

UNC Modification Proposal 0373
Governance of NTS Connection Processes
Suggested Legal Text (based on v5.0 of the Modification Proposal)

Section V

Insert the following as a new paragraph 13:

“13. NTS Connections

13.1. Connection Applications

13.1.1 If a User or any other person (the **Connection Applicant**) wishes to request:

- (a) a connection to the NTS at a new (as yet unbuilt) NTS System Point; or
- (b) the modification of an existing NTS System Point;

then the Connection Applicant shall complete and submit to National Grid NTS an application (in the form prescribed by National Grid from time to time) (the **Connection Application**) and comply with the terms thereof. In addition, and at the same time, the Connection Applicant shall pay the relevant fee (the **Connection Application Fee**).

13.1.2 A Connection Application shall be a **Competent Connection Application** where:

- (a) the application form has been correctly and fully completed;
- (b) the requested technical data has been fully provided;
- (c) National Grid NTS considers that no further information or data is required in order for National Grid NTS to consider or progress the Connection Application; and
- (d) the relevant Connection Application Fee has been paid in full and is available to National Grid NTS in cleared funds.

13.1.3 National Grid NTS shall:

- (a) as soon as reasonably practicable and in any case no more than two (2) Business Days from the date of receipt of the Connection Application acknowledge receipt of such Connection Application; and
- (b) as soon as reasonably practicable after the date of receipt of the Connection Application:
 - (i) confirm that it is a Competent Connection Application; or
 - (ii) advise the Connection Applicant that the offer is not a Competent Connection Application and specify the reasons that the Connection Application is not a Competent Connection Application.

13.1.4 Where a submitted Connection Application is not a Competent Connection Application, the Connection Applicant may resubmit, amend or supplement the Connection Application and the provisions of paragraph 13.1.3 shall apply in relation to such resubmitted, amended or supplemented Connection Application.

13.1.5 The Connection Applicant may withdraw, by written notification to National Grid NTS, a Connection Application at any time before a Connection Offer is made. In relation to the withdrawal of a Full Connection Application only, the Connection Application Fee shall be refunded to the Connection Applicant less a deduction for actual costs (including reasonable overheads) reasonably incurred by National Grid NTS in progressing the Connection Application up to the date of withdrawal.

13.2 Connection Application Fees

The Connection Application Fee in relation to of Initial Connection Application shall be a fixed, full and final amount that shall not be subject to any adjustment by National Grid NTS once paid by the Connection Applicant (nor shall the Connection Applicant be entitled to any refund of part of the Connection Fee). National Grid NTS shall establish, publish and review on an annual basis the types of NTS Connections and the Connection Application Fees payable by the Applicant for each Offer type.

Following the issue of a Full Connection Offer or the withdrawal of a Full Connection Application by the Connection Applicant, or where National Grid NTS has not provided a Full Connection Offer as set out paragraph 13.4.3 National Grid NTS shall calculate the total actual costs (including a reasonable overhead) incurred by National Grid NTS in progressing the Full Connection Application and preparing and issuing the Full Connection Offer, including undertaking all necessary design and engineering studies, preparing the relevant construction agreement. Where these costs are less than the Connection Application Fee paid by the Connection Applicant, National Grid NTS shall refund such difference to the Connection Applicant. Where these costs are greater than the Connection Application Fee paid by the Connection Applicant, National Grid NTS shall invoice the Connection Applicant for the difference which invoice shall be due for payment within ten (10) days of the date thereof.

For the avoidance of doubt, no such reconciliation shall be undertaken in relation to an Initial Connection Offer or an Initial Connection Application.

13.3 Types of Connection Offers

13.3.1 A Connection Offer shall be either an Initial Connection Offer or a Full Connection Offer, and the Connection Application shall identify the type of Connection Offer being applied for. For the purposes of the Code:

- (a) an **Initial Connection Offer** is an early estimate of the physical construction costs; programme of works and layout of the proposed Connection based only on a desktop exercise by National Grid NTS and will provide the Connection Applicant with the information as described at paragraph 13.4.1 and a draft construction agreement (unless waived by the Applicant at the point of Application). An Initial Connection Offer may only be applied for in relation to a single point of connection to the NTS, and not for the purposes of exploring multiple options or locations to connect to the NTS;
- (b) a **Full Connection Offer** is a detailed estimate of the physical construction costs, programme of works and layout of the proposed Connection based on design and engineering studies and will provide the Connection Applicant with the information as described at paragraph 13.4.2 and a draft construction agreement. For the avoidance of doubt, there will still be a detailed design and build stage after the Full Connection Offer is provided;
- (c) an **Initial Connection Application** is a Connection Application in relation to an Initial Connection Offer; and

- (d) a **Full Connection Application** is a Connection Application in relation to a Full Connection Offer.

13.4 Content of Connection Offers

13.4.1 An Initial Connection Offer shall comprise, as a minimum:

- (a) an estimate of the construction works costs attributable to the proposed Connection, together with details of the indicative timing of payments in respect of such costs, including provision for reconciliation of actual costs post-construction, where reasonably incurred by National Grid NTS;
- (b) an indicative programme of the proposed construction works, including an indication of whether NTS reinforcement may be required;
- (c) the proposed indicative location of the Connection and a draft connection layout drawing;
- (d) a draft construction agreement, unless the Connection Applicant has advised National Grid NTS that it does not require a draft construction agreement to be provided as part of the Initial Connection Offer;
- (e) an indication of the works required by National Grid NTS to produce a Full Connection Offer (should the Connection Application submit a Full Connection Application based on the Initial Connection Offer); and
- (f) an indication of the Connection Application Fee that would be payable by the Connection Applicant in relation to a Full Connection Application (should the Connection Application submit a Full Connection Application based on the Initial Connection Offer).

13.4.2A Full Connection Offer shall comprise, as a minimum:

- (a) a copy of any relevant design or engineering study report, as required by National Grid NTS to make the Full Connection Offer and paid for by the Applicant as part of the Application Fee;
- (b) a draft construction agreement in relation to the proposed construction works;
- (c) an indicative programme of the proposed construction works, including as a minimum:
 - (i) the anticipated dates on which the connection will be available to the Connection Applicant for testing and commissioning and commercial operation, with details as to how such dates are contingent on any relevant planning or other consents being obtained;
 - (ii) details of the location of connection, including Ordnance Survey map with grid references and a site layout drawing (except to the extent that National Grid NTS reasonably considers that the provision of such information may be prejudicial to any planning application National Grid NTS may have to submit in relation to such pipeline);
 - (iii) an indicative project plan containing:

- (A) an indicative milestone date when National Grid NTS would expect to apply to the Authority to include or revise a revenue driver in its gas transporter's licence (where applicable);
- (B) an indicative earliest milestone date at which System Capacity could be applied for by a User in order for the Applicant to align its capacity needs with the indicative connection completion date;
- (C) an indicative milestone date by when the relevant Network Exit Agreement, Network Entry Agreement, Storage Connection Agreement or Supplemental Agreement has to be signed (as appropriate and where applicable); and
- (D) an indicative programme of works to deliver the requested connection or modification (excluding works required to reinforce or extend the existing NTS to provide any additional System Capacity), including:
 - an overall project timeline and key milestone dates;
 - details of payment milestones;
 - any credit requirements;
 - indicative dates for purchase of long-lead items; and
 - details of any additional activities or studies required if the Connection Offer is accepted, including the indicative cost of such activities or studies;

For the avoidance of doubt, the indicative project plan is intended to be used as guidance only to assist the Connection Applicant with general project planning and in no way does it oblige National Grid NTS to make System Capacity available at the NTS System Point.

- (iv) any foreseeable planning and other consent milestone dates;
 - (v) where National Grid NTS is requested by the Connection Applicant to construct the connecting pipeline, an indication of the potential size and route corridor of any connecting pipeline being constructed by National Grid NTS (except to the extent that National Grid NTS reasonably considers that the provision of such information may be prejudicial to any planning application National Grid NTS may have to submit in relation to such pipeline); and
 - (vi) an indicative draft of any relevant Network Exit Agreement, Network Entry Agreement, Storage Connection Agreement or Supplemental Agreement (or amendment thereto) (as appropriate and where applicable) that has to be signed in relation to the relevant NTS System Point, which shall include the relevant technical parameters;
- (d) the Full Connection Offer shall contain an estimate of the construction works costs to be paid by the Connection Applicant pursuant to the construction agreement, if the Full Connection Offer is accepted;

13.4.3 Where a physical connection (as requested pursuant to the Full Connection Application) to the NTS is not deemed by National Grid NTS (acting reasonably) to be feasible for technical or engineering reasons, National Grid NTS shall not be required to produce the relevant Full Connection Offer and shall provide written notification to the Connection Applicant and the Authority, with an explanation why physical connection (and therefore provision of a Full Connection Offer) is not possible.

13.5 Connection Offers

13.5.1 National Grid NTS shall issue a Connection Offer to the Connection Applicant as soon as reasonably practicable and in any event within:

- (a) in the case of an Initial Connection Offer, within two (2) months of the date on which National Grid NTS notifies the Connection Applicant that the relevant Initial Connection Application is a Competent Connection Application; and
- (b) in the case of a Full Connection Offer, within:
 - (i) six (6) months (where the connection point requested by the Connection Applicant is in a greenfield location (being a location that has been solely used for agricultural use) and the Full Connection Offer is in respect of a minimum offtake connection to the NTS with a ramp rate of less than 50MW/minute); or
 - (ii) nine (9) months (in all other cases);

(or such longer time as the Authority may agree, or be deemed to have agreed, pursuant to paragraph 13.5.2) of the date on which National Grid NTS has confirmed to the Connection Applicant that the Connection Application is a Competent Connection Application (the **Connection Offer Deadline**).

13.5.2 Where National Grid NTS reasonably believes that it will be unable to issue a Connection Offer to the Connection Applicant by the Connection Offer Deadline, National Grid NTS may apply to the Authority for an extension to the Connection Offer Deadline. Where National Grid NTS makes such an application, the Connection Offer Deadline shall (irrespective of the outcome of the application) be extended by an amount of time equal to the time between National Grid NTS' application being submitted to the Authority and the Authority making (or being deemed to have made) a decision on that application. Where:

- (a) the Authority has not decided upon National Grid NTS' application within [thirty (30)] days of it having been submitted, the Authority shall (for the purposes of the Code) be deemed to have agreed to National Grid NTS' application and the Connection Offer Deadline shall be extended as set out in that application (together with an extension to reflect the time between National Grid NTS' application being submitted and the date of the Authority's decision, as set out above);
- (b) the Authority approves National Grid NTS' application within [thirty (30)] days of it having been submitted, the Connection Offer Deadline shall be extended as set out in that application (together with an extension to reflect the time between National Grid NTS' application being submitted and the date of the Authority's decision, as set out above); and
- (c) the Authority rejects National Grid NTS' application within [thirty (30)] days of it having been submitted, the Connection Offer Deadline shall only be extended to reflect the time between National Grid NTS' application being submitted and the date of the Authority's decision, as set out above.

13.5.3 To accept a Full Connection Offer, the Connection Applicant must sign and return the relevant form or document contained within such Full Connection Offer, which will then be countersigned by National Grid NTS and a copy returned to the Applicant. An Initial Connection Offer is not an offer capable of acceptance and is not binding on National Grid

NTS or the Connection Applicant and in order to proceed further, the Connection Applicant must submit a Full Connection Application.

13.5.4A Connection Offer will be open for acceptance by the Connection Applicant for a period of three (3) months from the date of the Connection Offer. Failure by the Connection Applicant to accept the Connection Offer within such three (3) month period will cause the Connection Offer to lapse and any subsequent purported acceptance of the Connection Offer by the Connection Applicant may be treated as null and void by National Grid NTS.

13.5.5 If the Connection Applicant is unwilling to accept the terms of the Connection Offer, and National Grid NTS and the Connection Applicant are unable to reach agreement on revised terms to apply to the Connection Offer before the three (3) month acceptance period set out in paragraph 13.5.4 has expired, then the matter may be referred by the Connection Applicant by written request to the Authority (with a copy to National Grid NTS for the Authority's determination (pursuant to the Gas and Electricity (Dispute Resolution) Regulations 2009). Any reference to the Authority pursuant to this paragraph 13.5.5 must be made by the Connection Applicant before the three (3) month acceptance period set out in paragraph 13.5.4 has expired, in which event the Connection Offer shall remain open for acceptance until the date falling fourteen (14) days after any final determination by the Authority pursuant to such request.

13.5.6A feasibility study will be required in order to be able to provide a Full Connection Offer to the Connection Applicant except where the connection point requested by the Connection Applicant is in a greenfield location (being a location that has been solely used for agricultural use) and the Full Connection Offer is in respect of a minimum offtake connection to the NTS with a ramp rate of less than 50MW/minute. Where a feasibility study is required in order to be able to provide a Full Connection Offer:

- (a) National Grid NTS shall undertake such feasibility study and shall provide the Connection Applicant with a copy of the resulting feasibility study report within three (3) months of the date on which National Grid NTS notifies the Connection Applicant that the Full Connection Application is a Competent Connection Application;
- (b) no later than three (3) months after receipt of the feasibility study report, the Connection Applicant may notify National Grid NTS that it wishes National Grid NTS to provide a Full Connection Offer based on the feasibility study report (provided that, where the feasibility study report contains specific questions for the Connection Applicant to answer, the Connection Applicant has provided sufficiently detailed answers to such questions within such three (3) month period;
- (c) the Connection Offer Deadline shall be extended by a period of time equal to the period of time between National Grid NTS providing the feasibility study report to the Connection Applicant and the Connection Applicant notifying National Grid NTS that it wishes National Grid NTS to provide a Full Connection Offer based on the feasibility study report (and, where applicable, providing sufficiently detailed answers to any specific questions set out in the feasibility study report); and
- (d) if, by the date falling three (3) months after receipt of the feasibility study report, the Connection Applicant has not notified National Grid NTS that it wishes National Grid NTS to provide a Full Connection Offer based on the feasibility study report, then the Connection Applicant shall be deemed to have given notice to National Grid NTS to terminate work on the Full Connection Application.

13.6 Modification of a Full Connection Offer

13.6.1 Where, after a Full Connection Offer has been made and accepted, the Connection Applicant wishes to request an amendment to the whole or part of the Full Connection Offer, a Connection Offer Modification Application (in the form prescribed by National Grid NTS) must be submitted by the Connection Applicant to National Grid NTS.

13.6.2A Connection Offer Modification Application shall be deemed to be a Full Connection Application and the provisions of this paragraph 13 shall apply accordingly; provided that:

- (a) the Connection Application Fee in relation to a Connection Offer Modification Application shall be either:
 - (i) an amount as may be mutually agreed by the Applicant and National Grid NTS; or
 - (ii) in the absence of such agreement, 75% of the Connection Offer Application Fee paid which was paid by the Applicant for the relevant Full Connection Offer;
- (b) the Full Connection Offer based on the Connection Offer Modification Application shall only comprise the information that is amended or updated as a result (and so paragraph 13.4.2 shall be deemed to be amended accordingly); and
- (c) references in this paragraph 13 to the construction agreement shall be references to an agreement to amend the construction agreement.

13.7. Information Publication Requirements

13.7.1 For the purposes of the Connections Offer process, National Grid NTS shall publish the following information on its public website:

- (a) a draft standard form of construction agreement for different connection types;
- (b) a draft generic Advance Reservation of Capacity Agreement, Network Exit Agreement, Network Entry Agreement and Storage Connection Agreement;
- (c) generic technical specifications and standards associated with the Connection Offer processes which are not site-specific.; and
- (d) a generic Connection Offer template.

13.7.2 National Grid NTS shall publish the following information on a quarterly basis:

- (a) the number of Competent Connection Applications for Connection Offers (received in the previous quarter and the cumulative total for the calendar year in question);
- (b) the cumulative total for the calendar year in question of Full Connection Offers made in accordance with the timescales set out in paragraph 13.5.1; and
- (c) the cumulative total for the calendar year in question of Initial Connection Offers made in accordance with the timescales set out in paragraph 13.5.1

13.8 Applicant Requested Pre-Connection Application Studies

13.8.1 Where a potential Connection Applicant wishes to explore options for connecting to the NTS, a 'pre-application study' may be requested. Such a pre-application study request shall not, for the avoidance of doubt, be a Connection Application for the purposes of the Code. Following

receipt of such a request, National Grid NTS shall seek to agree the terms on which it will undertake any such study with the person submitting the request.

13.8.2 If such a pre-application study is undertaken by National Grid NTS pursuant to such a request and produces data or information which can be re-used for the purposes of a subsequent Connection Offer to the potential Connection Applicant, then the Application Fee and timescales for such a subsequent Connection Offer may, at National Grid NTS' discretion, be reduced accordingly.

13.8.3 For the avoidance of doubt, the carrying out of a pre-application study is not a pre-requisite for submitting either an Initial Connection Application or a Full Connection Application."

Section Y

Insert the following at the end of Section 2:

"NTS Connections: Application Fixed Fee - Initial Connection Offer

The application fee for an Initial Connection Offer shall be a full, fixed and final amount and not subject to any adjustment by National Grid NTS once paid by the applicant. It shall reflect the average National Grid NTS fully absorbed costs required to produce the information contained in an Initial Connection Offer. The application fee will be reviewed on either:-

- a) an annual basis, and updated, where appropriate, to reflect any changes to National Grid NTS staff costs; or
- b) an ad-hoc basis where the scope of an Initial Connection Offer is amended through the implementation of a UNC Modification Proposal for example, to provide additional information.

Typical National Grid NTS activities required to produce an Initial Connection Offer include, but are not limited to; the administration of the application, desktop design activities, network analysis, costing activities, internal governance and legal review. The application fee will be contained in the 'NTS Connections - Application Fee Matrix' within the Charging & Methodology Statement."