

0XXX: *(Joint Office to insert number)*

Provision of NTS Cost Information

- 01 Modification
- 02 Workgroup Report
- 03 Draft Modification Report
- 04 Final Modification Report

This Proposal seeks to put in place a requirement on National Grid Gas Transmission (NGGT) to publish biannual forecasts of the detailed information Shippers require about the core elements of Gas Transmission price control.



The Proposer recommends that this modification should be:

- subject to self-governance



High Impact: None



Medium Impact: None



Low Impact: Transporters and Shippers

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About this document:		Transporter:
This modification will be presented by the proposer to the panel on dd month year.		
The panel will consider the proposer's recommendation and agree whether this modification should be:		
<ul style="list-style-type: none"> • subject to self-governance • referred to a workgroup for assessment. 		Systems Provider: Xoserve
The Proposer recommends the following timetable: <i>(delete as appropriate)</i>		
Initial consideration by Workgroup	dd month year	commercial.enquiries@xoserve.com
Amended Modification considered by Workgroup	dd month year	
Workgroup Report presented to Panel	dd month year	telephone
Draft Modification Report issued for consultation	dd month year	Additional contacts:
Consultation Close-out for representations	dd month year	
Variation Request presented to Panel	dd month year	
Final Modification Report presented to Panel	dd month year	
UNC Modification Panel decision	dd month year	

1 Summary

Is this a Self-Governance Modification?

This modification is considered self-governance as it is unlikely to have a material impact upon UNC Governance or a material impact on competition between Shippers.

Is this a Fast Track Self-Governance Modification?

It is not proposed that this modification is subject to Fast Track self-governance as it represents more than a house keeping modification.

Why Change?

Currently, there is no formal provision in place which requires National Grid Gas Transmission (NGGT) to publish periodic, five-year forecasts of allowed revenues. This contrasts with the position for Gas Distribution Networks, which are obliged to do so under Modification 0186.

With greater transparency of the elements that make up the Price Controlled revenue, Shippers and their related suppliers can better assess the impact of revenue changes upon their business and the pricing of services to their customers.

Solution

This Proposal seeks to put in place a requirement on NGGT to publish biannual forecasts of the detailed information Shippers require about the core elements of the Gas Transmission price control. The report will include entries for all of the main inputs which go into the calculation of the TO and SO allowed revenues for each of the next five years.

Relevant Objectives

This modification should have a positive effect on competition, as it will allow Shippers to attach a higher level of certainty to their forecasts of gas transmission costs – in turn, this increased certainty can be reflected in the prices that are offered to the market.

Implementation

No implementation timescales are proposed.

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No.

2 Why Change?

Currently, there is no formal provision in place which requires NGGT to publish periodic, five-year forecasts of allowed revenues – equivalent provisions already exist in relation to the electricity transmission, electricity distribution and gas distribution companies.

The periodic publication of this information will enable Shippers to more accurately forecast the likely direction and magnitude of changes in transportation revenue over the remaining period of the current Gas Transmission price control, and over the forthcoming years of the next price control. With greater transparency of the elements that make up the Price Controlled revenue, Shippers and their related suppliers can better assess the impact of revenue changes upon their business and the pricing of services to their customers.

This should have benefits for consumers, as it will allow Shippers to attach a higher level of certainty to their forecasts of gas transmission costs. In turn, this may better allow suppliers to (1) minimise the risk premia that they price into fixed-term contracts, and (2) pass any expected reductions in future gas transmission costs on to consumers.

3 Solution

This Proposal seeks to put in place a requirement on NGGT to publish biannual forecasts of the detailed information Shippers require about the core elements of the Gas Transmission price control, as detailed below. The information will be presented in the form of a spreadsheet report, which will be published on the National Grid website.

It is the intention of this modification that information provided by NGGT will be used by Shippers for their own forecasting purposes and that NGGT will not be held accountable for errors or omissions. It is expected, however, that NGGT will endeavour to provide its best view at the point of publication. Furthermore, it is not the intention of this modification that information provided by NGGT will be challenged by the Shippers, although reasonable questioning can be expected.

The report will include entries for all of the main inputs (as defined in NGGT's Licence) which go into the calculation of the TO allowed revenues for each of the next five years.

The report will also provide entries for all of the main inputs (as defined in NGGT's Licence) which go into the calculation of the SO allowed revenues for each of the next five years.

Timetable: The report should be made available by the 10th Business Days of June and October, annually.

Timetable

User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	No User Pays service would be created or amended by implementation of this modification and it is not, therefore, classified as a User Pays Modification.
Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.	N/A
Proposed charge(s) for application of User Pays charges to Shippers.	N/A
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	<i>As no new activities are being created by the modification, an ACS should not be required.</i>

4 Relevant Objectives

Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant Shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant Shippers.	Positive
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

Securing effective competition between relevant Shippers and relevant suppliers

With greater transparency of the elements that make up the Price Controlled revenue, Shippers and their related suppliers can better assess the impact of revenue changes upon their business and the pricing of services to their customers.

This should have a positive effect on competition, as it will allow Shippers to attach a higher level of certainty to their forecasts of gas transmission costs – in turn, this increased certainty can be reflected in the prices that are offered to the market.

5 Implementation

No implementation timescales are proposed.

6 Impacts

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No.

7 Legal Text

8 Recommendation

The Proposer invites the Panel to:

- Determine that this modification should be subject to self-governance; and
- Progress to Workgroup assessment.