

MODIFICATION PROPOSAL 0728 AND ALTERNATIVES

EXPLANATORY NOTE FOR LEGAL TEXT

This note explains how the legal text for Modification Proposal 0728 and Alternatives 0718A/B/C/D are presented.

The formal legal text for Modification Proposal 0728 and the Alternatives comprises:

- (a) the short main legal text document which sets out the amendments to UNC (in TPD Sections B, G and Y, and the Transition Document Part IIC) and refers to Annexes A and B;
- (b) Annex A which sets out a new paragraph 8 to be inserted in TPD Section B;
- (c) Annex B which sets out a new paragraph 5 to be inserted in Part A-I in TPD Section Y.

Modification 0728 (National Grid Gas Plc)

TRANSPORTATION PRINCIPAL DOCUMENT		
TPD Reference	Topic	Explanation
Section Y Part A-I: NTS Transportation Charging Methodology		
<i>Section 5: Conditional NTS Capacity Charge Discount</i>		
Paragraph 5.1	General	Establishes that Users may elect to pay a discount on Capacity Charges where the Entry Point and Exit Point meet the CNCCD Eligibility Criteria. Sets out impact of making an eligible election, special rounding rules for determining prices associated with the CNCCD Discount, and the eligibility criteria for the points for which a CNCCD Election may be made.
Paragraph 5.2	DCSL Distance	Sets the due cross-subsidy limit distance at 18km.
Paragraph 5.3	Maximum and minimum discount	Sets the limits for the CNCCD Discount (must be between 90% and 10%)

TRANSPORTATION PRINCIPAL DOCUMENT

TPD Reference	Topic	Explanation
Paragraph 5.4	Calculation of CNCC Discount	Formula for calculating the CNCC Discount for the relevant Entry Point and Exit Point.
Paragraph 5.5	Annual update	Provides that National Grid will annually notify each User who has a CNCCD Election in force of the discounted price that will apply for the relevant Entry Point and Exit Point in the following Gas Year.
Paragraph 5.6	Periodic review	National Grid will periodically review the rules for calculating the discount in consultation with the Users. Any modification to the rules will require a Code Modification.
Section B: System Use and Capacity		
General	General	Inclusion of minor language throughout to make certain sections subject to the new Section B8.
Paragraph 8.1	General	Permits Users to make a CNCCD Election if the CNCCD Eligibility Criteria are met. Defines the Straight Line Distance, and how this is determined, and the Nominated Entry Point and Nominated Exit Point
Paragraph 8.2	Procedure for election	Sets out the procedure and timeframes by which a User may make a CNCCD Election. Includes specific rules as follows: <ul style="list-style-type: none"> - A CNCCD Election remains in force until terminated by the User. CDSP to annually notify Users that any election they have will continue into the following Gas Year; - If an election is terminated part way through the year, the User may not make another election in relation to the same Exit Point within that Gas Year; and - A User cannot have a single Eligible Exit Point as a Nominated Exit Point for more than one election (although a single Eligible Entry Point may be a Nominated Entry Point for more than one election).
Paragraph 8.3	Determination of charges payable	Sets out that where a User makes an election, for each day of that election the User will pay discounted charges in respect of Entry and Exit capacity at the Nominated Entry Point and Nominated Exit Point. Sets out the rules for determining the charges in respect of the User's Eligible Entry Amount and Eligible Exit Amount.

TRANSPORTATION PRINCIPAL DOCUMENT

TPD Reference	Topic	Explanation
Section G: Supply Points		
Paragraph 2.3.2(h) Paragraph 2.3.9(a) Paragraph 2.4.2(l) Paragraph 2.5.8(b) Paragraph 10 of Annex G-1	General	Updated to reflect inclusion of Conditional NTS Capacity Charge Discount in the new charging methodology.

TRANSITION DOCUMENT

TPD Reference	Topic	Explanation
TDIIC: Transition Rules		
Paragraph 25.6	Implementation Date and Election following Modification implementation	<p>Sets out the implementation date as 1 October 2020 or a subsequent date which is the first calendar day of a month (as directed by Ofgem).</p> <p>If implemented between 1 October 2020 and 1 September 2021, the Entry Revenue Scaling Factor and the Exit Revenue Scaling Factor (applicable for any remaining period in Gas Year commencing 1 October 2020) will not take into account elections for the CNCC Discount.</p> <p>Permits a User to make a CNCCD Election following the implementation of the Modification no earlier than the date on which the Modification is implemented and the UK Link system is upgraded to implement the Modification.</p>

Modification 0728A (South Hook Gas)

The alternative 0728A is substantially based on Modification 0728 with the following minor differences:

TRANSPORTATION PRINCIPAL DOCUMENT		
TPD Reference	Topic	Explanation
Section Y Part A-I: NTS Transportation Charging Methodology		
General	General	Inclusion of additional scaling factor related to General Non-Transmission Service Charges.
Paragraph 5.1	General	Establishes that Users may elect to pay discounted Capacity Charges and General Non-Transmission Service Charges where the Entry Point and Exit Point meet the CNTCD Eligibility Criteria.
Paragraph 5.5	CGNTSC Discount	Sets the CGNTSC Discount at 80%
Section B: System Use and Capacity		
General	General	Inclusion of minor language throughout to make certain sections subject to the new Section B8.
Paragraph 8.1	General	Recognises that the discounts that may be elected for apply to NTS Capacity Charges and General Non-Transmission Service Charges.
Paragraph 8.2	Procedure for election	Sets out the procedure and timeframes by which a User may make a CNTCD Election. Includes specific rules as follows: <ul style="list-style-type: none">- A CNTCD Election remains in force until terminated by the User. CDSP to annually notify Users that any election they have will continue into the following Gas Year;- If an election is terminated part way through the year, the User may not make another election in relation to the same Exit Point within that Gas Year; and- A User cannot have a single Eligible Exit Point as a Nominated Exit Point for more than one election (although a single Eligible Entry Point may be a Nominated Entry Point for more than one election).

TRANSPORTATION PRINCIPAL DOCUMENT		
TPD Reference	Topic	Explanation
Paragraph 8.3	Determination of charges payable	Sets out that where a User makes an election, for each day of that election the User will pay discounted charges in respect of (i) Entry and Exit capacity and (ii) Entry and Exit quantities at the Nominated Entry Point and Nominated Exit Point.

Modification 0728B (Vitol SA Geneva)

The alternative 0728B is substantially based on Modification 0728 with the following minor differences:

TRANSPORTATION PRINCIPAL DOCUMENT		
TPD Reference	Topic	Explanation
Section Y Part A-I: NTS Transportation Charging Methodology		
Paragraph 5.2	DCSL Distance	Sets the due cross-subsidy limit distance at 28km

Modification 0728C (RWE)

The alternative 0728C is substantially based on Modification 0728 with the following minor differences:

TRANSPORTATION PRINCIPAL DOCUMENT		
TPD Reference	Topic	Explanation
Section Y Part A-I: NTS Transportation Charging Methodology		
Paragraph 5.2	MDL Distance	Sets the maximum discount limit distance at 18km.
Section B: System Use and Capacity		
Paragraph 8.3	Determination of charges payable	The rules for determining the charges in respect of the User's Eligible Entry Amount and Eligible Exit Amount consider capacity only (and not a User's UDQI or UDQO).

Modification 0728D (Eni)

The alternative 0728D is substantially based on Modification 0728A with the following minor differences:

TRANSPORTATION PRINCIPAL DOCUMENT		
TPD Reference	Topic	Explanation
Section Y Part A-I: NTS Transportation Charging Methodology		
Paragraph 5.2	DCSL Distance	Sets the due cross-subsidy limit distance at 5km.
Paragraph 5.3	CNCCD Discount	Sets the CNCCD Discount at 90%
Paragraph 5.4	CGNTSC Discount	Sets the CGNTSC Discount at 94%