



UNC0847

Workgroup 2

04.July.2023



Legal Text



Current - TPD Y 4.7.3

The General Non-Transmission Services Charge for a Gas Year (GNTSC_y, to be expressed in p/kWh) is determined as follows:

$$GNTSC_y = NANTSR_y / FANQ_y$$

where, for Gas Year y:

*NANTSR_y is Net Allowed Non-Transmission Services Revenue;
FANQ_y is Forecast Aggregate NTS Quantity*

Proposed - TPD Y 4.7.3

The General Non-Transmission Services Charge for a Gas Year (GNTSC_y, to be expressed in p/kWh) will be the greater of:

- (i) NANTSR_y / FANQ_y; and*
- (ii) 0.0001*

where, for Gas Year y:

*NANTSR_y is Net Allowed Non-Transmission Services Revenue;
FANQ_y is Forecast Aggregate NTS Quantity*

Minimum Price Example

Examples Rates calculated under current methodology

Current Methodology	October 23	October 24	October 25
Charge	0.0536	-0.0024	0.0483
Recovered Rev.	£949,846,621	£500,059,167	£549,714,385

Figures for Oct-24 based on the current methodology suggest a negative price would be required to collect the target revenue for the overlapping formula year.

Please note the following:

- This table is for illustrative purposes only.
- The General Non-Transmission Services Charge applicable for Gas Year 23/24 will be published towards the end of July 23
- The underlying data behind these numbers are subject to change (forecasts for 23/24 are to be updated before price setting in July)

Examples Rates calculated under minimum price methodology

Min Price Methodology	October 23	October 24	October 25
Charge	0.0536	0.0001	0.0438
Recovered Rev.	£949,846,621	£525,379,394	£524,663,006

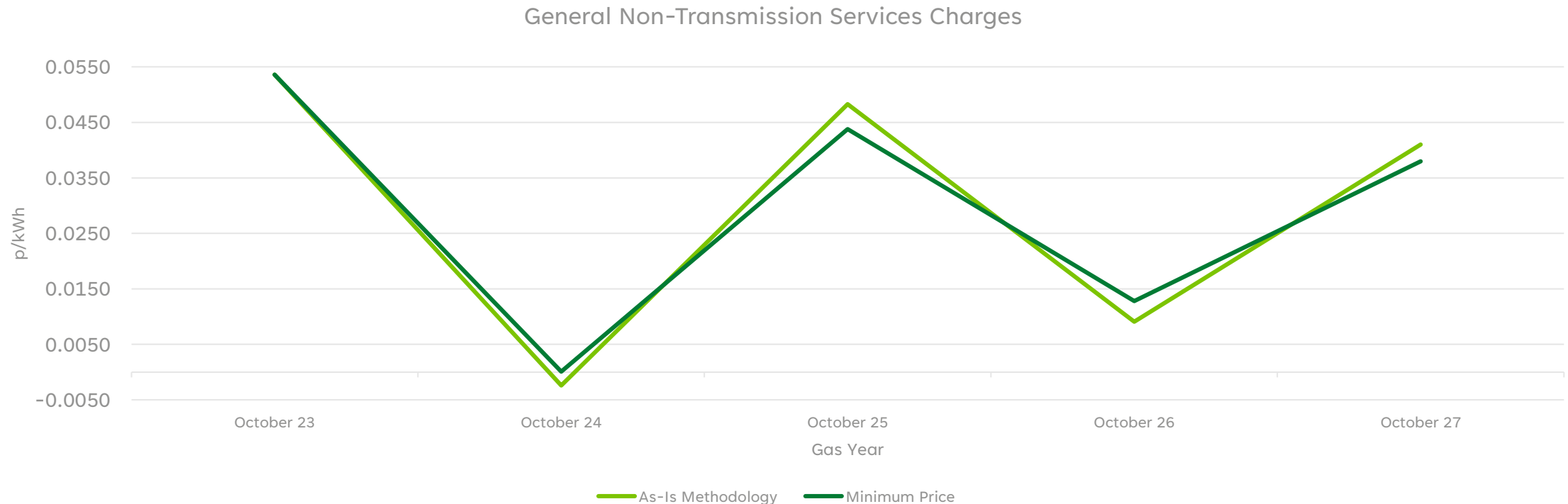
In this scenario, application of a minimum price of 0.0001 p/kWh for Oct-24 results in an over collection of approx. **£25m**, an additional **5%** compared to expected Revenues

This over collection is ringfenced and returned to Users via the GNTS charges in the following year. In this illustration the charge for GY 25 is **0.0438** p/kWh as opposed to **0.0483** p/kWh under the original methodology.

Please note the following:

- This table is for illustrative purposes only.
- The General Non-Transmission Services Charge applicable for Gas Year 23/24 will be published towards the end of July 23
- The underlying data behind these numbers are subject to change (forecasts for 23/24 are to be updated before price setting in July)

Examples Rates calculated under minimum price methodology



Overall, the application of the minimum price has a slight smoothing effect on the rates across future years.

Any over collection of Revenue, when setting prices, requires Ofgem permission as per Part A of Special Condition 2.1 (Transportation owner revenue restriction) of National Gas' Licence.

This does not preclude any additional actions from being taken prior to Oct-23 price setting.

Wider GNTS Discussion

GNTS Highlights from
Transmission Services
Price Setting Webinar

Non-Transmission charges

Non-Transmission Charges that will be effective from October 2023 are due to be published by the end of July 2023

Discussions on change

- Thinking for Non-Transmission charges plus what may happen in setting 2023 charges have focused on considering the impacts of a revenue deferral
- (<https://www.nationalgas.com/charging/transmission-system-charges> - under Supporting information)
- Signposting 2024 potential options for change to methodology

Engagement

- Ahead of publication, in July, National Gas Transmission will be using a webinar on Non-Transmission Charges, our views on revenue deferrals for 2023 and any more substantive changes for 2024 and beyond to the methodology
- An invitation to this, will be sent in early July to signpost the event.

Thank you

