**UNC Modification Proposal 0541B**

**Ex-post removal of uncontrollable UNC charges at ASEP’s which include sub-terminals operating on a 06.00 to 06.00 Gas Day**

**Business Rules**

**Balancing Neutrality Charge Adjustment (including Scheduling Charges)**

1. Month + 15 Business Days – Entry Close-out Date for Users to provide their entry allocations to National Grid NTS for the preceding month M (UNC TPD E1.8.1).
2. Month + 19 Business Days – Balancing Neutrality Charges are calculated.
3. Month + 23 Business Days – Energy Balancing Invoice is issued to Users.
4. Each User at the relevant sub-terminals will provide a **‘pseudo’ Entry Allocation Statement** (i.e. for a 06:00 to 06:00 period) to National Grid NTS at that System Entry Point (this supplements, and is additional to, the User’s obligation to provide the **Entry Allocation Statement** (i.e. for a 05:00 to 05:00 Gas Day) at that System Entry point as per UNC TPD E2.1.2). The deadline for submission of ‘pseudo’ Entry Allocation Statements’ is the Entry Close-out Date (i.e. M+15). In validating such ‘pseudo’ Entry Allocation Statements:
	1. the sum of such ‘pseudo’ Entry Allocation Statements (and any Unclaimed Entry Allocation Statements) must be equal to a **‘pseudo’ Entry Point Daily Quantity Delivered** (i.e. for a 06:00 to 06:00 period) akin to UNC TPD E2.1.7(b). National Grid NTS has access to hourly metering at the relevant System Entry Points and will derive the ‘pseudo’ Entry Point Daily Quantity Delivered from this information; and
	2. if the sum of the aforementioned values are not equal to the ‘pseudo’ Entry Point Daily Quantity Delivered, then the **‘pseudo’ Entry Allocation Volume** (i.e. for a 06:00 to 06:00 period) for each relevant User at the System Entry Point will be adjusted by National Grid NTS in proportion to the Nominated Quantities under their respective Input Nominations for that System Entry Point akin to UNC TPD E2.1.8.
5. Month + 1 + [17] Business Days – the User’s ‘pseudo’ Entry Allocation Volume at the relevant System Entry Point is compared to the User’s **Entry Allocation Volume** (i.e. for a 05:00 to 05:00 period) at the relevant System Entry Point to calculate (as per the following paragraph) the value of the Neutrality Charge Adjustment Volume for the relevant invoice issued at Month + 23 Business Days
6. The User’s Imbalance Charge Adjustment Volume for each day is calculated as follows:

**System Entry Point Time Shift Volume** = Entry Allocation Volume – ‘pseudo’ Entry Allocation Volume

**Standard Imbalance Volume** = UDQI (i.e. 05:00 to 05:00) – UDQO (i.e. 05:00 to 05:00)

**Imbalance Charge Adjustment Volume** = Standard Imbalance Volume – (the sum of System Entry Point Time Shift Volumes for the relevant System Entry Points)

1. The Imbalance Charge Adjustment Volume for month M, is reflected in the Balancing Neutrality Charges included in the Month + [1] + 23 Business Days invoice for all Users subject to Balancing Neutrality.
2. Scheduling Charges are subject to the same Invoice timetable as Balancing Neutrality, the calculation for the Scheduling Charge Adjustment Volume for each User at a System Entry Point on a Gas Day is as follows:

**Time Shift Scheduling Volume** = Gas Flow nominations (entry) at the relevant System Entry Point – (System Entry Point Time Shift Volume + Entry Allocation Volume)

**Standard Scheduling Charge Volume** = Gas Flow nominations (entry) at the relevant System Entry Point – Entry Allocation Volume

**Scheduling Charge Adjustment Volume** = Standard Scheduling Charge Volume – Time Shift Scheduling Volume

1. The Scheduling Charge Adjustment Volume for month M, is reflected in the Balancing Neutrality Charges included in the Month + [1] + 23 Business Days invoice for all Users subject to Balancing Neutrality.

**Capacity Neutrality Overrun Charge Adjustment**

1. Month + 4 Business Days - NTS Entry Capacity and NTS Capacity Neutrality Invoices are issued.
2. M+1 + 4 Business Days - NTS Entry Capacity Invoices issued to include any Overrun charges from month M.
3. Month + 1 + [17] Business Days – the User’s ‘pseudo’ Entry Allocation at any relevant System Entry Point (within an Aggregate System Entry Point (ASEP)) is compared to the User’s Entry Allocation. Overrun exposure is determined in accordance with the following calculation to determine the value of the Time Shift Adjusted Overrun Volume to adjust the relevant NTS Entry Capacity Invoice via a Capacity Neutrality Charge Invoice.
4. NTS Entry Capacity Overrun Charge Adjustment Volume at an ASEP for a Gas Day is calculated as follows:

**Time Shift Overrun Volume** = User Capacity Entitlement at the ASEP – ((sum of the User’s Entry Allocations at all System Entry Points within the ASEP) + (sum of any System Entry Point Time Shift Volumes at System Entry Points within the ASEP))

**Standard Overrun Volume** = User Capacity Entitlement at the ASEP – (sum of Entry Allocations for all System Entry Points at the ASEP)

**Overrun Charge Adjustment Volume** = Standard Overrun Volume – Time Shift Overrun Volume

1. The Overrun Charge Adjustment Volume for month M, is reflected in the Capacity Neutrality Charges included in the Month +[2] + 4 Business Days invoice for all Users subject to Capacity Neutrality.

**Incentivised Nomination Charge Adjustment**

1. Month + 19 Business Days - Balancing Neutrality Charges are calculated.
2. Month + 23 Business Days - Energy Balancing Invoice is issued to Users.
3. The User’s ‘pseudo’ Entry Allocations at any relevant System Entry Point is compared to the User’s equivalent Entry Allocations. Incentivised Nomination Charge exposure is determined in accordance with the following calculation to determine the value of the INS Charge Adjustment Volume for the relevant invoice issued at Month + 23 Business Days
4. INS Charge Adjustment Volume is calculated as follows:

**Time Shift INS Performance Measure** = absolute (Forecast Daily Imbalance – (Daily Imbalance + (sum of any System Entry Point Time Shift Volumes))

**Standard INS Performance Measure** = absolute (Forecast Daily Imbalance – Daily Imbalance) [as per UNC TPD 5.3.8(a)]

**INS Charge Adjustment Volume** = Standard INS Performance Measure - Time Shift INS Performance Measure

1. The INS Charge Adjustment Volume for month M, is reflected in the Balancing Neutrality Charges included in the Month + [1] + 23 Business Days invoice for all Users subject to Balancing Neutrality.

**Capacity Neutrality and Balancing Neutrality**

1. As per existing processes, Capacity Neutrality and Balancing Neutrality charge adjustments will be socialised via the Neutrality mechanisms to all Users, including those at 06:00 to 06:00 sub-terminals (System Entry Points):

* 1. for Balancing Neutrality, on the basis of User throughput (sum of UDQI and UDQO – both based upon 05:00 to 05:00 Entry and Exit Allocations respectively); and
	2. for Capacity Neutrality, on the basis of ‘end of day’ firm capacity entitlements.

**Retrospective Adjustment**

1. Following the date of implementation of the Modification (i.e. Transporter system changes implemented), Users at 06:00 to 06:00 sub-terminals will provide their daily ‘pseudo’ Entry Allocation Statements for the *retrospective period* (back to and including 1st October 2015) to National Grid NTS within [30] days. The validation specified in rule 4a and 4b will be applied to such values.
2. If a User at a relevant sub-terminal does not submit ‘pseudo’ Entry Allocation Statements within the notice period specified in rule 21, the User is assumed not to require any adjustment for the relevant Gas Day/s. In such instances it is deemed that the ‘pseudo’ Entry Allocation Volume for this User is the same as the Entry Allocation Volume for the relevant days within the *retrospective period*.
3. Capacity Neutrality and Balancing Neutrality adjustments (as described in business rules 1 to 20) in respect of the retrospective period will be reflected in revised Balancing Neutrality and Capacity Neutrality charges within [3] months of expiry of the notice period in rule 21.

**Annex A**

**Incentivised Nomination Charges Information**

If a User submits a Forecast Daily Imbalance Nomination (i.e. its expected end of day imbalance position) between D-30 and 03:00 on D (UNC TPD E5.3.5), where this differs from the User’s Daily Imbalance the User will incur an Incentivised Nomination Charge for the volume difference at a unit rate based upon the System Marginal Price / System Average Price differential. This price differential is subject to a scaling factor which is currently set to zero hence the Incentivised Nomination Charge is currently £zero for all Users.

Where the User does not submit a Forecast Daily Imbalance Nomination, the User will be deemed to have submitted a Forecast Daily Imbalance Nomination equal to the Prevailing Provisional Daily Imbalance which is a value determined by National Grid NTS on the basis of User Nominations. UNC TPD E5.3.7 / 5.3.2(e).