

Representation

Draft Modification Report

0459S: Amendments to the 'K' revenue adjustment factor based on RIIO-T1

Consultation close out date: 11 July 2013
Respond to: enquiries@gasgovernance.co.uk
Organisation: National Grid NTS
Representative: Laura Butterfield
Date of Representation: 11 July 2013

Do you support or oppose implementation?

Support

Please summarise (in one paragraph) the key reason(s) for your support/opposition.

The modification proposes amendments to UNC TPD Section Y so that the UNC correctly reflects changes in terminology due to RIIO-T1 and cross-refers correctly to the revised NTS GT Licence conditions. The modification proposed that changes are made to Appendix A – Treatment Of Under/Over Recovery 'K' within the UNC TPD Section Y, to change the calculation in accordance with the Licence.

Are there any new or additional issues that you believe should be recorded in the Modification Report?

We do not believe there are any new or additional issues to record within the Modification Report.

Self Governance Statement:

Do you agree with the Modification Panel's decision that this should be a self-governance modification?

The proposer agrees with the Modification Panel's decision that this modification should be classed as self-governance as its implementation would not discriminate between different classes of UNC parties, or have a material effect on existing or future gas customers, competition (other than its promotion), operation of the pipeline system(s), matters relating to sustainable development, safety or security of supply, or the management of the market or network emergencies.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

a) Save in so far as paragraphs (aa) or (d) apply, that compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business;

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Some references to 'K_i' revenue adjustment factors within the Licence conditions in the UNC will become obsolete or incorrect post the commencement of RIIO. This modification will correct these references, and ensure the calculation of the transportation charges that reflect the costs incurred by the Licensee in its transportation business. The proposal also amends the way that the K calculation works within the UNC to bring it in line with the Licence.

b) That, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business;

This modification proposes to align the references on 'K_i' revenue adjustment factors in the UNC, with those in the Licence. By proposing to amend these references, this modification takes account of developments in the transportation business through aligning the way that the K calculation works within the UNC to bring it in line with the Licence, allowing updates based on the Licence changes brought in by RIIO.

Impacts and Costs:

What analysis, development and ongoing costs would you face if this modification were implemented?

National Grid NTS envisages no such costs should this modification be implemented.

Implementation:

What lead-time would you wish to see prior to this modification being implemented, and why?

Without prejudice to any decision by the Modification Panel on whether or not to implement this modification, National Grid NTS believes this modification can, and should, be implemented 16 business days after a decision to implement, as stated in Section 5 of the modification.

Legal Text:

Are you satisfied that the legal text will deliver the intent of the modification?

National Grid NTS is satisfied that the legal text will deliver the intent of the modification.

Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.

National Grid NTS does not believe there is anything further to be taken into account.