Objective *f) Promotion of efficiency in the implementation and administration of the Code* and believe there was a positive impact because the Modification is adding clarity to Code in relation to an existing process.

Implementation

Panel Members considered the implementation timeline for this Modification agreeing that as Self-Governance procedures are proposed, implementation could be sixteen business days after any potential implementation vote by the Modification Panel, subject to no Objection being raised. Should the Modification be implemented, Transporters will confirm the exact implementation date for this Modification.

Determinations

Panel Members voted unanimously that no new issues were identified as part of the consultation.

Panel Members voted unanimously that there are no Cross Code Changes for this Modification.

Panel Members voted unanimously to implement this Self-Governance Modification.

12 Recommendations

Panel Determination

Panel Members agreed that this Self-Governance Modification should be implemented.

13 Appended Representations

Initial Representation – None

Representation – National Gas Transmission

Representation – Draft Modification Report UNC 0861S

Clarification of Provisions Regarding Utilisation of the System Without Holding System Capacity

Responses invited by: 5pm on 07 March 2024

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Phil Lucas
Organisation:	National Gas Transmission
Date of Representation:	6 th March 2024
Support or oppose implementation?	Support
Relevant Objective:	d) Positive
Relevant Charging Methodology Objective:	Not Applicable

Reason for support/opposition:

As the Proposer, National Gas Transmission (NGT) supports implementation of this Proposal as it would enhance the clarity of the UNC regarding the interaction between terms relating to the Use of System and the extent of relevant Transporters obligations in respect of deliveries to, and offtake from, the Total System. On this basis, implementation would remove any ambiguity that has been identified by stakeholders (as set out in the Proposal) which will better facilitate the securing of effective competition between relevant Shippers.

Governance Statement:

We continue to believe that, as set out in our Proposal, application of Self-Governance procedures is appropriate as the changes proposed are unlikely to have a material effect. This is because the solution merely seeks to enhance clarity and transparency in the UNC regarding the interaction between the two areas identified above and therefore do not *change* any aspects of the market arrangements.

Impacts and Costs:

There are no impacts nor costs associated with implementation.

Implementation:

There is no lead time required for implementation hence as Self-Governance procedures

are applicable, hence implementation can be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

Legal Text:

We are satisfied that the legal text delivers the intent of the solution.

Panel Questions:

None raised.

Error or Omissions:

We have not identified any such errors or omissions.

Additional analysis:

Not applicable.