

# Pre Modification – The Treatment of Capacity at Combined ASEP's

# Revenue Recovery at Combined ASEPs



16 May 2018

## TO Revenue Recovery

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- In current regime the TO revenue recovery is done through a commodity charge
  - If you don't flow against capacity then no TO revenue recovery charge is incurred
  - Charge does not apply to storage sites (except for own-use gas)
- This changes with UNC 0621

## UNC Mod 0621: Revenue Recovery

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- **Transmission Services revenue recovery mechanism:**
  - **IPs:** Capacity based at non-IPs from Oct'19
  - **Non-IPs:**
    - Flow based at non-IPs Oct'19 to Sept'21: Storage sites exempt
    - Capacity based at non-IPs from Oct'21: Historical Contracts for Storage sites exempt



## UNC Mod 0621: Treatment of Storage

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- **Storage sites:**

- as designated in National Grid's Licence (Special Condition 5F Table 4B for Entry Points, and Special Condition 5G Table 8 for Exit Points)

## Issue at Combined ASEPs

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- Rules for storage arising from 0621 can only apply to points identified as storage points in the Transporters' Licence
- Storage sites within ASEPs will not be “recognised” as storage points with respect to exemption of capacity based revenue recovery charges

## Issue at Combined ASEPs

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- Issue arises with historical capacity bought within an ASEP solely to de-risk storage projects that were later abandoned
  - This unused and “abandoned” capacity currently does not attract the commodity TO revenue recovery charge but any such capacity associated with IPs will incur the proposed capacity based charge from 1 October 2019 as part of 0621
- This Mod seeks to develop a solution that will exempt such capacity from the revenue recovery charge and align its treatment with historic storage capacity at recognised storage points

# Proposed Mod for Treatment at Combined ASEPs

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- The proposed Mod shall focus only on capacity associated with abandoned projects at Interconnection Points as in the period of Oct'19 to Sep'21 only these points will have a capacity based revenue recovery charge
- Consideration will be given to “redundant” capacity at non-IPs at a later date as any revenue recovery charge shall be based on flows until Oct'21
- The proposed solution shall retain the fungibility of existing allocated capacity

# Possible solution for Treatment at Combined ASEPs

nationalgrid

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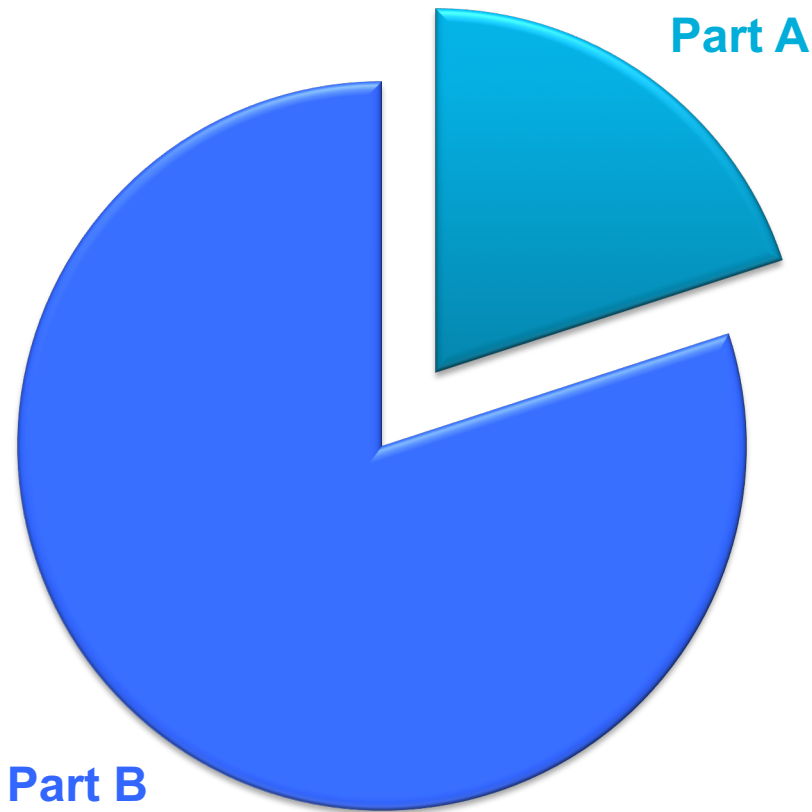
- Under 0621 the proposed capacity based revenue recovery charge shall be based on “fully adjusted capacity”
- Proposed solution shall be based on an adjustment to the calculation of “fully adjusted capacity” by including a new parameter of “***exempt quantity***”
- Identification of “***exempt quantity***” to be based on a shipper application process plus additional documented evidence of capacity booking requirement associated with the abandoned project.
- This shall be a transitional arrangement as PARCA should prohibit such situations in the future

# Possible solution for Treatment at Combined ASEPs nationalgrid

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- It is aimed that this Mod shall be implemented along with 0621 with an implementation date of **1 October 2019**.
- The pre-mod draft shall be presented to Work Group in **June 2018**
- To ensure delivery the possibility of such a Mod has been incorporated into EU/GB Change Project that shall deliver UNC 0621 (or its alternate)

# EU/GB Charging Project – Scope Split Parts A & B



Continuity charge from  
2021 for all points  
-IP PARCA Gemini  
change

# EU/GB Charging Project – Scope Split Parts A & B

## Part A

Analysis &  
Design (Jan to  
Apr 18)

Build  
(May/June 18)

Testing (July to  
Oct 18)

Implementation  
(Nov18)

## Part B

Analysis &  
Design (May to  
Aug 18)

Build (Sept 18  
to Jan 19)

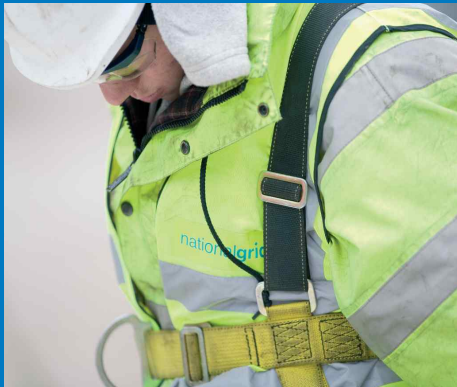
Testing (Feb to  
July 19)

User Trials  
(July/August  
19)

Implementation  
(Sept 19)



# European Update



# General Update

## Code Status Update

Code	Current Status	Implementation date
Tariffs (TAR)	Entered into Force 6 April 2017, Mods now being raised (e.g. UNC 0621 + combined ASEP Mod)	Applicable from 6 April 2017, 1 October 2017, 31 May 2019
Transparency (TRA)	Entered into Force 6 April 2017	Applicable from 01 October 2017, First publication end 2017 Monitoring reports March 2018

# EU Code Updates

# Changes to EU Gas Network Codes

## Changes to EU Gas Network Codes

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- As previously reported to the Workgroup, the EC has asked ENTSOG and ACER to develop lists of potential changes to the EU Gas Network Codes
- The current focus is on improving definitions, providing greater clarity and removing out of date clauses
  - Should any material / substantial proposals for change emerge, ENTSOG believes that the Functionality Platform and process should be used to ensure robust stakeholder engagement
- EC, ACER and ENTSOG are scheduled to meet in mid-May to discuss the potential changes
- An informal Gas Committee meeting is scheduled for 20<sup>th</sup> June 2018 for the EC to update Member State representatives
- The consultation period is expected to be between July and September 2018

# Potential GTCs Template

# Development of GTCs template for nationalgrid Bundled Capacity

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- CAM requirement (Art. 20) for ENTSOG to develop a Template to align the main terms and conditions for bundled capacity across member states
- 12.4.18 – ENTSOG published Consultation of draft Template (close out was 30/4/18)
  - NG publicised consultation via an ENA communication
- The Template has been assumed by TSOs to have a lesser status in case of any discrepancy with National Codes/Contracts
- Reminder: In any case the Template is optional for National implementation
- Link: <https://www.entsog.eu/publications/new-publications#8>



# Functionality Platform Issue Update

# Functionality Platform EU Data Exchange Issue: Update

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- In March 2018, we alerted the Workgroup to an EU Data Exchange issue that had been raised on the ENTSOG / ACER Functionality Platform
- This could result in an extension to the current EU data exchange obligations for TSOs and storage operators\*
- A meeting between ENTSOG, ACER and the stakeholders that have raised the issue is scheduled for mid-May to discuss potential solutions
- A public consultation will follow afterwards
- We will advise the Workgroup of the potential solutions and timescale for consultation

# EU Gas Quality Update

# Introduction

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- The purpose of these slides is to:
  - Provide a brief history of EU gas quality harmonisation
  - Remind the Workgroup that this initiative is still progressing with no formal UK representative involved
  - Update the Workgroup on recent activities and CEN's high level plan going forward

# EU Gas Quality Harmonisation

## A Brief History...

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- 2003: EU Second Energy Package
  - Third Party Access requirements
    - Gas that can be “*safely and technically conveyed*”
- 2007: EC Mandate to CEN
  - “*broadest possible range within reasonable costs*”
  - Cost-benefit analysis (CBA)
- 2011: GasQual consortium Wobbe Index (WI) impact assessment completed
- 2011-12: GL Noble Denton / Poyry CBA reports published
- 2013: Non-combustion parameters assessment completed

# EU Gas Quality Harmonisation

## A Brief History...

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- 2014: Public consultation on draft standard
  - CEN unable to agree on a harmonised WI range
- 2015: Standard finalised as EN 16726:2015 without WI
- 2016: At the EC's request, ENTSOG investigates the impacts and issues associated with making the CEN standard legally binding
  - Oct 2016: At the Madrid Forum, EC announces that it
    - Does not propose to make the standard binding at this stage
    - Wants CEN to continue work to harmonise WI
    - Will revisit harmonisation when WI is included in the standard

## What has happened since 2016?

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- A new CEN working group has been established, tasked with resolving the WI question
  - ‘Pre-normative’ phase (investigative, analysis phase)
  - ‘Normative’ phase (standardisation activities: consultation, adoption)
- The UK does not have formal representation on this CEN Working Group but has provided information via BSI & ENTSOG to assist with CEN’s work:
  - UK gas quality specification
  - Historic UK CV and WI data

## CEN Activities

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- ‘Simple Scenario’ assessments
  - For 5 different WI ranges, what impact would stakeholders experience?
- ‘Integrated’ scenarios (i.e. narrowed down ranges, informed the output of the ‘simple’ scenarios’) will subsequently be developed with consideration of regional WI ranges



## CEN's Forward Plan

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- Summer 2018: CEN public consultation on the 'simple' scenarios in Summer 2018
- October 2018: CEN submission to Madrid Forum
- December 2018: Final CEN report on the scenarios
- Activities for 2019:
  - Development of 'integrated' scenarios
  - Cost-benefit analysis
  - Public consultation on WI proposals to be included in EN 167626

## Future Topics

# Future Topics

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Topic Area	Provisional Date
Tariffs Code	Monthly updates
Transparency requirements	Monthly updates
CAM Amendment	Monthly updates
Potential EU Code Amendments	Monthly updates

## Modification 0628S

# Project CLoCC

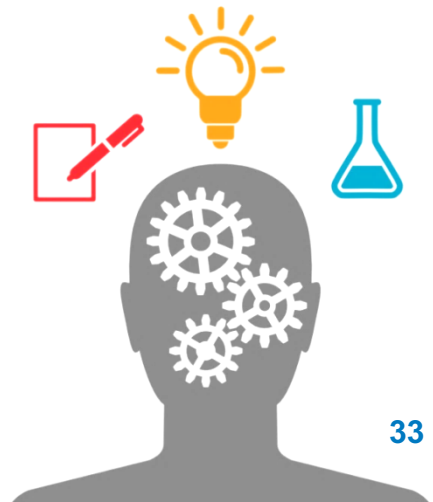
Customer Low Cost Connections

**NETWORK INNOVATION COMPETITION PROJECT:**

**CUSTOMER LOW COST CONNECTIONS (CLOCC)  
– MOD 0628S DEVELOPMENT**

**Nicola Lond  
Commercial Lead**

**TWG May 2018**



## Mod 0628s – Actions update

Action Ref	Action	Update
0102	<p>National Grid NTS (NL) to provide information on how often National Grid NTS had accepted or declined non-obligated capacity requests in the past. <b>Action update request 01 Feb 18:</b></p> <p>National Grid NTS to provide some constraint reasons for rejection of non-obligated capacity going back To Exit Reform 2012</p> <p><b>Action update request 01 Feb 18:</b></p> <p>National Grid NTS to provide the same level of information given for long term non-obligated rejections for short term capacity</p>	<p>Long Term data and Reasons for rejection were provided</p> <p>Short term data workload still under consideration due to volume of data and not priority work for team or UNC Mod. – <b>Estimate is 1 week of work to produce this data – what is the value of this information?</b></p>
0501	NL to clarify and confirm status of the Portal	This is covered on the following slides

## Mod 0628s – Portal Status

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- The Connections Portal is not a UK Link system
- Not deemed to be a critical/real time system
- It is not therefore within UNC
- The SLA is 24hours for user interface issue to be rectified
- Oracle (platform) currently has 99% reliability
- Contingency arrangements – use existing paper process

## Mod 0628s – Legal Text

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- Legal Text updated
  - Mod updated with revised Legal Text
  - Re-ordered to bring upfront in process
  - Legal Text commentary added
  - Clarifications
- Review of updated Legal Text required



# Mod Timetable – Next Steps/Planning

ITEM	0628s		
Initial consideration by Panel	2 November 2017		
Modification considered by Workgroup	November 2017 – May 2018		
Workgroup Report presented to Panel	21 June 2018		
Draft Modification Report issued for consultation	21 June 2018	WORKGROUP	Suggested Items for Discussion
Consultation Close-out for representations	12 <sup>th</sup> July 2018	November	Initial Discussion – Process proposed
Final Modification Report available for Panel	13 <sup>th</sup> July 2018	December	Process discussion
Modification Panel decision	19 <sup>th</sup> July 2018	January	Fee discussion
		February	Business Rules/ Solution proposed
		March	Legal Text proposed
		April	Legal Text ( <u>WebEx</u> if required)
		May	Legal Text & Workgroup Report
		June	Workgroup Report Finalisation

# Project CLoCC

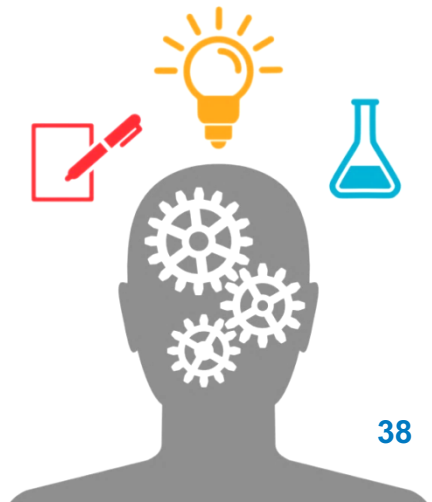
Customer Low Cost Connections

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## Modification 0629S

# Project CLoCC

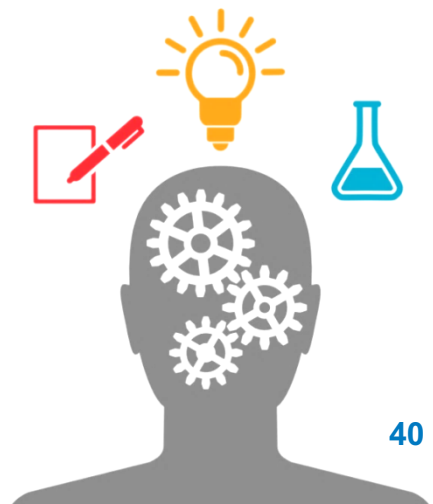
Customer Low Cost Connections

**NETWORK INNOVATION COMPETITION PROJECT:**

**CUSTOMER LOW COST CONNECTIONS (CLoCC)  
– MOD 0629S DEVELOPMENT**

**Nicola Lond  
Commercial Lead**

**TWG May 2018**



## Mod 0629s – Actions Update

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Action Ref	Action	Update
0501	NL to consider if extension is needed/ Mods decoupled	Completed – Extension requested to Panel and was agreed to June 2018 Panel for submission of Workgroup Report

## **Mod 0629s – Standard Design Connections: A20**

- Legal Text Updated for Review
  - Changes based on feedback/for clarity
  - Timescales confirmed
  - Feasibility Study timing added
  - Principles re-worked

# Mod Timetable – Next Steps/Planning

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Draft Modification Report issued for consultation	21 June 2018	WORKGROUP	Suggested Items for Discussion
Consultation Close-out for representations	12 July 2018	November	Initial Discussion
Final Modification Report available for Panel	13 July 2018	December	Section V - process
Modification Panel decision	19 July 2018	January	Section Y - charging
		February	Business Rules/Solution proposed
		March	Legal Text proposed
		April	Legal Text cont. ( <b><u>Webex if required</u></b> )
		May	Legal Text / Workgroup Report
		June	Workgroup Report Finalisation

# Project CLoCC

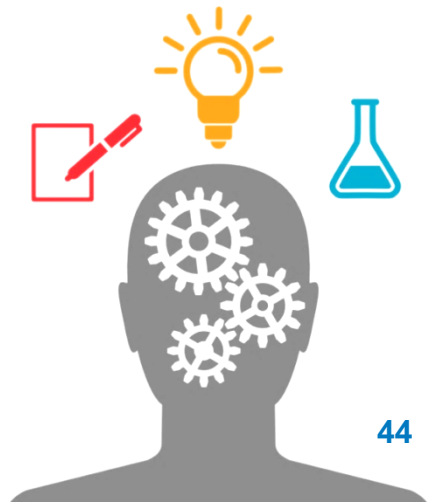
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# IED Compressor Reopener Update May 2018



## Consultation Summary

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- 4 responses
- Main focus of respondents was on St Fergus
- Mixed views on whether enough information had been provided

# Latest View on Proposals

IED site	2018 Preferred Option	Impact on capability/resilience
St Fergus	Emissions abatement on one RB211; and <i>either</i> emissions abatement on one Avon <i>or</i> one new gas unit	Improvement in resilience now that electric drives are operational
Peterborough	One replacement unit and decommission two units (in line with current site works)	Maintains existing capability; will need to submit further proposal for third unit before 2030
Huntingdon	One replacement unit and decommission two units (in line with current site works)	Maintains existing capability; will need to submit further proposal for third unit before 2030
Hatton	Emissions abatement on two RB211s <i>or</i> two new gas unit	Maintains capability and resilience (possible reduction in flexibility with new DLE units)
Carnforth	Decommission both RB211s by 2023; site reconfiguration to common pressure tier with Nether Kellet.	Reduction in capability (St Fergus/Barrow), considered low risk
Kirriemuir	Decommission the LCP unit now (already disconnected)	LCP unit replaced by electric drive, may need to re-wheel
Moffat	500-hour derogation both units	Resilience limited to 500 hours per unit (as now)
Warrington	Decommission both units	Reduction in capability/resilience for St Fergus/Barrow entry (low risk)
Wisbech	Continue operating the RB211 (Unit A) under the derogation until 2023	Reduction in capability at Theddlethorpe (low risk)

## Next Steps

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- Submission to Ofgem planned for 25<sup>th</sup> May
- Ofgem's proposed timetable:
  - Immediate informal consultation (2 weeks)
  - Statutory consultation on minded-to position: 20<sup>th</sup> July (4 weeks)
  - Decision: 28<sup>th</sup> September

AOB



# Project CLoCC Customer Low Cost Connections

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**Licence Proposal**



# Problem & Objectives

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## ■ Problem:

- Currently a new Entry/Exit point needs to be added to the NTS GT Licence via the Licence modification Section 23 process which takes 6months+. The objective is to remove this timeline from the connections process where needed
- Only 1 consultation can happen at once. More regular updates are forecasted to be required due to increased number of connection applications for new points required in quicker timelines for Standard Designs from CLoCC implementation in October 2018

## ■ Objective:

- Reduce the timeline by removing the Licence from the critical path for adding new points with zero baselines
- To be more flexible to allow more regular updates
- To agree a new process for adding New points with zero baseline to a Table which sits outside of the Licence and is maintained by National Grid
- To retain the appropriate governance in the Licence/ Methodology statements

# New Points Proposal

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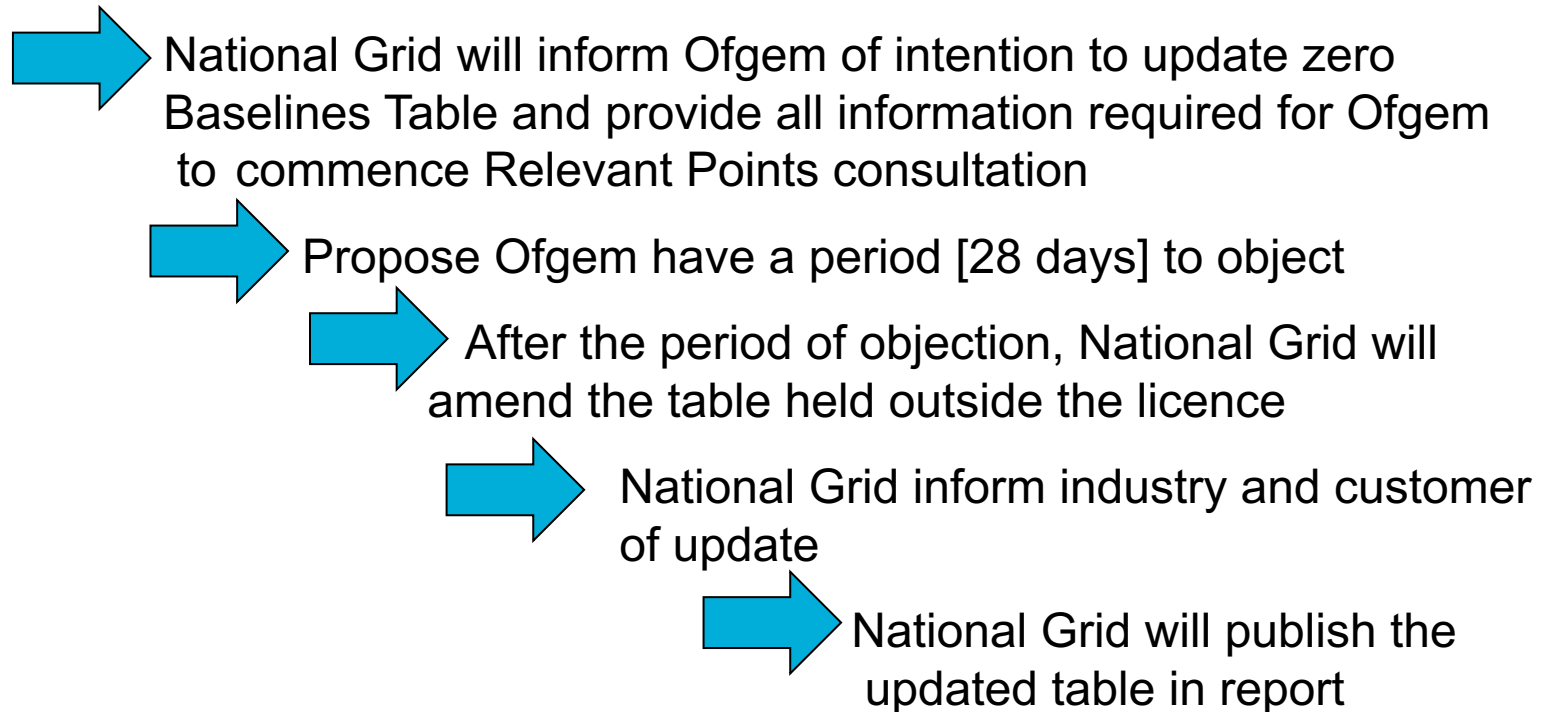
- The recommendation is to leave the current tables that are in the GT NTS Licence ( Sp C 5F &5G Part F - **Non-Incremental Obligated** (Entry/Exit Capacity))
- Substitution & Revenue Drivers will still need to be agreed through consultation and added to the licence, as now
- A new process for adding New points **with Zero Baselines only** to a Table which sits outside of the Licence and is maintained by National Grid. ( to form part of an existing report)
- To retain the appropriate governance in the **Exit/Entry Capacity Release Methodology statements** on the maintaining of the tables, under what circumstances would be updated
- Following initial discussions, it is not considered that Industry Consultation or Ofgem approval is required on the adding of new points with zero baseline. The only consultation required is for Relevant Points pursuant to Article 18(4) of the EU Gas Regulation - not required for capacity allocation (for information transparency purposes only)



# Process: Adding a new point with Zero Baseline

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**Trigger:** Customer has signed a full connection offer/PARCA and has paid first instalment



## Example – New Exit Point

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- Point – “Expoin” requesting 15 gwh/d
- “Expoin” initially added to the Exit Capacity Report – zero Baselines register with a 0 gwh/d baseline
- Non Obligated Capacity is released for up to 2 years
- Substitution Analysis determines that Capacity can be substituted from 1 Donor Exit Point
- Licence Consultation to Enter “Expoin” into S.C 5G Table 9 with 15 gwh/d Baseline Capacity and also to reduce the Donor Entry Point capacity
- “Expoin” then removed from the Capacity Report – Zero Baselines Table

# Licence Change request

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- National Grid sent formal request to Ofgem to commence Licence Consultatio. – 29<sup>th</sup> March 2018
- Licence Change request is in 2 parts...
  - **PART A** – Licence Change combined with request for New points needed for BAU points and also the CLoCC Pilot customer
    - These are zero baseline points
  - **PART B** – Proposal focused on Project CLoCC delivery to make reference to adding New Points to Zero Baseline table outside Licence w.e.f a date to be agreed

## Next Steps

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- Present to Industry – TWG May 2018
- Ofgem Licence Consultation required – in discussion regarding timelines. -  
- Timelines will depend upon the level of Consultation required
- National Grid to undertake Capacity Release Methodology (ExCR/ ECR) consultation. - 2018 TBC – aligning with other changes – following UNC change
- CLoCC Go live date – 30<sup>th</sup> October 2018 – Aspiration is to align with this date for implementation

# Gas Industry Change Plan

## Discussion of concept at Transmission Workgroup



16<sup>th</sup> May 2018

# Background

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- The energy industry is facing a period of sustained change, driven by changes in technology, consumer behaviour and decarbonisation
- Through our own engagement programmes, we have developed a view of what this means for the future of gas and gas transmission
- The *Gas Industry Change Plan* seeks to take the next step in our future gas thinking, by establishing a long term, industry backed programme of strategic change, enabling resource and investment to be properly planned
- We plan to bring the plan forward in our RIIO-T2 stakeholder panel in July 2018, so are seeking initial stakeholder views to help shape the proposals

# What is the Gas Industry Change Plan

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- The *Gas Industry Change Plan* seeks to provide stakeholders with all the information they need to run their businesses through a clear, long term plan for the strategic change that National Grid intends to bring forward in the gas sector
- It looks out 2-10 years in order to provide a clear pathway to facilitating the energy system of the future in an efficient and transparent manner
- We believe that it should be a “living plan”, with stakeholders consulted upon with regards to updates and changes as part of regular industry processes
- The *Gas Industry Change Plan* is about more than just regulatory change, seeking to demonstrate what we plan to bring forth and why, wherever we see major impacts on stakeholders, be it from UNC or licence changes, to major consultations, new industry processes or frameworks



# Why are we developing it

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- As the natural next step following recent strategic work programmes such as Future of Gas (FOG) & Gas Future Operability (GFOP), establishing a plan for implementation
- To support the longer term evolution towards the energy system of the future, through industry conversation about strategic change
- To better understand the changes required within the next regulatory price control period
- To give stakeholders greater visibility and control of gas industry change



# Draft Gas Industry Change Plan Topics (1/2)

(Shown for illustrative purposes)

Potential change project	Level of certainty	When?	Triggers
<b>ENTRY CAPACITY</b> Review the entry capacity arrangements to a. Free up under-utilised capacity through new zonal capacity arrangements, and b. Reduce user commitment through revision of the relevant rules (e.g. substitution)	<b>Level 2 - alternate futures</b> Scope of project subject to change through Ofgem direction and industry input	2021-2024	Ofgem Sector Specific RIIO-T2 framework consultation: mid-2018 Customer feedback
<b>BASELINE OBLIGATIONS</b> Negotiate revised entry capacity baselines that maintain flexibility in access, and retain optionality for the future, but do not create inefficient investment costs (i.e. are value for money for customers and consumers)	<b>Level 2 - alternate futures</b> Uncertainty relates to timing - could be before or during RIIO-T2	Start RIIO-T2 or during RIIO-T2 (2021-24 - in conjunction with entry capacity review)	Ofgem Sector Specific RIIO-T2 framework consultation: mid-2018 Customer feedback
<b>GAS QUALITY BLENDING</b> Explore opportunity to widen GQ spec at through provision of blending services	<b>Level 3- range of futures</b> As an additional service there are a range of possible outcomes that could be adopted. To provide more certainty option development is required	2021-2022	Customer feedback/signals OGA reports FOG commitment
<b>PRESSURE (existing contractual arrangements and additional services)</b> Explore potential for Pressure services entry and exit	<b>Level 3- range of futures</b> As an additional service there are a range of possible outcomes that could be adopted. To provide more certainty option development is required	Within RIIO-T2	Customer feedback/signals
<b>GAS CHARGING</b> Continue to evolve the gas charging framework after implementation of Mod 0621 to ensure it is cost-reflective and ensures network costs are value for money e.g. 50/50 split across entry and exit, alignment of charge setting timings (Licence and Gas Year), commodity/OCC charges	<b>Level 2 - alternate futures</b> Certain evolution of the charging framework will be required as part of Mod 0621, however it needs to be assessed as to the level of detail this includes	2021-2024	Ofgem impact assessment and decision on Mod0621 in 2018/19 FOG commitment
<b>PROJECT CLoCC /Future Connections</b> Understand future evolution of Project CLoCC and how we will enable diverse sources of gas to connect to the NTS	<b>Level 3 - range of futures</b> Need to understand feedback from Project CLoCC and understand how this could progress from 2018 into RIIO-T2	2021-2029	Potential for shale to be seen on NTS in 2021 Customer signals Innovation funding
<b>WITHIN DAY SUPPLY AND DEMAND VOLATILITY</b> Assess options to address operational issues associated with this, including a potential review of the balancing regime if ability to balance declines	<b>Level 3 - range of futures</b> Need clear articulation of the issue then assessment of the various options to address this	2022-2025	GFOP - inability to meet contractual pressures in a range of scenarios by 2025
<b>GAS QUALITY INFORMATION</b> Explore opportunity to provide within-day gas quality information to NTS offtakes	<b>Level 2 - alternate futures</b> Engagement already commenced to understand what the alternate options are	2021-2029	Customer signals
<b>COMPRESSOR INVESTMENT STRATEGY</b> Assessment of options to deliver changes to the way we use our compressors to: 1) ensure we meet the requirements of the Industrial Emissions Directive (IED) 2) provide the future operational flexibility required by our customers	<b>Level 1 - clear enough future</b> IED targets and timescales set, need to agree how we deliver with customers	By 2023	Legislation GFOP - inability to manage the system effectively

# Draft Gas Industry Change Plan Topics (2/2)

(Shown for illustrative purposes)

Potential change project	Level of certainty	When?	Triggers
<b>WEBSITE/APPS/DIGITAL SERVICES</b> How are we planning to digitally transform our services - review of AI, robotics, Blockchain potential to enhance our customer experience and make our processes more efficient	<b>Level 4 - true uncertainty</b> Unclear on appetite and options at this stage	2021-2029	Customer feedback (eg TSO competition)
<b>UNC SIMPLIFICATION (including review of Mod process)</b> Seek to simplify the market arrangements so they are not a barrier to entry, and change can be introduced in an agile way	<b>Level 2 - alternate futures</b> Assessment needed on options e.g. full UNC re-write v topic user guides	2021-2029	Customer feedback
<b>MARKET SERVICES &amp; SYSTEMS</b> Review the market services National Grid provides and those that we discharge via a third party. We will ensure these services of value for money, and deliver what stakeholders need to make business decisions. We will review the market systems and ensure these deliver in a cost-efficient manner	<b>Level 3 - range of futures</b> Currently multiple options to consider	2021-2025	Timing for when technology becomes obsolete FOG
<b>WHOLE SYSTEM (incl. DN-NTS reverse flow)</b> Developing services for gas/elec, transmission and distribution interactions and understanding the dependencies between fuels (eg gas storage for electricity or Power to Gas)	<b>Level 4 - true uncertainty</b> Unclear what potential options there could be and how this work would function most effectively	2023-2029	FOG Gov/Ofgem policy
<b>HYDROGEN (incl. Carbon Capture Utilisation and Storage)</b> Develop options for how a hydrogen market would operate, what regulatory framework would be needed to support this, and what role would gas transmission play	<b>Level 4 - true uncertainty</b>	2023-2029	FOG Policy decision
<b>Natural Gas Vehicles - refuelling stations connected to the NTS</b>	<b>Level 4 - true uncertainty</b>	2021-2029	FOG Ofgem approval Market research Competitor analysis
<b>BREXIT</b> Change driven by the UK's exit from the EU.	<b>Level 2 - alternate futures</b> Need to understand the nature of the deal agreed between the UK and EU and what this means for the market	2020-2023	UK law
<b>EU REGULATORY CHANGE</b> New gas package - the EC is currently studying the gas market in advance of potential new EU gas market rules which could come into force from 2020.	<b>Level 2 - alternate futures</b> If EC studies indicate a well functioning market, impact is likely to be limited	2020-2025	New EU regulations
<b>NETWORK INVESTMENT AND PLANNING (including how we could re-use parts of the NTS as flows change)</b>			
<b>CHARGING PHASE II (impact of FOG sensitivities)</b>			
<b>GAS QUALITY SPEC CHANGES (GSMR)</b>			

# Questions for Discussion

Question	Ideas for Discussion
Do you agree with the concept of the change plan	<ul style="list-style-type: none"> <li>• <i>n/a</i></li> </ul>
How should the plan be managed, and how should we capture stakeholder feedback?	<ul style="list-style-type: none"> <li>• <i>Joint Office of Gas Transporters?</i></li> <li>• <i>Future Energy Scenarios?</i></li> <li>• <i>A new process?</i></li> <li>• <i>Regulatory oversight?</i></li> </ul>
What should the change framework look like?	<ul style="list-style-type: none"> <li>• <i>What “rules” do we need in place?</i></li> </ul>
Is 2-10 years’ an appropriate timeline?	
How much change can the industry handle at any time?	<ul style="list-style-type: none"> <li>• <i>Is the plan realistic?</i></li> <li>• <i>Are there any pinch points or interdependencies would require the timeline to be amended?</i></li> </ul>
Feedback on the content in this first draft version of the plan?	

# Updates to the Statement for Gas Transmission Connection Charging

Andrea Godden

Transmission Work Group

16<sup>th</sup> May 2018

## A20 Application Fee Review

- A review of the current application fees was conducted:-
  - Activity base cost model
  - Fully absorbed labour rates 2017/2018 applied
- This resulted in the following adjusted application fees for each category area:-

Category	Application Fees 2011/12	Current Application Fees 2016/17	Adjusted Application Fees for 2017/18 Rates
Complex	£400k	£449k	£448k
Medium	£121k	£151k	£151k
Simple	£62k	£73k	£73k
Disconnection	-	£73k	£70K
Decommissioning	-	£157K	£153k
Minor Modification	-	£52K	£51K

## Restructured A20 Application Fee Category Structure

- Focus on the current minor modification application fee:-
  - Minor modification activity base cost model revisited, and restructured:-

Description	Application Fee
<b>Ramp Rate Study Only</b> A Ramp Rate increase over 50 MW per minute will trigger a ramp rate study. (this may include a transient study where appropriate)	<b>£42K</b>
<b>Minor Modification</b> Change in Meter Settings (this may include a meter uncertainty report) Adjustment to Regulator Settings	<b>£30K</b>

- The restructure has deemed the current minor modification application fee of £52k redundant
- Replace with a revised minor modification application fee £30k, that covers changes in meter settings and adjustments to regulator settings only.
- Ramp rate study forms part of the generic activities for the Medium and Complex Connection types it would be advantageous to break out the Ramp Rate Fee £42k from these application fees

# Proposed A20 Application Fee's

Category	Timescale to provide a Full Offer	Application for a new NTS minimum offtake connection in a 'green-field' site	Application for any other category of new or existing NTS Connection			+ Ramp Rate Study Application Fee
		Exit	Entry	Exit	Storage	
Project CLoCC Customer Pilot	N/A	£0.00	Entry and Exit Only			
Simple Connection	Up to 6 months	£73,000*	n/a			
Medium Connection	Up to 9 months	n/a	£109k**			£42K
Complex Connection	Up to 9 months	n/a	£406k**			
Minor Modification	Up to 6 month	n/a	£30k*			
Disconnection	Up to 6 months	n/a	£70k**			
Decommissioning	Up to 9 months	n/a	£153k**			
<p><b>*Feasibility studies are not required for this category type</b>  <b>**A feasibility study is required for this category type and the cost is included in the Application Fee.</b></p>						

## Connection Application Fee's Review

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- CAM Incremental
- To ensure consistency with the PARCA process - demand indication fee of £120k will be included
- A fee will be required to achieve competency
- The fee will be returned in full to the party if:
  - An incremental project is not initiated following publication of the demand assessment report;
  - The economic test for an incremental project is positive.
- The fee will be retained by National Grid if the economic test is negative. For the avoidance of doubt this includes where parties submit nil submissions into the economic test.
- Where a fee is retained by National Grid then it will be reconciled against actual costs incurred, between the publication of the demand assessment report and the publication of the Joint Notice, by National Grid in progressing the incremental project.



# Implementation Plan

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Activity	Date
Issue informal consultation document to industry	30 <sup>th</sup> April 2018
Informal consultation period	30 <sup>th</sup> April to 25 <sup>th</sup> May 2018
Transmission workgroup	16 <sup>th</sup> May 2018
Informal consultation closed	25 <sup>th</sup> May 2018
Response review period	Commences 28 <sup>th</sup> May 2018
Notice of change issued to industry	4 <sup>th</sup> June 2018
Notice period	4 <sup>th</sup> June to 29 <sup>th</sup> June 2018
Updated charging statement effective from	1st July 2018

# Action 0402

## Action 0402

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- ***“National Grid (PH) to clarify how GTYS gas quality limits are set, who controls them and how they change over time”***
- As stated in our GTYS, the gas quality specification contained therein is an indicative one that is likely to be acceptable at most locations
- It encompasses, but is not limited to, the GS(M)R requirements
- When agreeing gas quality limits for an NTS entry connection, we will determine whether the proposed composition will allow us to continue to meet our prevailing statutory and contractual obligations

## Action 0402

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- How are GTYS gas quality limits set?
  - By National Grid, taking into account its relevant obligations
- Who controls them?
  - National Grid
- How do they change over time?
  - National Grid may make changes