

UNC Modification	At what stage is this document in the process?
<h1>UNC 0774:</h1> <h2>Alignment of UNC TPD to the National Grid Licence in respect of the NTS</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid green; background-color: #00a651; color: white; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">01</span> Modification         </div> <div style="border: 1px solid #00a651; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">02</span> Workgroup Report         </div> <div style="border: 1px solid #00a651; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">03</span> Draft Modification Report         </div> <div style="border: 1px solid #00a651; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">04</span> Final Modification Report         </div> </div>
<p><b>Purpose of Modification:</b></p> <p>This Modification proposes updating references to Licence terms within UNC TPD which refer to National Grid Gas ('NGG') Licence applicable from 1st April 2021.</p>	
<p><b>Next Steps:</b></p> <p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> <li>Self-Governance</li> <li>assessed by a Workgroup</li> </ul> <p>This modification will be presented by the Proposer to the Panel on <b>15 July 2021</b>. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>	
<p><b>Impacted Parties:</b></p> <p>High:</p> <p>Low:</p> <p>None: No material impacts on NTS Users, NTS</p>	
<p><b>Impacted Codes:</b></p> <p>N/A</p>	



## 1 Summary

### What

UNC TPD contains a number of references to specific conditions of the NGG Licence.

### Why

Material changes to the NGG Licence, which took effect from 01 April 2021 (start of the RIIO2 period), have resulted in a quantity of changes to the numbering of individual Licence Conditions. This means that a number of references to NGG Licence terms in UNC TPD are now incorrect. Some of the changes have been updated via implementation of UNC Modification 0766FT Align TPD Section Y (Part A-I) to the National Grid Licence in respect of the NTS. This Modification seeks to bring up to date the remainder of UNC TPD in this regard.

### How

This Modification will make changes to the references within UNC TPD in order to correctly align to the Conditions in the current NGG Licence. Furthermore, it removes the reference to revenue driver and replaces it with Funded Incremental Obligated Capacity Re-openers (in accordance with Special Condition 3.13).

## 2 Governance

### Justification for Fast Track Self-Governance

This Modification should be classed as a Self-Governance Modification because it has no effect on existing or future gas consumers, competition between parties, operation of network systems or UNC procedures nor will it unduly discriminate between different classes of UNC parties. It proposes to only update references which link to the NGG Licence and replaces/updates the revenue driver term. The requirement for this Modification was noted at the May 2021 Transmission Workgroup.

### Requested Next Steps

This modification should:

- be considered a non-material change and housekeeping modification updating out of date references within UNC TPD to the RIIO2 NGG Licence.
- be subject to Self-Governance and
- be assessed by a Workgroup

## 3 Why Change?

As a consequence of the start of a new price control period ('RIIO2') changes were made to the NGG Licence which took effect from 01 April 2021. This has resulted in changes to the numbering of individual Licence Conditions and revisions to defined terms which means that a number of the references to NGG Licence terms in UNC TPD are now incorrect and as such should be updated.

## 4 Code Specific Matters

### Reference Documents

UNC TPD: <https://www.gasgovernance.co.uk/TPD>

RIIO2 NGG Licence: <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modificationsriio-2-transmission-gas-distribution-and-electricity-system-operator-licences>

### Knowledge/Skills

UNC TPD and NGG RIIO2 Licence

## 5 Solution

### References between UNC TPD and the NGG Licence

Within the UNC TPD there are references to the NGG Licence; currently these relate to the previous version of the NGG Licence (i.e. in place prior to 01 April 2021). These need to be updated to reflect the updated NGG Licence (applicable from 01 April 2021). This Modification will ensure continuity and alignment of the UNC with the NGG Licence. The following table lists specific paragraphs within UNC TPD containing licence references which require updating. The full details of the changes are included within the legal text.

UNC Section (TPD)	Paragraph	RIIO1 Licence ref	Updated RIIO2 Licence ref
B	1.7.3	SpC 2A	SpC 2.1
B	1.7.3	SpC 3A	SpC 2.3
B	1.7.3	SpC 1B	SpC 2.1
B	2.1.5 (c)	SpC 5F	SpC 3.13
B	2.1.6	SpC 5F	SpC 3.13
B	2.3.2 (d)	SpC 9A	SpC 9.17
B	2.3.28 (b)	SpC 9A.2	SpC 9.17.6
B	2.8.2 (c)	SpC 8A	SpC 9.19
B	2.11.1 (c)	SpC2A	SpC 2.1
B	2.11.1 (c)	SpC3A	SpC 2.3
B	2.15.1	SpC 9A	SpC 9.17
B	3.9.1	SpC 8A	SpC 9.19
B	3.12.1 (c)	SpC 2A	SpC 2.1
B	3.12.1 (c)	SpC 3A	SpC 2.3
B	3.8	SpC 3B	SpC 5.5
D	1.1.4	SpC 8A	SpC 9.19
D	1.4.1 (g)	SpC 8A	SpC 9.19
D	2.1.1	SpC C6	SpC 9.20
D	5.1.1 (c)	SpC 8I	SpC 9.22
F	1.1.2 (j)	SpC 2A	SpC 2.1
K	3.10.7	SpC 8A	SpC 9.19
V	2.5.1 (a)	SpC C6	SpC 9.20
V	10.6.1	SpC 2A	SpC <del>2.19.6</del>
V	10.6.1	SpC 3A	SpC <del>2.39.6</del>

UNC Transition Document	Paragraph	RIIO1 Licence ref	Updated RIIO2 Licence ref
<i>Part II C</i>	1.1.1 (a)	SpC C8B	SpC 2.1
	1.1.1 (b)	SpC C8B	SpC 2.1
	1.1.7 (v)	SpC C8D	SpC 3.13
	8.2.3	SpC C18	SpC 9.18
	9.5.1 (b)	SpC C8B	SpC 2.1
	9.5.1 (b)	SpC C8C	SpC 2.3
	9.8.4	SpC C5(5)	SpC 9.19
<b>UNC General Terms</b>			
<i>Interpretation (1. Defined Terms)</i>	Entry Capacity Release Methodology Statement	SpC 9B	SpC 9.18
	Exit Capacity Release Methodology Statement	SpC 9B	SpC 9.18
	Exit Capacity release obligation summary report	SpC 9B	SpC 9.18
	Exit Capacity Substitution Methodology Statement	SpC 9A	SpC 9.17
	System Management Principles	SpC 8A	SpC 9.19
	Section D	1.2.1	SSpC A15A

Furthermore, the term “revenue driver” is no longer applicable within the RIIO2 updated NGG Licence. Ofgem removed the revenue driver methodology and introduced a re-opener mechanism to manage potential costs associated with the release of incremental capacity (called Funded Incremental Obligated Capacity Re-opener). It is therefore necessary to reflect the new term to maintain the correct terminology of the current Licence. The table below includes the details of the change within the UNC text.

UNC Section	Current UNCC wording	Changes needed - change marked
UNC B 1.18.1 (c) PARCA Information publishing	1.18 PARCA – Information publishing  1.18.1(c) National Grid NTS will publish, as soon as reasonably practicable and respecting commercial confidentiality, details of the progress made against the phases of each PARCA. This will include in each case updates on the submission of application for a development consent order (if required), receipt of a development consent order (if required), and calculation of any required revenue drivers;	1.18 PARCA – Information publishing  1.18.1(c) National Grid NTS will publish, as soon as reasonably practicable and respecting commercial confidentiality, details of the progress made against the phases of each PARCA. This will include in each case updates on the submission of application for a development consent order (if required), receipt of a development consent order (if required), and calculation of any required <b>funding revenue driver</b> ; (in accordance with Special Condition 3.13 of National Grid NTS’ Transporter Licence);
UNC V 13.4.2 (c)(iii) Content of Connection Offers	13.4.2 A Full Connection Offer shall comprise, as a minimum:	13.4.2 A Full Connection Offer shall comprise, as a minimum:  (c) an indicative programme of the proposed construction works, including as a minimum:

	(c) an indicative programme of the proposed construction works, including as a minimum: (iii) an indicative project plan containing: (1) an indicative milestone date when National Grid NTS would expect to apply to the Authority to include or revise a revenue driver in its Gas Transporter’s Licence (where applicable);	(iii) an indicative project plan containing: (1) an indicative milestone date when National Grid NTS would expect to apply to the Authority <del>to include or revise a revenue driver in its Gas Transporter’s Licence</del> (where applicable) for funding in accordance with Part C of Special Condition 3.13 of its Gas Transporter’s Licence;
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## 6 Impacts & Other Considerations

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

None

#### Consumer Impacts

None – the Modification is limited to housekeeping changes which have no impact on Consumers.

### What is the current consumer experience and what would the new consumer experience be?

N/A

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
Improved safety and reliability	None
Lower bills than would otherwise be the case	None
Reduced environmental damage	None
Improved quality of service	None
Benefits for society as a whole	None

### Cross-Code Impacts

None identified.

### EU Code Impacts

None identified.

### Central Systems Impacts

None identified.

## 7 Relevant Objectives

### Impact of the Modification on the Transporters' 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.	None
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.	Positive
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

As this proposal is correcting the references within UNC TPD to the updated NGG Licence, the broader Standard Relevant Objective f) (Promotion of efficiency in the implementation and administration of the Code) is better facilitated by ensuring that UNC is reflecting the necessary information.

No changes are proposed to UNC TPD Section Y therefore we consider there is no overall impact on any Charging Methodology Relevant Objectives.

## 8 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a unanimous vote in favour of implementation by the Modification Panel, subject to no Objection being raised.

## 9 Legal Text

### Text Commentary

Individual provisions of UNC TPD that contain references to Licence Conditions that have been revised as a consequence of the implementation of an updated NGG Licence from 01 April 2021 have been amended as shown.

### Text

#### UNC TPD SECTION B

1.7.3 A "Commodity Charge" is a charge in respect of use of a System, determined by reference to the quantity of the gas flow (or the part thereof attributable to a User) at a System Point, or a charge payable by reference to the arrangements in Special Condition [2.1A](#) or Special Condition [2.33A](#) of National Grid NTS's Transporter's Licence or Special Condition [4B2.1](#) of the relevant DNO's Transporter's Licence.

1.18.1 (c) National Grid NTS will publish, as soon as reasonably practicable and respecting commercial confidentiality, details of the progress made against the phases of each PARCA. This will include in each case updates on the submission of application for a development consent order (if required), receipt of a development consent order (if required), and calculation of any required ~~revenue drivers funding~~ [\(in accordance with Special Condition 3.13 of National Grid NTS' Transporter Licence\)](#);

2.1.5 (c) "Unsold NTS Entry Capacity" subject to EID Section E, paragraph 7.1.4, is the amount of Firm NTS Entry Capacity that National Grid NTS has an obligation to make available (in accordance with the procedures set out in this paragraph 2) to Users pursuant to Special Condition [5F3.13](#) of National Grid NTS's Transporter's Licence as, in the case of NTS Entry Capacity to be made available under paragraphs 2.2, 2.3 and 2.4 but not paragraph 2.5, set out in National Grid NTS's Transportation Statement, for the purposes of:

(i) paragraph 2.2, in relation to each Day in a calendar quarter (in the case of QSEC) or in a month (in the case of AMSEC);

(ii) paragraph 2.3, in relation to each Day in a calendar month;

(iii) paragraph 2.4, in relation to a Day;

in each case minus Reserved Entry Capacity for the calendar quarter, calendar month or Day in question.

2.1.6 For the purposes of the application of paragraph 2.6, the amount of Unsold NTS Entry Capacity in existence at a particular time will, unless expressly stated otherwise, be calculated by reference to a continuing obligation to make available Firm NTS Entry Capacity through the application of Special Condition [5F3.13](#) of National Grid NTS's Transporter's Licence prior to the time at which the amount of Unsold NTS Entry Capacity is to be ascertained.

2.3.2 (d) the "Entry Capacity Transfer and Trade Methodology Statement" is the capacity methodology statements in respect of entry capacity transfer and entry capacity trade prepared and published by National Grid NTS in accordance with Special Condition [9A9.17](#) of National Grid NTS's Transporter's Licence;



2.3.28 (b) where a User submits a rolling monthly surrender offer or rolling monthly capacity bid (as the case may be) the User shall be deemed to have requested National Grid NTS to enact an entry capacity transfer or trade for the purposes of Special Condition [9A.29.17.6](#) of National Grid NTS's Transporter's Licence;

2.8.2(c) a "Capacity Management Agreement" is any form of agreement (or mechanism) identified in the statement to be prepared and published by National Grid NTS pursuant to Special Condition [8A9.19](#) of National Grid NTS's Transporter's Licence which may be utilised by National Grid NTS and pursuant to which National Grid NTS may secure the surrender of Firm NTS Entry Capacity by Users for the purposes of the management of a capacity constraint.

2.11.1 (c) a Shipper User shall pay General Non-Transmission Services Charges as Commodity Charges to National Grid NTS in respect of its use of the NTS for the delivery of gas to the Total System on any Day, in accordance with paragraph 2.11.6, or a charge calculated by reference to Special Condition [2A2.1](#) and [3A2.3](#) of National Grid NTS's Transporter's Licence;

2.15.1 For the purposes of the Code, "Entry Capacity Substitution Methodology Statement" means the capacity methodology statement published in respect of Entry Capacity substitution pursuant to Special Condition [9A9.17](#) of National Grid NTS's Gas Transporter's Licence

3.9.1 For the purposes of the Code an "Exit Constraint Management Agreement" is any form of agreement (or mechanism) identified in the System Management Principles to be prepared and published by National Grid NTS pursuant to Special Condition [8A9.19](#) of National Grid NTS's Transporter's Licence which may be utilised by National Grid NTS and pursuant to which National Grid NTS may secure the surrender of Firm NTS Exit (Flat) Capacity by Users for the purposes of the management of an NTS Exit Constraint.

3.12.1 (c) a Shipper shall pay General Non-Transmission Services Charges as Commodity Charges to National Grid NTS in respect of its use of the NTS for the offtake of gas from the Total System on any Day, in accordance with paragraphs 3.12.8 and 3.12.9, or a charge payable by reference to the arrangements in Special Condition [2.1A](#) and [3A2.3](#) of National Grid NTS's Transporter's Licence;

3.8 Where the offer price in respect of a daily capacity offer is greater than 0.52pence/kWh/day National Grid NTS shall (in accordance with Special Condition [3B5.5](#) of its Transporter's Licence) reject the offer where it is made in response to a requirement (in accordance with Section B3.3.5 and 3.3.6) that National Grid NTS take an Exit Constraint Management Action.

#### **UNC TPD Section D**

1.1.4 It is acknowledged that the measures referred to in paragraph 1.1.2 are among the measures which are specified in the statement prepared by National Grid NTS pursuant to Special Condition [8A9.19](#) of National Grid NTS's Transporter's Licence, and that such statement does not form a part of and is not incorporated into, and is not binding upon National Grid NTS pursuant to, the Code.

1.4.1 For the purposes of the Code

(g) "NTS Linepack" is, for a Day, the volume of gas within the National Transmission System (ascertained in accordance with the principles set out in the statement prepared by National Grid NTS pursuant to Special Condition [9.198A](#) of National Grid NTS's Transporter's Licence);

2.1.1 Where National Grid NTS appoints a person who has established a market for the purposes referred to in Standard Special Condition A11(22A and 22B), inserted by Special Condition [C69.20](#) of National Grid NTS's Transporter's Licence, National Grid NTS will make arrangements with such person pursuant to which such person will provide and operate an electronic trading system by means of which Users and National Grid NTS may (if they have been admitted by such person as participants in such system) post and accept (and revise and withdraw) offers to effect Market Transactions.

5.1.1 For the purposes of the Code:

(c) "DSR Methodology" is the document entitled "DSR Framework and Methodology Document" prepared by National Grid NTS in accordance with Special Condition [849.22](#) of its Gas Transporter Licence and published from time to time on its website;

#### **UNC TPD Section F**

1.1.2 For the purposes of the Code:

(j) "Average Forecast NTS Capacity Charges" are the charges (in pence per kilowatt hour (p/kWh)) determined as TORt less TOKt (both such terms being defined in Special Condition [2A2.1](#) of National Grid NTS's Transporter's Licence) in respect of the Formula Year commencing in the Gas Year in which the Default System Marginal Price Statement is published, divided by the 1 in 20 peak day demand in relation to the Gas Year following the Gas Year in which the Default System Marginal Price Statement is published; and the numerical result derived from the application of the Default System Marginal Price Methodology shall be contained in the Default System Marginal Price Statement.

#### UNC TPD Section K

3.10.7 National Grid NTS will, subject to section 3.10.8, publish the following details of any Erroneous Trade in the Procurement Guidelines document required by Special Condition [8A9.19](#) of its Gas Transporter's Licence:

#### UNC TPD Section V

2.5.1 A person which is for the time being either:

(a) designated by the Authority for the purposes of Special Condition [C69.20](#) of National Grid NTS's Transporter's Licence; or

10.6.1 If at any time the Transporters shall have delivered a dis-application request pursuant to ~~paragraph 4 of Special Condition 2A, 3A9.6 of the Transporter's Licence or paragraph 11 of Special Condition 3A of the Transporter's Licence~~, or the equivalent provision in any condition of that licence which may apply following any modification of that licence, then if the Transporters shall give notice to the Authority not less (except with the consent of the Authority) than 9 months before the dis-application date (as defined in that condition), all Compensation Rules and the related Compensation Provisions shall cease to have effect with effect from the dis-application date.

13.4.2 A Full Connection Offer shall comprise, as a minimum:

(c) an indicative programme of the proposed construction works, including as a minimum:

(iii) an indicative project plan containing:

(1) an indicative milestone date when National Grid NTS would expect to apply to the Authority ~~to include or revise a revenue driver in its Gas Transporter's Licence~~ (where applicable) ~~for funding in accordance with Part C of Special Condition 3.13 of its Gas Transporter's Licence;~~

#### UNC Transition Document Part II C – Transitional Rules

1.1.1 TPD Section B2.1.5 and Section B2.1.6

(a) In respect of any invitation for Quarterly NTS Entry Capacity issued prior to 31 March 2007, then the Unsold NTS Entry Capacity which National Grid NTS shall be required to offer in such invitation shall be determined as follows: In respect of an Aggregate System Entry Point and in relation to a Day in a calendar month in a Formula Year, "Unsold NTS Entry Capacity" is the amount of Firm NTS Entry Capacity that National Grid NTS has, in relation to each Day in a calendar quarter, an obligation to make available (in accordance with the procedures set out in UNC TPD Section B2) to Users pursuant to paragraph 14(5)(f) of Part 2 of Special Condition [C8B2.1](#) of National Grid NTS's Transporter's Licence as, in the case of Quarterly NTS Entry Capacity to be made available under UNC TPD Section B2.2, set out in National Grid NTS's Transportation Statement; provided that where the Authority has so consented in writing:

(b) In respect of any allocations of Quarterly NTS Entry Capacity pursuant to an invitation issued prior to 31 March 2007, then, for the purposes of the application of UNC TPD Section B2.6, the amount of Unsold NTS Entry Capacity in existence at a particular time will, unless expressly stated otherwise, be calculated by reference to a continuing obligation to make available Firm NTS Entry Capacity through the application of paragraph 14(5) of Part 2 of Special Condition [C8B2.1](#) of National Grid NTS's Transporter's Licence prior to the time at which the amount of Unsold NTS Entry Capacity is to be ascertained; provided that where the Authority has so consented in writing:

1.1.7 TPD Section B2.2

(v) the "NTS Entry Capacity Transfer and Trade Methodology Statement" is the NTS Entry Capacity Transfer and Trade methodology statement prepared and published by National Grid NTS in accordance with Special Condition [C8D3.13](#) of National Grid NTS's Transporter's Licence;

8.2.3 Where pursuant to the terms of an advanced capacity reservation agreement entered into with a User, or person other than a User, as contemplated by the exit capacity release methodology statement prepared and published by National Grid NTS in accordance with Special Condition [C489.18](#) of National Grid NTS's Transporter's Licence, NTS Exit Capacity has been reserved at an NTS Exit Point where on the last day of the exit capacity transitional period a User is registered as holding such NTS Exit Capacity, then the User will be

registered as holding (in addition to any enduring amount (if any) and without prejudice to paragraph 8.2.2) such NTS Exit Capacity as Enduring Annual NTS Exit (Flat) Capacity at the NTS Exit Point with effect from 1 October 2012.

9.5.1 A User shall pay:

(b) Commodity Charges ("NTS Exit Commodity Charges") in respect of its use of the NTS on any Day, or a charge payable by reference to the arrangements in Special Condition [C8B2.1](#) and [C8C2.3](#) of National Grid NTS's Transporter's Licence

9.8.4 National Grid NTS will prepare (in consultation with Users) and publish (or include in the statement prepared pursuant to Special Condition [C5\(5\)9.19](#) of National Grid NTS's Transporter's Licence) a statement setting out the principles on which (where it decides to do so) it will invite offers from Users to surrender NTS Exit Capacity.

## **UNC General Terms**

### 1. Defined Terms

"Entry Capacity Release Methodology Statement" means the capacity release methodology statement prepared and published by National Grid NTS in respect of Entry Capacity in accordance with Special Condition [9B9.18](#) of National Grid NTS's Transporter's Licence;

"Exit Capacity Release Methodology Statement" means the capacity release methodology statement prepared and published by National Grid NTS in respect of Exit Capacity in accordance with Special Condition [9B9.18](#) of National Grid NTS's Transporter's Licence;

"Exit Capacity release obligation summary report" means the report prepared and published by National Grid NTS in respect of Exit Capacity in accordance with Special Condition [9B9.18](#) of National Grid NTS's Transporter's Licence;

"Exit Capacity Substitution Methodology Statement" means the capacity methodology statement prepared and published by National Grid NTS in respect of Exit Capacity substitution in accordance with Special Condition [9A9.17](#) of National Grid NTS's Transporter's Licence;

"System Management Principles" are the principles and criteria established and published by National Grid NTS pursuant to Special Condition [8A9.19](#) of National Grid NTS's Transporter's Licence for the purposes of (inter alia) Capacity Management;

### UNC General Terms Section D – CDSP and UK Link

1.2.1 For the purposes of the Code:

(b) the "CDSP Licence Condition" is Standard Special Condition A15A of Gas Transporter's Licences;

## **10 Recommendations**

### **Proposer's Recommendation to Panel**

Panel is asked to:

- Agree that Self-Governance procedures should apply

Refer this proposal to a Workgroup for assessment