

0563:

Moving the NTS Optional Commodity Charge Formula into the UNC



Proposer: Jeff Chandler SSE

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Why change?



- The NTS Optional Commodity Charge (OCC) is a charge allowed under section Y of the UNC.
- However, the formula used to calculate the OCC is published in the NTS Transportation Statement.
- This means that changes to the formula or the parameters of the formula can be changed by National Grid without appropriate consultation with the industry or oversight by the Regulator. SSE considers that this lacks appropriate Governance.
- SSE considers the first step to remedy this is to insert the formula into the code, this means any subsequent changes to the formula will need to be transparent and further the relevant objectives.
- Article 13 of Regulation 715/2009 states:
“Tariffs, or the methodologies used to calculate them, applied by the transmission system operators and approved by the regulatory authorities pursuant to Article 41(6) of Directive 2009/73/EC, as well as tariffs published pursuant to Article 32(1) of that Directive, shall be transparent...”

Solution



- It is proposed that the existing OCC formula from the NTS Transportation Statement is inserted into the UNC TPD, Section Y.

$$\text{Pence per kWh} = 1203 \times [(\text{SOQ})^{0.834}] \times D + 363 \times (\text{SOQ})^{0.654}$$

Where D is distance in Km and the SOQ is the maximum NTS exit offtake rate in kWh/day.

Recommended Steps



- The Proposer recommends that this modification should be:
- subject to self-governance because it is unlikely to impact commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes.
- It's a lift and shift of the existing formula.
- Sent for Workgroup assessment to develop the modification and report to the panel once the workgroup report has been completed.