**Workgroup 0621 Proposed Change(s) to Workgroup Report**

**To be provided by 12pm Friday 04 May 2018**

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| **Name/**  **Company** | **Date** | **Workgroup Report Section** | **Page number** | **Proposed change/addition**  **(either in table or as an attachment)** | **Reason for Proposed change/addition (either in table or as an attachment)** |
| National Grid | 07/05/2018 | Part I  1 Report Structure and How to use the Report | 3 | Workgroups have been well attended and met frequently to develop and discuss these proposals. Managing the number of alternatives and updates to these, combined with the timescales for delivery of the Workgroup Report to Panel, has constrained the debate on all aspects of all modifications.  In order to manage the number of alternatives and the range of opinions and to ensure that opinions are not summarised it is necessary to produce this workgroup report in a different way to what is normally presented. | To qualify that timescales have been tight and the large number of alternatives. Also to highlight that modifications were still being updated up to 04 May 2018.  To capture the rationale for the proposed structure. |
| National Grid | 07/05/2018 | Part I  2 Introduction | 3 | Whilst the underlying methodology of CWD or PS is proposed across the modifications, these proposals also change additional charges that make up the overall charging framework for GB Transportation Charges. | To provide clarity that CWD or PS is not the only changes in the modifications. |
| National Grid | 07/05/2018 | Part I  4 key Issues  Item 4.14  Consequences of note | 6 | First Bullet:  Capacity Reserve prices for Exit Points close to Entry points under CWD or PS proposals are higher than under LRMC  Third Bullet:  Outlier charges – under CWD more than PS certain points (notably St Fergus) are still higher relative to other Entry capacity reserve prices | Updates for clarity to two bullets |
| National Grid | 07/05/2018 | Part I  4 key Issues  Item 4.15, 4,16, 4.17 and 4.18 | 6 | Suggested text for 4.15 to 4.17 and adding in new section 4.18  4.15 Interaction between UNC0621 (incl. A, B, C, D, E, F, H, J, K, L), UNC0636 (incl. A, B, C, D) and UNC0653   * Comments and concerns regarding the interaction between different modifications changing the same parts of UNC * Highlighting some modifications that are in progress and how these may be addressed.   4.16 QSEC & AMSEC 2019 Interactions   * Highlighting how the decision date may impact the charging arrangements for capacity, specifically for QSEC and AMSEC 2019   4.17 DN Impacts   * Analysis, observations and concerns on potential charge changes   4.18 Independent Assurances on the development of any new Charging Models   * Commentary on illustrative models available and recognising need or assurances prior to using any charging model in setting actual charges post ready to implement post decision on any of the proposals. | Suggested text for 4.15 to 4.17 and adding in new section 4.18 as not included in latest draft |
| National Grid | 07/05/2018 | Part I  4 key Issues  Item 4.19 |  | 4.19 Comparisons between the Modifications   * Summary of comparisons between the modifications on key areas and potential outcomes of the proposals * Assumptions made * Reference material for models and data * Summary of outcomes and observations   (Material provided to the Joint Office for populating) | Adding in section 4.19 to summarise comparisons between proposals. |
| National Grid | 07/05/2018 | Part I  4.1 Reference Price Methodology | 7 | There is an expectation that CWD or PS will provide more stable and predictable charges than LRMC, to the extent that the inputs are stable that would positively contribute to the relevant objectives on competition and cost reflectivity | Minor change to remove brackets. |
| National Grid | 07/05/2018 | Part I  4.1 Reference Price Methodology | 7 | There is an expectation that CWD or PS will provide more stable and predictable charges than LRMC, to the extent that the inputs are stable that would positively contribute to the relevant objectives on competition (c) and cost reflectivity (a) | Extra text to state which relevant objectives these are |
| National Grid | 07/05/2018 | Part I  4.1 Reference Price Methodology | 7 | Competition – stability, predictability, volatility – addressing these key stakeholder objectives will promote competition (relevant objective (a)). Whilst not all may agree this furthers this objective based on the outcomes of the calculations and different treatment within the proposals, the ambition of the methodologies is to further this objective. In all modifications, the RPM is looking to improve these three key areas and also extended to the additional charges within the Charging framework, with particular emphasis on Transmission Services where most of the changes proposed under all modifications are being made. | Updates to make clearer. |
| National Grid | 07/05/2018 | Part I  4.1 Reference Price Methodology | 7 | Cost Reflectivity - LRMC is considered a cost reflective model that does use cost assumptions as one of the inputs. | Minor update to make clearer on first sentence. |
| National Grid | 07/05/2018 | Part I  4.1 Reference Price Methodology  Under Justification of a allowed revenue allocation focused RPM | 7 | The charges under CWD are not to incentivise specific actions by network users such as investment (based on industry feedback – link to paper on LRMC, PS and CWD comparison) as investment signals via pricing was now considered less relevant for industry stakeholders. | Minor change to add word at end of 3rd bullet |
| National Grid | 07/05/2018 | Part I  4.1 Reference Price Methodology  Under Justification of a allowed revenue allocation focused RPM | 8 | Para graph starting “National Grid proposes that the majority of the revenue recovery..” delete word “the” from last sentence so it reads:  “The expectation of the proposed methodology is Shippers will book capacity closer to what is needed and also not give an incentive (where it is not considered necessary – see multipliers) between long term and short term against a backdrop of falling demand and lack of scarcity of capacity.” | Correction to make clearer |
| National Grid | 07/05/2018 | Part I  4.1 Reference Price Methodology  Under Justification of a allowed revenue allocation focused RPM | 8 | The capacity top up charge will be a separate charge levied against Fully Adjusted Capacity that will not impact the CWD generated reserve prices.  These charges do not look to promote specific behaviours, or provide an obvious incentive to book in a certain way (between long term and short term) besides encouraging bookings to be closer to need rather than the current system whereby there is an incentive to overbook without liability / exposure. | Correction to third and fourth bullets to make clearer. |
| National Grid | 07/05/2018 | Part I  4.1 Reference Price Methodology  Under Justification of a allowed revenue allocation focused RPM | 8 | The proposals under the revenue allocation methods of Capacity Weighted Distance and Postage Stamp, in addition to how the revenue recovery charges are proposed are intended, across the modifications to be better for competition by making the charges more equitable than under the current charging LRMC + Commodity charging arrangements. This will further relevant objective (c) by making charges and also contributions more equitable across Users of the NTS. Current arrangements, where the calculated LRMC (including relevant adjustments) for Entry and Exit may not be the prices paid due to the specific discount arrangements and interruptible pricing. The proposed charging changes propose an improvement in this regard with all Users making a more equitable contribution. | Suggestion for relevant objectives under this justification for the proposed charging approach |
| National Grid | 07/05/2018 | Part I  4.2 Forecasted Contracted Capacity  Under Inputs to RPM | 9 | 4th Bullet updated to:  An example of the WAD and WAC comparing UNC0621 and UNC0621L is shown below to illustrate the variances between the two steps in the calculation. This is for Entry only. Exit is not impacted by Fixed Price contracts on whether they are included or excluded into the WAC for the purposes of allocating revenues to a specific Exit point in setting Exit Capacity Reference and Reserve prices. | Update to provide additional clarity under bullet 4 plus table to illustrate the WAC comparisons example. |
| National Grid | 07/05/2018 | Part I  4.2 Forecasted Contracted Capacity  Under Inputs to RPM | 10 | This ensures compliance with relevant objective (c) for completion and (aa) for calculating to charges best calculated to promote competition. All proposals provide a framework to set charges to minimise under or over recover and also provide a framework to manage these where they will occur. This is to ensure that charges in any given year can be set in advance without any need for retrospective changes and also provide a mechanism (proposed differently across the modifications) to manage anticipated under or over recovery to minimise the amounts to be carried across from year to year. This will help minimise or mitigate the potential swings that could happen from managing under or over recovery. | Suggested text for Relevant Objectives |
| National Grid | 07/05/2018 | Part I  4.2 Forecasted Contracted Capacity  Under Enduring | 11 | This fulfils relevant objective (e) on compliance to cater for Existing Contracts but also takes into account relevant objective (aa) and to set charges are cost reflective, relevant to each methodology. For CWD that charges are reflective of the cost drivers that allocate the revenue to each point to determine the reference prices. This also helps to avoid undue discrimination whereby any fixed prices contracted under the current charging framework are honoured without retrospective price changes to the fixed price component. This requires some additional clarity on any fixed priced capacity that may not be covered under Existing Contracts. | Suggested words at end of section to provide some additional justification against Relevant Objectives |
| National Grid | 07/05/2018 | Part I  4.3 Multipliers  3rd Paragraph | 12 | Whilst multipliers (as a definition with associated ranges) are only mandated at Interconnection Points under the EU Tariff Code, the proposals apply this approach to all Entry and Exit points. Where possible, the approach of UNC0621 (and the Alternatives) is to have the same approach and methodology at all points. This furthers Relevant Objective (aa) in that these charges are intended to avoid undue preference by levying charges to Users of the NTS on an equitable basis with no alternative treatment on this aspect between Interconnection Points and Non Interconnection Points. This is also considered positive for relevant objective (aa) and (c) on the grounds of competition with the same treatment across all Entry and Exit Points. Therefore this is a proposal that better meets these specific objectives for GB that also happens to be compliant with EU Tariff Code Articles 2 and 13 providing a positive impact for Relevant Objective (e). | Updated text to provide Relevant Objectives summary. |
| National Grid | 07/05/2018 | Part I  4.4 Interruptible Discount  5th Paragraph (after “This Furthers…”) | 13 | This furthers Relevant Objective (aa) in that these charges are intended to avoid undue preference by levying charges to Users of the NTS on an equitable basis with no alternative treatment on this aspect between Interconnection Points and Non Interconnection Points. This is also considered positive for relevant objective (aa) and (c) on the grounds of competition with the same treatment across all Entry and Exit Points. Therefore this is a proposal that better meets these specific objectives for GB that also happens to be compliant with EU Tariff Code Articles 2 and 13 providing a positive impact for Relevant Objective (e). | Change from third sentence to add details on Relevant Objectives. |
| National Grid | 07/05/2018 | Part I  4.5 Storage | 14 | Where it is 50%, whilst it may not be material in influencing the charges of other users as revenues are redistributed, it still does mean there are parts of charges not paid by some parties that will and therefore paid by others. | Correction to last sentence in 2nd paragraph under Storage for terminology. |
| National Grid | 07/05/2018 | Part I  4. Transmission Revenue Recovery Charges (Transition) | 16 | Ideally the methodology proposed under these proposals that have a transition period from 2019 for an FCC would produce reserve prices that will recover most of the transmission services revenue. This is the objective when it moves into the enduring proposals. The main benefit identified in having a transition period is to allow time to see behavioural responses, and benefit from using the date provided,, in the fundamental changes to the charging framework and to develop a more informed capacity forecast. Without this there are risks of relying on a capacity forecast for both the calculation of reference and reserve prices and for the Transmission Services Revenue Recovery charges where there is a likelihood of significant behavioural change due to the changes proposed. Without date to review and assist in the production of a forecast, this could be acting against relevant objectives (aa) where charges may be set too materially inaccurate. With a process and a path towards the development and use of a forecast that will take into account the date from the transition period (or as much as can be taken in time to set charges from 2021) this will further relevant objective (aa) in that it will look to avoid undue discrimination by setting charges that are more informed than they would otherwise be. Most Workgroup participants agreed with this proposal. | Suggested updates to 2nd paragraph under “Use of Transition Period (relevant to all proposals except UNC0621B)”. |
| National Grid | 07/05/2018 | Part I  4.6 Transmission Revenue Recovery Charges (Transition) | 17 | At Interconnection Points it is not possible to levy a commodity charge for the purposes of revenue recovery for Transmission Services. However the prospect of not levying a revenue recovery charge is material and would place additional revenue recovery on non-Interconnection Points. National Grid proposes a capacity charge in the interim period for Interconnection Points that will be applied to all Fully Adjusted Capacity. | Updated text for clarity in last paragragh of 4.6 |
| National Grid | 07/05/2018 | Part I  4.7 Transmission Revenue Recovery Charges (Enduring) | 17 | At Interconnection Points it is not possible to levy a commodity charge for the purposes of revenue recovery for Transmission Services. However the prospect of not levying a revenue recovery charge is material and would place additional revenue recovery on non-Interconnection Points. National Grid proposes a capacity charge in the interim period for Interconnection Points that will be applied to all Fully Adjusted Capacity. | Updated text for clarity in second paragraph |
| National Grid | 07/05/2018 | Part I  4.7 Transmission Revenue Recovery Charges (Enduring) | 17 | The top up charge is necessary in order to manage the difference between the FCC’s used and the anticipated bookings (and in the case of B and L for the impact of any specific capacity discounts and interruptible treatment). | Updated text for clarity in first sentence of third paragraph |
| National Grid | 07/05/2018 | Part I  4.8 NTS Optional Charge | 18 | Included diagrams to illustrate how the NTS Optional Charge would work under four scenarios plus some introductory text | Added for clarity. |
| National Grid | 07/05/2018 | Part I  4.9 Legislative Compliance | 20 | The broad Workgroup consensus was that the Proposals could be considered compliant with Regulation 2017/460. However specific concerns expressed by one or more individual members of the Workgroup are recorded in the relevant section/s of this impact assessment where there are questions regarding compliance on certain aspects of the proposals across the modifications or to any specific proposal..  It is accepted that there are a number of areas that are open to interpretation where such questions are focused. Some of these questions relate to the netting off of fixed price contracts (Historical Contracts) at certain steps in the capacity calculations and to the proposed method of dealing with zero prices (where they can occur). On these two items:  • Fixed Price contracts. (also see specific paragraphs under section 4.2 on Fixed Prices in the GB regime and EU Commission Regulation 2017/460 (EU Tariff Code)). EU tariff Code makes no prescribed treatment on how any contracts covered under Article 35 should be treated. As previously noted, for GB, it is essential to recognise fixed price contracts (also referred to as Historical or Existing or Interim Contracts across the modifications) as part of the overall methodology to recognise the fixed price applied. The netting of as part of the WAC calculation is necessary (under UNC0621, A, B, C, D, E, F, H, J) so that the charges set via the RPM recovery the required revenue) and to do not calculate prices that will not be applied to some capacity. UNC0621L proposes a slightly different approach for specific reasons outlined in the proposal that will calculate some prices that will not be applied to Historical Contracts. In either approach, this treatment of Historical Contracts is part of the overall RPM. Similar to the calculation step in most of the modifications (noted exclusions in UNC0621B and L) where there is a calculation step to adjust the reference price to cater for anticipated shortfalls from interruptible and storage capacity discounts), this is therefore accounted for as part of the Reference Price methodology.  • Zero Prices. Like with the steps mentioned under Fixed Prices, the treatment of zero prices is catered for as part of the overall RPM. EU Tariff Code arguably did not envisage zero prices as it assumes all capacity that is “priced” has these prices applied. However it would be difficult to envisage the necessary considerations in a generic code to cater for all of the specifics needed to work for GB. For GB, due to either the obligated capacity or the potential capacity (net of Historical Contracts), the WAC could be zero therefore the prices could be zero. In these events capacity may still be bought and it would need a price. To this end a methodology that uses the WAD of points (therefore the gross capacity i.e. does not net off Historical Contract or Fixed Price capacity volumes) to generate a price. This is done as part of the overall methodology and the same approach applied to Entry and Exit/..  Under both these categories it is considered by the proposers that this is therefore treating all points with the same RPM to both entry and exit. The fact there are a number of steps that are followed, ultimately are part of one overall process to determine the reference prices to apply.  This aims to further relevant objective (aa) in that it does not unduly discriminate and takes into account fixed prices and their treatment too. There are some consequences of doing this and any concerns on this and supporting material are noted in the relevant part of this workgroup report. | Suggested change to text under bullets to add clarity and justifications. |
| National Grid | 07/05/2018 | Part I  4.10 Periodic Process to determine parameters and information publication | 20 | This furthers relevant objective (aa) and (c) whereby it does not unduly discriminate and positively demonstrates competition across all parties. The use of the UNC governance arrangements means that should there be future merit in changing any of these elements proposals can be made through the established and well developed UNC change process. | Suggested additional paragraph at end of section for relevant objectives. |
| National Grid | 07/05/2018 | Part I  4.11 Non Transmission Services | 20 | Add text or not |  |
| National Grid | 07/05/2018 | Part I  Section 4 (suggest new section 4.17 on Independent Assurances on the development of any new Charging Models) | 27 | 4.18 Independent Assurances on the development of any new Charging Models  For the calculation of Transmission Services Capacity and Transmission Services Revenue Recovery charges some illustrative models have been developed and shared with industry and form the foundation the analysis presented and referred to in this document. The latest versions of these can be found here:  Independent assurance has been requested to be done. This has only been done to the extent of:  • Developed by National Grid;  • Shared with industry with version history and discussed at industry forums (NTSCMF including sub-workgroups) and UNC0621 workgroup meetings;  • Comments and feedback has been encouraged and received from industry stakeholders to help refine and develop the models;  • Self-contained transparent calculations.  These models are intended to provide sensitivity analysis on the being able to model multiple scenarios and to be illustrative of the potential changes.  At such time as when these models would need to be used in calculating actual charges they will need to undergo an assurance process to provide confidence they are calculating in line with the UNC and any methodology that is approved. | Proposed new section on Independent Assurances on the development of any new Charging Models |
| National Grid | 07/05/2018 | Part I  Relevant objective (c) Efficient discharge of licensee’s obligations  Workgroup statement (c) | 34 | Workgroup noted that removing fixed price (Historical) Revenue and contract volumes as prescribed in this report as part of the calculation of reference prices does lead to relatively higher reference prices for the remaining unsold capacity. It is a feature of the GB regime that it has always been possible for there to be a disparity between the price paid by existing capacity holders and parties buying capacity in the future.  In the enduring period this difference is expected to increase notably from moving from Transition into Enduring (where this is a feature of the proposal). Workgroup debated at length whether the size of the difference was appropriate or whether it was undue preference. These issues are highlighted in the following graph:  Workgroup participants acknowledged that this is not just a pricing issue and that further analysis is appropriate in this area but the timescales did not allow for this to be robustly assessed, noting there are other issues at play here that are not a feature of the method to calculate Transportation charges. | Suggested changes for clarity and opinions on three paragraphs. |
| National Grid | 07/05/2018 | Part I  Relevant objective (d) Securing effective competition  Workgroup statement (d) | 39 | Notwithstanding the above, some Workgroup participants still felt there were issues caused by stable charges and predictable outcomes being wholly dependent on stable inputs to the charging model used in the RPM. Some Workgroup participants felt that 0621B achieves better stability as the inputs are known and there is no step change from interim to enduring period. | Minor change for clarity to one paragraph (para under bullets). |
| National Grid | 07/05/2018 | Part I  Relevant objective (g) Compliance with the regulation….EU and / or the Agency  Workgroup statement (g) | 43 | In response to these points made one workgroup participant provided the following information:  • Art. 6.3 and Art 8 and 8.1 points. The same RPM is proposed at all points. As outlined in the relevant sections on FCC, Fixed Prices and RPM, it is necessary to cater for fixed priced capacity and the proposal has a WAD and WAC approach. The WAD is always gross so includes all capacity so does not exclude parts of the network when determining the WAD. For revenue allocation (under WAC) it does account for the fixed price capacity in a way to set reserve prices to minimise revenue under or over recovery and to not set prices that are not going to be applicable to some capacity volumes. If there were any qualifying Exit contracts these would be treated the same. The fact that there are no Exit Fixed Prices does not mean the methodology is different across Entry and Exit, but that a feature of GB is there are no Exit Fixed prices. Where there is a zero value this is addressed as part of the RPM. The zero value is a potential under the GB regime for obligated capacity and for any forecast it may be the case that no additional capacity may be procured. However as the WAD’s are always gross it will not exclude any part of the network from a WAD perspective only from a revenue allocation perspective.  • Art 6.4 point. Accommodating the fixed price contracts is a feature of the RPM and the additional adjustments listed are therefore not used.  • Art 13 point. As identified in the relevant sections of this proposal, all modifications propose a treatment beyond just IPs. In these cases it is proposed that this treatment is suitable for GB and it happens to also be compliant with EU Tariff Code.  • Art 35 point. EU Tariff Code makes no prescriptive steps on how to treat any revenue or capacity under Article 35. Under the proposals (as described under 4.1, 4.2 and 4.9) charges are being set to recover, as an overall ambition, the majority of the revenue from Transmission Services Capacity Charges). Some have the ambition to set charges such that this is 100% (accepting there will be some need for a revenue recovery charge as outlined in this report). Under UNC0621, A, C, D, E, F, H, J) the proposals are such that without the treatment proposed, charges would not achieve this goal and therefore drive an under recovery as part of the charges being set. UNC0621K will have an under recovery in this respect as outlined in this report Different interpretations of Article 35 are evident across the modifications most notably on the Transmission Services Revenue Recovery charges. All modifications without exception recognise that Fixed Prices are a feature of GB and need to be accommodated in the overall methodology as a feature of the RPM and for any revenue recovery charges such that the fixed price element (which does have some differing interpretations) is honoured. | Opinions and observations in response to first set of bullets. |
| National Grid | 07/05/2018 | Part I  Relevant objective (g) Compliance with the regulation….EU and / or the Agency  Workgroup statement (g) | 43 |  |  |
| National Grid | 07/05/2018 | Part I  Relevant Charging Objectives | 47, 50, 53, | Inserted link to main GTCR page as below. For any specific documents these would need to be identified by name or date or linked separately  <https://www.ofgem.gov.uk/gas/transmission-networks/gas-transmission-charging-review> | For all links to the GTCR or Gas Transmission Charging Review – this is the main page. Any specific docs would need direct link. |
| National Grid | 07/05/2018 | Part I  Relevant Objective (a)  Workgroup Statement: CHARGING R.O. a) | 51 | Addressing Article 7 point.  In response a workgroup participant commented that, as outlined in this report in sections 4.1 and 4.2, the difference is not in the WAD, but the WAC. Therefore it does not remove part of the network but will reduce or remove revenue recovery from new capacity from some parts where fixed price contracts are at such a level that that they exceed any forecast as per the FCC definitions. Cost reflectivity is subjective. Setting charges to under recovery would not be cost reflective in the proposed methodology. Cost reflectivity in a revenue allocation model can be considered the distribution of revenues consistent with the RPM. Where the RPM is CWD or PS, it will take a more average effect and result in comparably higher prices than under LRMC. It should be noted that LRMC can be considered cost reflective as it does have costs as one input. However the LRMC adopted in GB has a number of adjustments that reduce the cost reflectivity either to achieve the Entry/Exit split for Entry and the revenue recovery adjustment for Exit. As such the cost reflectivity is diluted in the LRMC adopted in GB currently. To compare the two approaches is a challenge and each should be considered against what the methodology is aiming to achieve.  On transition into enduring:  One participant suggested where there is a transition and an enduring there is an ambition to deliver the enduring in a reasonably short timescale. The RPM in each is the same in the transition as in the enduring, recognising some differing treatment for Transmission Services revenue recovery charges. Only the inputs change to account for the need to learn from behavioural changes to inform a capacity forecast. Therefore in commenting on the methodology, these are broadly the same between Transition and Enduring with improved capacity inputs so could be shown as cost reflective in the intent and improved relative to the improved cost drivers (notably of capacity) stepping between transition to enduring.  Suggestions to change last two paragraphs:  Other Workgroup participants expressed views that compliance with Art. 35 bring about a question as to how to best accommodate fixed price contracts within the RPM. Different interpretations are reflected and compliance with different articles of the EU Tariff Code can be read as conflicting.  All of the Modifications except UNC0621L have a target revenue net of known revenues in setting the Capacity Reserve Prices. This approach also requires the netting off of the capacity associated with that known revenue in order to produce reserve prices that will be applied to the capacity over which it is to be levied. UNC0621L proposes to calculate prices inclusive of this revenue and capacity, as outlined in its proposal which will result in some prices not being applied to some capacity and any shortfall from this specific treatment is accommodated through the revenue recovery charges. | Clarification, opinions and observations in response to some of the text. |
| National Grid | 07/05/2018 | Part I  Relevant Objective (e)  Workgroup Statement | 71 | In response to these points made one workgroup participant provided the following information:  • Art. 6.3 and Art 8 and 8.1 points. The same RPM is proposed at all points. As outlined in the relevant sections on FCC, Fixed Prices and RPM, it is necessary to cater for fixed priced capacity and the proposal has a WAD and WAC approach. The WAD is always gross so includes all capacity so does not exclude parts of the network when determining the WAD. For revenue allocation (under WAC) it does account for the fixed price capacity in a way to set reserve prices to minimise revenue under or over recovery and to not set prices that are not going to be applicable to some capacity volumes. If there were any qualifying Exit contracts these would be treated the same. The fact that there are no Exit Fixed Prices does not mean the methodology is different across Entry and Exit, but that a feature of GB is there are no Exit Fixed prices. Where there is a zero value this is addressed as part of the RPM. The zero value is a potential under the GB regime for obligated capacity and for any forecast it may be the case that no additional capacity may be procured. However as the WAD’s are always gross it will not exclude any part of the network from a WAD perspective only from a revenue allocation perspective.  • Art 6.4 point. Accommodating the fixed price contracts is a feature of the RPM and the additional adjustments listed are therefore not used.  • Art 13 point. As identified in the relevant sections of this proposal, all modifications propose a treatment beyond just IPs. In these cases it is proposed that this treatment is suitable for GB and it happens to also be compliant with EU Tariff Code.  • Art 35 point. EU Tariff Code makes no prescriptive steps on how to treat any revenue or capacity under Article 35. Under the proposals (as described under 4.1, 4.2 and 4.9) charges are being set to recover, as an overall ambition, the majority of the revenue from Transmission Services Capacity Charges). Some have the ambition to set charges such that this is 100% (accepting there will be some need for a revenue recovery charge as outlined in this report). Under UNC0621, A, C, D, E, F, H, J) the proposals are such that without the treatment proposed, charges would not achieve this goal and therefore drive an under recovery as part of the charges being set. UNC0621K will have an under recovery in this respect as outlined in this report Different interpretations of Article 35 are evident across the modifications most notably on the Transmission Services Revenue Recovery charges. All modifications without exception recognise that Fixed Prices are a feature of GB and need to be accommodated in the overall methodology as a feature of the RPM and for any revenue recovery charges such that the fixed price element (which does have some differing interpretations) is honoured. | Opinions and observations in response to first set of bullets.  Repeat as for Relevant Objective (g) |
| National Grid | 07/05/2018 | Part I  9. Workgroup Conclusions | 75 | The Impact of Modification UNC0621 and any alternatives need to be assessed against the counterfactual of the current methodology. What is the current methodology at the time of final modification report submission given there could be changes from other UNC changes from other modifications? | Suggested change to one paragraph |
| National Grid | 07/05/2018 | Part I  9. Workgroup Conclusions | 75 | Environmental impacts, if any. | Suggestion to remove “?” |
| National Grid | 07/05/2018 | Part I | 77 | New Appendix 2 added to link to new Key Issues 4.19 Comparison Analysis | Thought best place due to number of charts. Add as an appendix rather than in Section 4.19. |