

UNC 0662:

Revenue Recovery at Combined ASEPs



Proposer: Colin Hamilton (National Grid)

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Why change?



- Subject to approval, UNC 0621 (or its alternates) may introduce a capacity-based revenue recovery charge at IPs from 1 October 2019 and at all points from 1 October 2021
- Historic capacity procured for storage will be exempt from this charge – this will only apply to ASEPs listed as storage sites in National Grid's Transmission Licence
- This creates **an asymmetry of treatment** between capacity at storage sites listed in Licence and capacity procured for storage sites within ASEPs not designated as such due to the ASEP having mixed entry sources (i.e. “combined ASEPs”)

Options



- Consideration was given as to whether any capacity booked for storage purposes within a “combined ASEP” should be split out or somehow labelled to allow separate treatment
- From pre-Mod discussions there was no industry appetite for this, instead other options that retain full fungibility of the capacity have been considered
 - The preferred option is not to alter the conditionality of any capacity but to alter the calculation of the capacity-based revenue recovery charge to allow the same treatment for capacity booked at Storage sites (recorded as such in Licence) and such capacity booked within combined ASEPs
 - This requires a change to the UNC to alter a key parameter in the calculation of any capacity-based revenue recovery charge, i.e. the “Fully Adjusted Available Entry Capacity”

Solution

- A process shall be developed that allows Users to apply for a quantity of capacity to be exempt from the revenue recovery charge and for that quantity to be assessed against defined relevant documentation that allows such capacity to be mapped to capacity booked for the purposes of storage
- The calculation of a relevant User's Fully Adjusted Available Entry Capacity shall be changed when calculating any capacity-based revenue recovery charge to exempt any capacity identified as having been booked for the purposes of storage within an combined ASEP from this charge

Recommended Steps



- The Proposer recommends that this modification should be:
 - Subject to authority direction
 - This Modification seeks to preserve alignment in the treatment of shippers who have procured capacity for entering gas into the NTS from storage sites. This UNC modification introduces a transitional arrangement as any entry capacity impacted by this UNC Modification is already existing. If implemented, it may not have a material impact on the allocation of charges across NTS Network Users. Workgroup will be asked as part of the development whether the Modification could potentially be considered for self-governance as the impact is further assessed and detailed during Workgroup Development.
 - Workgroup assessment to develop the modification for 9 months (July 2018 to March 2019) – this length of time is required as this Mod is dependent on the outcome of UNC 0621.