



Rough Order Magnitude (ROM) Request

Change Reference Number: **(5353)**

Please send completed form to: <mailto:box.xoserve.portfoliooffice@xoserve.com>

Section A: Change Details	
Change Title	0765 - New retrospective debit and credit charges to reflect changes to the treatment of Entry Capacity Revenue between October and December 2020
Will the Change impact the UNC (YES / NO)	Yes
MOD Reference (if raised)	0765 - New retrospective debit and credit charges to reflect changes to the treatment of Entry Capacity Revenue between October and December 2020
Contact Details of Person Requesting the ROM	
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Section B: Xoserve Acknowledgement and Business Analyst Contact Details	
<i>(Xoserve CIO Office will add)</i>	
ROM Received Date	09/04/21
ROM Response date	20/05/21
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Rough Order Magnitude (ROM) Response

Type of ROM Evaluation

ROM for Code-Modification

0765 - New retrospective debit and credit charges to reflect changes to the treatment of Entry Capacity Revenue between October and December 2020.

Overview of the Modification proposal:

To create new debit and credit charges to reflect the removal of revenues recovered from daily interruptible and within-day Entry Capacity (obligated only) from Capacity Neutrality arrangements between 01 October 2020 and 31 December 2020 (inclusive), consistent with the prospective change introduced from 01 January 2021 by UNC Modification 0748.

Proposed charges:

- The debit charge will recover from relevant Users part of the revenue which was distributed to them as a consequence of the Capacity Neutrality mechanism. These Users inadvertently received a payment arising from the treatment of that part of the Capacity Revenue Neutrality Charges associated with interruptible and within day obligated Entry capacity during the period October to December 2020;
- The credit charge will re-distribute the revenue collected via the transitional debit charges to all holders of Fully Adjusted Entry Capacity (except Existing Available Holding) over the period 01 February 2021 to 30 September 2021 (inclusive). Each relevant User will receive transitional credit charges proportional to their capacity holdings over that period.

Solution of the how charges will be collected:

It is proposed that a **Transitional Entry Adjustment Charge (TEAC)** is established to create charges which facilitates that between 01 October 2020 and 31 December 2020 (inclusive) ('the relevant period') the following sources of revenue relating to provision of Entry Capacity were not treated as Relevant Capacity Revenues and were not therefore subject to Capacity Neutrality:

- Daily NTS Entry Capacity. Note this does not include Non-obligated Daily NTS Entry Capacity;
- Daily Interruptible NTS Entry Capacity;
- NTS Entry Capacity allocated in any Interruptible Rolling Day-ahead Auction or Within-Day Auction. Note this does not include Non-obligated Daily NTS Entry Capacity.

It is proposed that the TEAC is invoiced and payable in accordance with UNC TPD Section S and is determined as follows:

- **Receipts: Debit TEAC**
Users that received payments from Capacity Neutrality which reflected redistribution of revenue from charges associated with provision of the above capacity types (in respect of the relevant period) will be required to pay to National Grid NTS the TEAC.

The Debit TEAC will be payable by Users over a period of three consecutive months from implementation (M1, M2 and M3). For each User, the amount it received from the revenue redistribution (referred to above) for the Billing Period of:

- October 2020, will be invoiced in month M1;
- November 2020, will be invoiced in month M2; and
- December 2020, will be invoiced in month M3.

- **Payments: Credit TEAC**

National Grid NTS will make Credit TEAC to Users that, in aggregate, are equal to the aggregate Debit TEAC payable by Users. Credit TEAC will be payable to Users over a period of the same three consecutive months from implementation (i.e. M1, M2 and M3).

The amount payable to each User for each month ($TEAC_u$) will be determined on the basis of the following:

$$TEAC_u = TEACR_m \times \left(\frac{FAEC_u}{AFAEC} \right)$$

where:

$TEACR_m$ means the aggregate of Debit TEAC payable by all Users as invoiced the relevant month;

$FAEC_u$ means the aggregate of the relevant User's Fully Adjusted Entry Capacity (excluding Existing Available Holdings) for each day within the period 1st February 2021 to 30th September 2021 (inclusive); and

$AFAEC$ means the aggregate of all Users' Fully Adjusted Entry Capacity (excluding Existing Available Holdings) for each day within the period 1st February 2021 to 30th September 2021 (inclusive).

Modification available at: <https://www.gasgovernance.co.uk/index.php/0765>

Please can you provide the ROM for manual solution, manual/system combined solution and a system solution, with associated costs and timescales against each option.

The Proposed Change

(Xoserve's understanding of the Modification)

1. The Debit Transitional Entry Adjustment Charges are required to be recovered from relevant Users for the revenue associated with interruptible and within day obligated Entry capacity shared using the Capacity Neutrality mechanism during the period October 2020 to December 2020
2. The Credit Transitional Entry Adjustment Charges are required to be re-distributed to the users using the revenue collected via the transitional debit charges of Fully Adjusted Entry Capacity (except Existing Available Holding) over the period 01 February 2021 to 30 September 2021 (inclusive) proportional to their capacity holdings over that period.
3. The Debit and Credit Transitional Entry Adjustment Charges are payable by Users over a period of three consecutive months from implementation

Change Impacts

General Impacts to Xoserve and External Parties:

Debit Transitional Entry Adjustment Charges (Debit TEAC)

These are required to be recovered from relevant Users for interruptible and within day obligated Entry capacity revenues that were shared using the Neutrality mechanism during the period October 2020 to December 2020. This can be used through use of existing Gemini functionality:

- Manually input the Revenue amounts into the Gemini System using the existing Entry Capacity Neutrality "Adhoc" adjustments functionality

Credit Transitional Entry Adjustment Charges (Credit TEAC)

These are required to re-distribute an amount equal to the aggregate Debit TEAC to users proportional to their capacity holdings for the period 1st February 2021 to 30th September 2021. In order to calculate the relevant credits a system change is required:

1. Create New charge type in Gemini System

2. New automated Job to create the charges
3. Modify existing NTE file to issue the new charge type within the NTE invoice

External Interface Impacts (Changes to Screens, Portals, Files, Permitted Values, etc.)

1. Amendments to the NTE Invoice file format to accommodate new Charge Type and associated Record Type

Impacts to Gemini System:

Debit Transitional Entry Adjustment Charges (Debit TEAC)

1. Offline calculate the interruptible and within day obligated Entry capacity revenues to be recovered from the users for the period October 2020 to December 2020
2. Manually input the Revenue amounts into the Gemini System using the existing Entry Capacity Neutrality “Adhoc” adjustments functionality
3. Issue the charges to the users using the existing ‘ARS’ charge type within the ‘NTE’ invoice type

Credit Transitional Entry Adjustment Charges (Credit TEAC)

1. Create new charge type and record types to issue the credit charges
2. New automated batch job to create charges to re-distribute the revenue recovered from the Debit charges using the below formula

$$TEAC_u = TEACR_m \times \left(\frac{FAEC_u}{AFAEC} \right)$$

where:

TEACR_m means the aggregate of Debit TEAC payable by all Users as invoiced the relevant month;

FAEC_u means the aggregate of the relevant User’s Fully Adjusted Entry Capacity (excluding Existing Available Holdings) for each day within the period 1st February 2021 to 30th September 2021 (inclusive); and

AFAEC means the aggregate of all Users’ Fully Adjusted Entry Capacity (excluding Existing Available Holdings) for each day within the period 1st February 2021 to 30th September 2021 (inclusive).

3. Modify the existing NTE file formats to include the new charge type
4. Issue the charges to users using the new charge type within the ‘NTE’ invoice type

Impacts to UKLink System:

1. New charge type will need to be set up in UK Link SAP ISU
2. UK Link SAP ISU will need to handle amended invoice File Format

Impacts UKL Manual Appendix 5b:

None expected.

DSC Service Areas Impacted:

Service Area 20: UK Link Gemini System Services

Costs and Timescales

Change Costs (implementation):

An enduring solution will cost at least **£80,000**, but probably not more than **£110,000** to implement.

Change Costs (on-going):

The change is not expected to increase ongoing running costs.

Timescales:

This change would need to be prioritised through the Change Management Committee alongside other changes within Xoserve's planned Gemini programme.

The high-level estimate to develop and deliver this change is approximately 10 to 12 weeks for Analysis through to Post Implementation Support.

Please note a lead time of 3 months for startup/sanction/mobilisation should be considered though there is the potential for this to be shortened subject to the delivery mechanism and availability of resources.

Assumptions:

1. No new online report screen is required to view the charges. In the event the data is required a Service Request should be raised via the Service Desk.
2. National Grid and Correla will manually calculate the revenue to be recovered via the Debit TEAC.
3. Adjustment functionality is not required.
4. Connected testing with the UK Link System is not required
5. There will be joint testing between National Grid and Correla
6. This ROM assumes the solution will be delivered as a standalone project
7. This ROM is based on the Gemini functionality currently in Production and does not consider any functional changes being introduced by inflight projects.
8. Change can be delivered using environments from the existing Gemini test estate
9. Costs are high level, based on high level analysis and assumed requirements

Dependencies:

- Availability of National Grid business resources to support delivery
- Implementation of the change is dependent on timely approval of the associated UNC modification

Constraints:

- The intention is to deliver this during 2021 and so this change needs to be considered alongside the wider Gemini change programme including existing inflight projects:
 - Gemini System Enhancements
 - NOCC readiness for October 2021
 - CSSC programme

Observations:

None identified.

Document Version History

Version	Status	Date	Author(s)	Summary of Changes

Template Version History

Version	Status	Date	Author(s)	Summary of Changes
2.0	Approved	22/05/18	Steve Ganney	Minor changes implemented

