

## **NTS Connections Process – Draft Rules**

### **Version 1.32**

#### **1. Application Process:**

- 1.1** All potential NTS connectees should endeavour to hold at least 1 formal meeting with NG NTS to discuss their proposed connection, ~~at least [6] months~~ as early as reasonably before practicable before submitting a formal application. *(For clarity – this would not be a UNC obligation)*
- 1.2** All requests for connections (whether new or modifications to existing) must be submitted on the relevant formal application form(s), published and easily accessible on NG NTS' website.
- 1.3** The Application Form must specify the scope and content of information reasonably required by NG NTS in order to assist in making a connection offer, including all relevant technical information.
- 1.4** Submission by the Applicant and subsequent acceptance of the Application Form shall constitute formal admission into the NTS Connection Offer process.
- 1.5** In terms of preparation of an Offer, the 'clock' begins once NG NTS issues a notification of acceptance into the NTS connections offer process. The notification can only be issued once the Applicant has provided a 'Competent Application'. This includes correctly filling out the application form, providing the required technical data and payment of the relevant cleared application fee.
- 1.6** A notification of acceptance must be issued by NG NTS within ~~[5]~~ working days of receipt, subject to the application being a competent application. ~~Where applicable, Reasons for non-acceptance by NG NTS will need to be~~ communicated to the Applicant articulated.
- 1.7** Each application form shall be date stamped and prioritised in order of receipt.
- 1.8** Within ~~[5]~~ working days of receipt, NG NTS shall inform the Applicant of any additional information (beyond that specified on the application form) that is reasonably required in order to make a connection offer. The reason for requesting the data must be specified by NG NTS and the request may reasonably be refused by the Applicant.
- 1.9** If the Applicant wishes to examine a number of options in detail, a separate Application must be submitted for each option.

#### **2. Connection Offers**

- 2.1 The Connection Offer shall replace the current 'Conceptual Design Study' and a 'Construction Agreement' in a single agreement.
- 2.2 All Connection Offers shall be made by NG NTS within 3 months from the date of notification of acceptance unless the connection request is not for a green-field minimum connection.
- 2.3 Where the connection request is not for a green-field minimum connection an additional 3 months may be added to the period in which a connection offer shall be made by NG NTS (Total = 6 months).
- 2.4 ~~Particularly complex Connection Offer requests can be extended by a further 3 months (Total = 9 months) where agreed by the Applicant, or this expected to take NG NTS longer than 6 months to complete additional extension can be requested from must be approved by Ofgem. Ofgem and will be accepted unless vetoed by Ofgem within 15 days of receipt.~~
- 2.5 ~~Within the framework of maximum allowable timescales detailed at 2.2 – 2.4 (above),~~ NG NTS shall establish, publish and review annually the types of NTS Connections ~~and associated timescales and costs. [Matrix of connection types to be prepared by NG NTS].~~
- 2.6 For the avoidance of doubt, NG NTS shall retain a reasonable endeavours obligation to provide the Applicant with an Offer as soon as possible.
- 2.7 Once the offer has been made, NG NTS shall contact the applicant to discuss the Offer and arrange a post-Offer meeting if required.
- 2.8 The Offer must be accepted by the Applicant within 3 months from the date of Offer. Failure to accept within 3 months will cause the offer to lapse.
- 2.9 If after 3 months, NG NTS and Applicant fail to agree over the terms of the Offer, the matter may be referred to Ofgem for their review and determination (as per the CUSC arrangements).
- 2.10 Acceptance of the Offer will trigger the commencement of the construction stage. The Offer will inform the basis for the construction tender documents.
- 2.11 ~~For new Exit connections,~~ Acceptance of the Offer will trigger NG NTS to request from Ofgem a new Exit point and associated revenue driver to be inserted into its licence (where required for the type of connection).

### 3. Costs / Fees

- 3.1 All green-field minimum connection Applications ~~[precise scope to be defined]~~ must be paid for at the point of Application and attract a fixed Application fee of ~~[£30,000]~~. This

is intended to cover the cost of all necessary design studies and preparation of the ~~[draft]~~ construction agreement required in order to provide the connection offer.

~~3.2~~ All offers not falling into the definition of a green-field minimum connection ~~may be subject to additional charges, in accordance with [cost reflective charging methodology to be determined] and paid in advance [or reconciled afterwards?].~~ are subject to charges as specified by NG NTS

~~3.2~~

~~3.3~~ The Application Fee shall be dependent on the location of the proposed site and the size of the project.

#### 4. Penalties

~~4.1~~ Failure by NG NTS to provide an the Offer within permitted timescales for the type of connection ~~(3, 6 or 9 months as the case may be)~~ shall relieve the Applicant of all cost liabilities associated with the connection application. Any monies paid in advance shall be immediately refunded to the relevant Applicant. shall be treated as a breach of the UNC.

~~4.1~~

~~4.2~~ If the applicant wishes to vary (“Modify”) the nature or scope of the original connection request, this shall result in additional charges to the Applicant [level to be defined]. If the changes requested are significant, NG NTS reserves the right to re-start the process and re-set the associated timescales.

#### 5. Content of Offer

5.1 The Offer shall include all design / engineering studies required by NG NTS in order to make an Offer (e.g. current Conceptual Design Study and / or feasibility study, as appropriate).

5.2 The Offer shall include all site-specific information which varies from the Standard Conditions of Contract.

~~5.3~~ The Offer shall ~~provide~~ contain an estimate of the construction stage costs attributable to the Applicant in respect of the Connection Offer, if the Offer is accepted. It shall also include details of when any liabilities in respect of construction costs would begin and how they would increase (i.e. the Applicant’s payment profile based on NG NTS’s actual expenditure), including provision for reconciliation of actual costs post-construction, where reasonably incurred.

5.35.4 The terms for termination of an Offer and the associated liabilities should be included in the Design & Build Agreement contained within the Offer. For clarity, it is anticipated that the Applicant would be liable for actual costs incurred by NG NTS up to the point of termination.

5.45.5 NG NTS shall provide to the Applicant a Connection Offer which shall contain as a minimum (NB - list is non-exhaustive):

- ~~[Indicative/caveated]~~ **Connection Completion Date**
- **Location of Connection** – including OS grid reference, map & site specific ~~m~~ layout drawing.
- **Connection Offer Project Plan** – including:
  - **Commercial processes** – revenue drive timescales, process for getting exit and/or entry point into licence, exit/entry capacity applications, when NExA / NEA / SCA has to be signed.
  - **Physical Works:** Programme of work, Construction Agreement, timeline for the works and key dates, payment milestones, credit requirements, purchase of long lead items.
  - **Planning timescales**
- **Technical Parameters** – e.g. Pressure (ANOP), Ramp Rates, Notice Periods, Temperature, Pipe specifications, Gas Quality parameters.
- **Route corridor of pipeline** with drawings (if applicable).
- **Draft ARCA, NExA or SCA** (if applicable).

## 6. Information Publication Requirements

**6.1** NG NTS shall as a minimum, publish the following information on its public website:

- Standard Conditions of Contract (SCC)
- A generic Design & Build Agreement~~Construction Agreement~~
- A generic ARCA, NExA & SCA
- Any other relevant standard terms and conditions / generic technical specifications which are not site-specific.

**6.2** NG NTS shall publish on a quarterly basis:

- The number of Applications received
- The number of Applications resulting in an Offer
- The number of Offers made in:
  - 3 months
  - 6 months

## 7. Pre-Connection Application Studies

- 7.1** Where a potential Applicant wishes to explore options for connecting to the network, a 'pre-application study' may be requested by an Applicant. Due to the speculative and varied nature of such requests, it is not proposed to specify precise timescales or costs upfront. However, NG NTS shall be subject to a reasonable endeavours obligation to complete the study in a reasonable timescale, ~~and~~ at a price which reflects the costs incurred ~~and on mutually acceptable terms.~~
- 7.2** For the avoidance of doubt, a pre-application study shall not constitute a contingent part of the Connections Offer process. The primary purpose of such a study is for potential Applicants to explore and potentially narrow down options in order to be in a position to submit a formal Application (e.g. to find the "best" point to connect on the NTS).
- 7.3** Notwithstanding 7.2, if the pre-application study produces data which can be re-used for the purposes of the formal Connection Offer process then the Application Fee and timescales for the formal connection Offer should be reduced accordingly.

## 8. Modification of an Offer

- 8.1** National Grid shall prepare and publish an Application form for the Modification of an Offer once accepted by the Applicant (*for instance, if the nature of the project changes*)
- 8.2** As soon as reasonably practicable, the Applicant shall provide to NG NTS the full details of the proposed Modification. It is in the best interests of the Applicant to discuss with NG NTS the potential implications of a Modification Application as early as reasonably practicable.
- 8.3** The up-front cost to the Applicant of Modifying an Offer once accepted shall be 75% of the original Application Fee, unless NG NTS is able to accept the proposed changes without incurring [material] costs.
- 8.4** If NG NTS reasonably incurred actual costs are greater or less than the Modification fee, then these costs shall be added (or subtracted from) a future milestone payment as specified in the Design & Build Agreement.
- 8.5** The maximum permitted timescales applicable to NG NTS for providing an Offer shall also apply to the Modification of an Offer.

## 9. Date of Connection to NTS

- 9.1** All Offers shall contain a “Connection Completion Date”. This is the date on which NG NTS shall make the physical connection available to the customer to use.
- 9.2** For clarity, the connection effective date shall be dependent on all relevant planning consents being received. *(This would not be a UNC contractual term - this should be covered within the terms of the Design & Build Agreement, which should also cover issues such as Force Majeure).*