

UNC 0621E:

Amendments to Gas Transmission Charging Regime



Proposer: Richard Fairholme, Uniper

Panel Date: 15 March, 2018

Why change?



- Under Mod 0621, NGG is proposing a full revision of UNC Section Y
- Uniper is concerned about the commercial impact of the solution proposed in 0621, in respect of two key issues:
 1. Implementation of full capacity-based charges in 2021
 - Does not align with Electricity Capacity Market timelines
 - Risk of unintended consequences – impact on security of supply / cost to consumers
 2. Application of Capacity-based Revenue Recovery charges to “Historical Contracts”
 - Alters the fundamental basis of contracts (Entry Capacity bookings) already agreed
 - High likelihood of disputes between Shippers and NGG if this remains in 0621 proposal

Options



- Uniper has formally raised the issues at the NTSCMF / workgroup 621 meetings (pre-Mod discussions)
- Our preference was not to raise a Mod, but to convince NGG to change their proposal (0621) to take account of our concerns
- To date, NGG has not changed their proposal and therefore in order to address our concerns, this proposal has been raised

Solution



1. **Implement full capacity-based charges from 2022**
 - Instead of 2021
 - Aligns with Capacity Market T-4 Auction timetable (delivery 2021-2022)

2. **Historical Contracts (i.e. existing Entry Capacity bookings) will not be subject to capacity-based revenue recovery charges**
 - However, such contracts will continue to be subject to a commodity charge for the purposes of revenue recovery
 - Continues the existing arrangements until long-term bookings expire

Recommended Steps



The Proposer recommends that this modification should be referred to Workgroup 0621 for assessment