








UNC Final Modification Report	At what stage is this document in the process?
<h1>UNC 0802S:</h1> <h2>Clarification of ‘Annual Update’ for impacted Users in relation to CNCCD Election(s)</h2>	<div> <div>01</div> <div>Modification</div> </div> <div> <div>02</div> <div>Workgroup Report</div> </div> <div> <div>03</div> <div>Draft Modification Report</div> </div> <div> <div>04</div> <div>Final Modification Report</div> </div>
<p><b>Purpose of Modification:</b></p> <p>This UNC Modification proposal clarifies which Users receive the ‘annual update’ for the Conditional NTS Capacity Charge Discount (CNCCD) product. Should a ‘live’ election become ineligible, or the discount level is to change, only those impacted Users will receive an update via the ‘annual update’. This process ensures that when an impacted User receives the ‘annual update’ file, they are informed that something has changed which will impact their CNCCD Election for the following Gas Year and serves as a prompt to consider any actions they may need to take with regards to the impacted ‘live’ CNCCD Election(s).</p>	
<p><b>Next Steps:</b></p> <p>The Panel determined that this Self-Governance Modification should be implemented.</p>	
<p><b>Impacted Parties:</b></p> <p>High: N/A</p> <p>Low: Shippers</p> <p>None: Consumers, Suppliers, Distribution Network Operators, IGTs and CDSP</p>	
<p><b>Impacted Codes:</b></p> <p>N/A</p>	

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Timetable		 colin. <a href="mailto:williams@nationalgrid.com">williams@nationalgrid.com</a>
<b>Modification timetable:</b>		 07785 451 776
Pre-Modification Discussed	11 January 2022, 01 February 2022	 07970 842 400
Date Modification Raised	04 February 2022	Transporter: <b>Colin Williams</b> <b>National Grid</b>
New Modification to be considered by Panel	17 February 2022	 <a href="mailto:laura.johnson@nationalgrid.com">laura.johnson@nationalgrid.com</a>
First Workgroup Meeting	01 March 2022	 07970 842 400
Workgroup Report to be presented to Panel	17 March 2022	 <a href="mailto:UKLink@xoserve.com">UKLink@xoserve.com</a>
Draft Modification Report issued for consultation	21 March 2022	
Consultation Close-out for representations	07 April 2022	
Final Modification Report available for Panel	08 April 2022	
Modification Panel decision	21 April 2022	

## 1 Summary

### What

The 'Annual Updates' within the UNC to be clarified to ensure that the Users can consider their CNCCD election(s) ahead of the next Tariff Period (Gas Year) if there was a change to their 'live' CNCCD election(s).

### Why

The purpose for the 'Annual Updates' within the UNC was to enable Users to consider their CNCCD election(s) ahead of the next Tariff Period (Gas Year) if there was a change to their 'live' CNCCD election(s). The 'Annual Update' file for impacted Users will state the updated CNCCD percentage and/or eligibility status. The wording should be clarified through this UNC Modification proposal.

### How

Amendment to the UNC to clarify that the "Annual Updates" would notify only impacted Users where the discount percentage has changed for a 'live' CNCCD election or it was to become ineligible. This process is run by 01 August each year and by taking place with time before the start of the next Gas Year, this would enable time for any impacted User to consider their CNCCD election(s) before the start of the next Gas Year.

If there are no changes then no 'Annual Update' file will be generated as the discount percentage and eligibility status will stay the same for the following Gas Year.

## 2 Governance

### Justification for Self-Governance

This UNC Modification proposal 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 nor will it unduly discriminate between different classes of UNC parties.

Amendment to the UNC to clarify that the 'Annual Updates' would notify only impacted Users where the discount percentage or eligibility has changed for an 'live' CNCCD election. This would enable time for any impacted User to consider their impacted CNCCD election(s). This Modification clarifies when the 'Annual Update' files will be sent for the 'Annual Update' process, it does not change the operation and application of the NTS Charging Methodology which was implemented as part of UNC Modification 0728B<sup>1</sup>.

The requirement for this UNC Modification proposal was noted at the 11 January 2022 and 01 February 2022 meetings of the NTS Charging Methodology Forum (NTSCMF)<sup>2</sup>.

### Requested Next Steps

This Modification should be considered a non-material change and subject to Self-Governance.

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<sup>1</sup> <https://www.gasgovernance.co.uk/sites/default/files/ggf/book/2020-06/Modification%200728B%20%28Urgent%29%20v2.0%20.pdf>

<sup>2</sup> <https://www.gasgovernance.co.uk/ntscmf>

### 3 Why Change?

The purpose for the Annual Updates within the UNC was to enable Users to consider their CNCCD election(s) ahead of the next Tariff Period (Gas Year) if there was a change to their 'live' CNCCD election(s), to ensure that elections for the following Gas Year are appropriate for that particular User.

The 'annual update' for CNCCD as written in UNC currently, states that all Users will receive the update annually, proposal is to amend this to only send to the Users where there is a change to the discount percentage or eligibility of the 'live' CNCCD Election(s). If there are no changes then no 'Annual Update' file will be generated as the discount percentage and eligibility status will stay the same for the following Gas Year.

This UNC Modification proposal will ensure that when a User receives the 'Annual Update' file they will know that something has changed and it will be a prompt for them to have a look at the CNCCD and assess whether any changes need to be made for the following Gas Year.

For awareness, the application and confirmation processes that are used for applying for the CNCCD election(s) (including confirmation of Entry/Exit point, distance and discount percentage) are unaffected.

### 4 Code Specific Matters

#### Reference Documents

[UNC TPD Section Y](#) (including Part A-I: NTS Transportation Charging Methodology), specifically section 5.5.

[UNC TPD Section B](#) specifically section 9.2.2

#### Knowledge/Skills

Knowledge of the current NTS Transportation Charging Methodology (in place from 01 October 2020) and the CNCCD product (in place from 01 October 2021) would be beneficial.

### 5 Solution

Amendment to TPD Section Y 5.5<sup>3</sup> and TPD Section B 9.2.2<sup>4</sup>, to state that 'annual update' will be sent to User which has a 'live' CNCCD election(s), if the CNCCD Percentage of the User in respect of the relevant Entry Point and Exit Point will change in the following Gas Year and if so what the new CNCCD percentage will be or the CNCCD Eligibility Criteria in respect of the relevant Entry Point and Exit Point will no longer be met in the following Gas Year.

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<sup>3</sup> <https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2021-10/24%20TPD%20Section%20Y%20-%20Charging%20Methodologies%20%281%29.pdf>

<sup>4</sup> [https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2021-10/4%20TPD%20Section%20B%20-%20System%20Use%20%26%20Capacity\\_0.pdf](https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2021-10/4%20TPD%20Section%20B%20-%20System%20Use%20%26%20Capacity_0.pdf)

## 6 Impacts & Other Considerations

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

No impact.

### Consumer Impacts

This proposal is providing clarity that the 'Annual Updates' would notify only impacted Users where the CNCCD percentage or eligibility has changed for a 'live' CNCCD election, so would not see that this proposal would have an impact on customers.

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

No impact.

#### 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

No impact.

### EU Code Impacts

No impact.

### Central Systems Impacts

No impact

### Performance Assurance Considerations

No impact

### Workgroup Impact Assessment

Workgroup Participants considered this Modification on 01 March and made no comments.

## 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 <ul style="list-style-type: none"> <li>(i) the combined pipe-line system, and/ or</li> <li>(ii) the pipe-line system of one or more other relevant gas transporters.</li> </ul>	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: <ul style="list-style-type: none"> <li>(i) between relevant shippers;</li> <li>(ii) between relevant suppliers; and/or</li> <li>(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.</li> </ul>	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

Standard Relevant Objective f) Promotion of efficiency in the implementation and administration of the Code is overall furthered as this proposal providing clarity that the 'Annual Updates' would notify only impacted Users where the CNCCD percentage or eligibility has changed for a 'live' CNCCD election. This would enable time for any impacted User to consider their CNCCD election(s) before the start of the next Gas Year. It does not change any calculations for the CNCCD and applicable discount percentage that was implemented in UNC Modification 0728B - Introduction of Conditional Discount for Avoiding Inefficient Bypass of the NTS with 28km distance cap.

Workgroup Participants did not comment.

### Impact of the Modification on the Transporters' Relevant Charging Methodology Objectives:

Relevant Objective	Identified impact
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;	None
aa) That, in so far as prices in respect of transportation arrangements are established by auction, either: <ul style="list-style-type: none"> <li>(i) no reserve price is applied, or</li> </ul>	None

(ii) that reserve price is set at a level - (I) best calculated to promote efficiency and avoid undue preference in the supply of transportation services; and (II) best calculated to promote competition between gas suppliers and between gas shippers;	
b) That, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business;	None
c) That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers; and	None
d) That the charging methodology reflects any alternative arrangements put in place in accordance with a determination made by the Secretary of State under paragraph 2A(a) of Standard Special Condition A27 (Disposal of Assets).	None
e) 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 provides clarity that the 'Annual Updates' would notify only impacted Users where the CNCCD percentage or eligibility has changed for a 'live' CNCCD election. This would enable time for any impacted User to consider their CNCCD election(s) before the start of the next Gas Year. It does not change any calculations for the CNCCD and applicable discount percentage that was implemented in UNC Modification 0728B, hence the Proposer considers there is no overall impact on any Charging Methodology Relevant Objectives.

Workgroup Participants made no comment.

## 8 Implementation

As Self-Governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

Workgroup Participants noted the assessment by Panel that this Modification should be Self-Governance.

## 9 Legal Text

### Text Commentary

The legal text, once implemented, ensures that the 'Annual Update' would notify only impacted Users where the CNCCD percentage or eligibility has changed for a 'live' Conditional NTS Capacity Charge Discount (CNCCD) election.

### Text

#### **UNIFORM NETWORK CODE (UNC) – TRANSPORTATION PRINCIPAL DOCUMENT (TPD)**

#### **SECTION Y**

##### 5.5 Annual update

5.5.1 National Grid will, not later than 1 August in each Gas Year, give notice to each User which has made a CNCCD Election which is then in force (and is not subject of a notice of termination effective before the end of that Gas Year) if: ~~of the Discounted Applicable Daily Rates of the NTS Capacity Charges in respect of the relevant Entry Point and Exit Point which will apply in the following Gas Year.~~

(a) the CNCC Discount of the User in respect of the Entry Point and Exit Point to which the CNCCD Election relates will change in the following Gas Year and if so what the new CNCC Discount will be; or

(b) the CNCCD Eligibility Criteria in respect of the Entry Point and Exit Point to which the CNCCD Election relates will no longer be met in the following Gas Year.

## **SECTION B**

9.2.2 A CNCCD Election shall remain in force until it is terminated under paragraph 9.2.1(c).; and before the start of each Gas Year the CDSP will give notice to each User which has made (and not given notice of termination of) a CNCCD Election to remind the User that the election will continue in force in the following Gas Year.

The Proposer outlined the legal text at the 1 March meeting. Workgroup Participants did not comment on the text. The Proposer noted that any comments may be provided during consultation.

## **10 Consultation**

Panel invited representations from interested parties on 17 March 2022. All representations are encompassed within the Appended Representations section.

The following table provides a high-level summary of the representations. Implementation was supported in the 1 representations received.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Relevant Charging Methodology Objectives
National Grid NTS	Support	f) positive	None

Please note that late submitted representations will not be included or referred to in this Final Modification Report. However, all representations received in response to this consultation (including late submissions) are published in full alongside this Report and will be taken into account when the UNC Modification Panel makes its assessment and recommendation.

## **11 Panel Discussions**

### **Discussion**

The Panel Chair summarised that Modification 0802S would change the Annual Update process for the Conditional NTS Capacity Charge Discount (CNCCD) so that a notice would only be issued to Users where the CNCCD percentage or eligibility has changed for their 'live' CNCCD election.

Panel Members considered the one representation, made by the Proposer, noting that it supports implementation of this Modification and that Self-Governance procedures should be applied.

Panel Members agreed with respondent that this modification would clarify the purpose of the update so that when an impacted User receives the 'annual update' file, they are alerted that something has changed which will impact their CNCCD Election for the following Gas Year and that this should serve as a prompt to consider any actions they may need to take with regards to the impacted 'live' CNCCD Election(s). Panel members also noted that the Modification does not change any calculations for the CNCCD and applicable discount percentage



that was implemented in UNC Modification 0728B - *Introduction of Conditional Discount for Avoiding Inefficient Bypass of the NTS with 28km distance cap*.

Panel Members noted that this Modification appears uncontroversial given the limited comments made by the Workgroup and the single response during consultation.

The Proposer confirmed that they believed implementation after 16 days is entirely appropriate for this Modification. Panel Members had no objections.

### Consideration of the Relevant Objectives

Panel Members considered Relevant Objective f) *Promotion of efficiency in the implementation and administration of the Code*, agreeing that implementation would have a positive impact because it will reduce the number of notices being sent to Users and thereby reduce their administrative burden. If a User receives a notice it will act as a clear prompt for action to review the CNCCD election.

### Determinations

Panel Members voted unanimously that Modification 0802S does not have an SCR impact.

Panel Members voted unanimously that no new issues were identified as part of consultation.

Panel Members voted unanimously that Modification 0802S continues to meet the Self Governance criteria.

Panel Members voted unanimously that Modification 0802S does not have any Cross code impacts.

Panel Members voted unanimously to implement Modification 0802S.

## 12 Recommendations

### Panel Determination

Panel Members agreed that Modification 0802S should be implemented.

## 13 Appended Representations

Representation – National Grid NTS

## Representation - Draft Modification Report UNC 0802S

### Clarification of 'Annual Update' for impacted Users in relation to CNCCD Election(s)

**Responses invited by: 5pm on 07 April 2022**

**To:** [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

*Please note submission of your representation confirms your consent for publication/circulation.*

<b>Representative:</b>	Laura Johnson
<b>Organisation:</b>	National Grid NTS
<b>Date of Representation:</b>	07 April 2022
<b>Support or oppose implementation?</b>	Support
<b>Relevant Objective:</b>	f) Positive
<b>Relevant Charging Methodology Objective:</b>	None

#### Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

This UNC Modification proposal clarifies which Users receive the 'annual update' for the Conditional NTS Capacity Charge Discount (CNCCD) product. Should a 'live' election become ineligible, or the discount level is to change for a 'live' election, only those impacted Users will receive an update via the 'annual update'. This process ensures that when an impacted User receives the 'annual update' file, they are informed that something has changed which will impact their CNCCD Election for the following Gas Year and serves as a prompt to consider any actions they may need to take with regards to the impacted 'live' CNCCD Election(s).

Standard Relevant Objective f) Promotion of efficiency in the implementation and administration of the Code is overall furthered as this proposal providing clarity that the 'Annual Updates' would notify only impacted Users where the CNCCD percentage or eligibility has changed for a 'live' CNCCD election. This would enable time for any impacted User to consider their CNCCD election(s) before the start of the next Gas Year. It does not change any calculations for the CNCCD and applicable discount percentage that was implemented in UNC Modification 0728B - Introduction of Conditional Discount for Avoiding Inefficient Bypass of the NTS with 28km distance cap.

#### Self-Governance Statement: *Please provide your views on the self-governance statement.*

As set out in the Draft Modification Report, we are of the opinion that application of Self-Governance procedures is appropriate as the Modification only seeks to clarify which

Users receive the 'annual update' for the Conditional NTS Capacity Charge Discount (CNCCD) product.

We therefore believe that the UNC Modification will not have a material impact on consumers, competition, operation of the pipeline systems, matters relating to sustainable development, safety or security of supply, the management of market or network emergencies and will not unduly discriminate between different classes of parties to the UNC.

**Implementation:** *What lead-time do you wish to see prior to implementation and why?*

As Self-Governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

**Impacts and Costs:** *What analysis, development and ongoing costs would you face?*

There are no costs associated with this Modification.

**Legal Text:** *Are you satisfied that the legal text will deliver the intent of the Solution?*

We are satisfied that the legal text delivers the intent of the solution identified in this Proposal.

**Are there any errors or omissions in this Modification Report that you think should be taken into account?** *Include details of any impacts/costs to your organisation that are directly related to this.*

We have not identified any such errors or omissions.

**Please provide below any additional analysis or information to support your representation**

N/A