





UNC Modification	At what stage is this document in the process?
<h1 data-bbox="134 322 657 416">UNC 0861:</h1> <h2 data-bbox="134 450 1166 667">Clarification of Provisions Regarding Utilisation of the System Without Holding System Capacity</h2>	<div data-bbox="1209 309 1469 629"> <div data-bbox="1209 309 1469 383">01 Modification</div> <div data-bbox="1209 394 1469 468">02 Workgroup Report</div> <div data-bbox="1209 479 1469 553">03 Draft Modification Report</div> <div data-bbox="1209 564 1469 638">04 Final Modification Report</div> </div>
<p data-bbox="134 712 507 745"><b>Purpose of Modification:</b></p> <p data-bbox="134 768 1469 920">The purpose of this Modification is to acknowledge the extent of Transporters’ obligations to accept gas tendered for delivery to (or make gas available for offtake from) the System in the provisions that set out the charges payable where a User utilises the System without holding system capacity.</p>	
<p data-bbox="134 969 308 1003"><b>Next Steps:</b></p> <p data-bbox="134 1021 979 1055">The Proposer recommends that this Modification should be:</p> <ul data-bbox="156 1077 600 1160" style="list-style-type: none"> <li>• subject to Self-Governance</li> <li>• assessed by a Workgroup</li> </ul> <p data-bbox="134 1178 1449 1249">This Modification will be presented by the Proposer to the Panel on <b>16 November 2023</b>. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</p>	
<p data-bbox="134 1695 400 1729"><b>Impacted Parties:</b></p> <p data-bbox="134 1749 293 1783">High: None</p> <p data-bbox="134 1803 536 1836">Low: Transporters, Shippers</p> <p data-bbox="134 1856 304 1890">None: None</p>	
<p data-bbox="134 1935 389 1968"><b>Impacted Codes:</b></p>	

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Timetable			 07825 592518
<b>Modification timetable:</b>			Transporter: Phil Lucas National Gas Transmission
Pre-Modification Discussed	05 Oct 2023		
Date Modification Raised	24 Oct 2023		
New Modification to be considered by Panel	16 Nov 2023		
First Workgroup Meeting	28 Nov 2023		 <a href="mailto:phil.lucas@nationalgas.com">phil.lucas@nationalgas.com</a>
Workgroup Report to be presented to Panel	16 Feb 2024		
Draft Modification Report issued for consultation	15 Feb 2024		
Consultation Close-out for representations	07 Mar 2024		 07825 592518
Final Modification Report available for Panel	21 Mar 2024		Systems Provider: Xoserve
Modification Panel decision	21 Mar 2024		 <a href="mailto:UKLink@xoserve.com">UKLink@xoserve.com</a>

## 1 Summary

### What

In respect of the use of the Total System:

- TPD Section I ('Entry Requirements') sets out that the Transporter will accept deliveries of gas at the System Entry Points comprised in an Aggregate System Entry Point, at a rate in aggregate not exceeding the aggregate Available Firm NTS Entry Capacity held by Users at that Aggregate System Entry Point.
- TPD Section J ('Exit Requirements') sets out that at NTS Exit Points, LDZ DM Supply Points and LDZ CSEPs the Transporter is not obliged to make gas available for offtake by a User in excess of the relevant Exit Capacity held by that User.
- TPD Section B ('System Use and Capacity') sets out that if for any reason a User utilises the system without holding the relevant System Capacity it will be subject to certain charges:
  - in the case of Aggregate System Entry Points, a System Entry Overrun Charge;
  - in the case of NTS Exit Points, an NTS Exit (Flat) Overrun Charge;
  - in the case of LDZ DM Supply Points, a Supply Point Ratchet Charge; and
  - in the case of LDZ CSEPs, an LDZ CSEP Overrun Charge

### Why

Read in isolation, the terms of TPD Section B that outline the consequence of the Use of the System by a User without holding the relevant Capacity do not recognise the relevant terms in TPD Sections I and J which set out the extent of the relevant Transporter's obligations to accept deliveries of gas to, and make gas available for offtake from, the Total System.

The Proposer is of the view adding such recognition into the relevant wording of TPD Section B would enhance the clarity of the UNC regarding the interaction between terms relating to the Use of System and the extent of relevant Transporters obligations in respect of deliveries to, and offtake from, the Total System.

### How

It is proposed that TPD Section B is modified to include wording that essentially states that in spite of the limitations regarding Transporters *obligations* to accept deliveries of gas and make gas available for offtake in excess of Capacity, where for any reason a User *does* flow in excess of these Capacity holdings, the relevant additional Charges will be payable.

## 2 Governance

### Justification for Self-Governance

Application of Self-Governance procedures is sought because the changes proposed are unlikely to have a material effect on the competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes, nor on the operation of one or more pipe-line system(s) (nor any of the other aspects described in the Self-Governance criteria). This is because the nature of the proposed change is to merely provide enhanced clarity and transparency in the UNC regarding the interaction between Use of System provisions (specifically payments

triggered by Users flowing in excess of Capacity holdings) and Entry and Exit terms regarding the extent of Transporters' obligations to (respectively) accept deliveries of gas to, and make gas available for offtake from, the Total System.

## Requested Next Steps

This Modification should:

- be considered a non-material change and subject to Self-Governance.
- be assessed by a Workgroup.

## 3 Why Change?

### Current Regime

In respect of the use of the Total System:

- regarding the delivery of gas (Entry):
  - TPD Section I3.7.1 states:

*“the Transporter will accept into the Total System at any time gas tendered for delivery by Users at the System Entry Points comprised in an Aggregate System Entry Point, at a rate (in kWh/Day) in aggregate not exceeding the aggregate Available Firm NTS Entry Capacity held by Users at that Aggregate System Entry Point, as Adjusted”*
- regarding the offtake of gas (Exit):
  - TPD Section J3.10.5 states:

*“In the case of an NTS Exit Point National Grid NTS will not be obliged under any provision of the Code to make gas available for offtake from the NTS by a User:*

*(b) on any Day, in a quantity which exceeds the User's Fully Adjusted Available NTS Exit (Flat) Capacity”*
  - TPD Section J3.8.4 states:

*“The Transporter will not be obliged under any provision of the Code to make gas available for offtake from the Total System by a User at a DM Supply Point comprised in an LDZ Supply Point:*

*(b) on any Day, in a quantity which exceeds the User's Registered Supply Point Capacity”.*
  - TPD Section J3.9.3 states:

*“The Transporter will not be obliged under any provision of the Code to make gas available for offtake from the Total System at a LDZ Connected System Exit Point:*

*(b) by a CSEP User, on any Day, in a quantity which exceeds the User's Registered LDZ Capacity”*
- TPD Section B1.3.1 states:

*“A User may use the System without holding System Capacity but (subject to paragraphs 1.3.2 and 1.3.3) will be liable to pay System Entry Overrun Charges and/or NTS Exit (Flat) Overrun Charges (collectively "Overrun Charges") and/or LDZ CSEP Overrun Charges or Supply Point Ratchet Charges, in respect of the capacity utilised, in accordance with this Section B”.*

- the specific mechanisms for determination of each of these Charges is set out in TPD Section B2.13, B3.13, B4.7 and B4.8

## Interaction Between TPD Section B and TPD Sections I and J

Read in isolation, the terms of TPD Section B1.3.1 that outline the consequence of Use of the System by a User without holding the relevant Capacity do not recognise the relevant terms in TPD Sections I and J which set out the extent of the relevant Transporter's obligations to accept deliveries of gas to, and make gas available for offtake from, the Total System.

The Proposer is of the view adding such recognition into the relevant wording of TPD Section B would enhance the clarity of the UNC regarding the interaction between terms relating to the Use of System and the extent of relevant Transporters obligations in respect of deliveries to, and offtake from, the Total System.

## 4 Code Specific Matters

### Reference Documents

[UNC TPD B \('System Use and Capacity'\)](#)

[UNC TPD I \('Entry Requirements'\)](#)

[UNC TPD J \('Exit Requirements'\)](#)

### Knowledge/Skills

Knowledge of the capacity regimes and the applicable charges for the use of the Systems without capacity holdings would be advantageous.

## 5 Solution

It is proposed that TPD Section B is modified to include wording that essentially reflects that in spite of the limitations regarding Transporters obligations to accept deliveries of gas (as set out in TPD Section I3.7.1) and make gas available for offtake in excess of Capacity (as set out in TPD Sections J3.10.5(b), J3.8.4(b) and J3.9.3(b)), where for any reason a User does flow in excess of these Capacity holdings, the relevant additional Charges will be payable.

## 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 change proposed would not result in any change to the commercial market rules *per se*, alternatively it will simply add clarity with regards to the identified interaction between Code provisions.

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

As a result of there being no consequential change to the commercial market rules, there will be no change to the consumer experience in the event of implementation.

<b>Impact of the change on Consumer Benefit Areas:</b>	
Area	Identified impact
Improved safety and reliability Not applicable	None
Lower bills than would otherwise be the case Not applicable	None
Reduced environmental damage Not applicable	None
Improved quality of service Not applicable	None
Benefits for society as a whole Not applicable	None

**Cross-Code Impacts**

None.

**EU Code Impacts**

None.

**Central Systems Impacts**

None.

**7 Relevant Objectives**

<b>Impact of the Modification on the Transporters' Relevant Objectives:</b>	
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.	Positive
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.	None
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

The Modification furthers Relevant Objective (d), as follows:

**d) Securing of effective competition between relevant Shippers**

Ensuring that the provisions in TPD section B relating to the Charges applicable in the event that gas is delivered to (or offtaken from) the System in excess of Capacity applies in spite of the absence of an *outright obligation* for the relevant Transporter to accept such deliveries (or make such volumes available for offtake) removes any ambiguity that may be interpreted as existing between these two principles.

Enhancing the clarity of UNC provisions and removing any ambiguity that has been identified by stakeholders (as reflected above) will better facilitate the securing of effective competition between relevant Shippers.

## 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.

## 9 Legal Text

### Suggested Text Commentary

PARAGRAPH	EXPLANATION
TRANSPORTATION PRINCIPAL DOCUMENT SECTION B – SYSTEM USE AND CAPACITY Amended paragraph 1.3.1	This clarifies that in spite of the absence of Transporters obligations to accept gas deliveries to (or make gas available for offtake from) the System in excess of Capacity, a User may utilise the system to flow such volumes but will be subject to the relevant charges identified in TPD Section B.

## Suggested Text

### Uniform Network Code - Transportation Principal Document

#### Section B – System Use and Capacity

Amend paragraph 1.3 to read as follows:

#### 1.3 Overrun Charges

- 1.3.1 ~~Notwithstanding Section I3.7.1, Section J3.8.4(b), J3.9.3(b) and J3.10.5(b), if for any reason a~~ User ~~may use~~ **utilises** the System without holding System Capacity ~~it will but~~ (subject to paragraphs 1.3.2 and 1.3.3) ~~will~~ be liable to pay System Entry Overrun Charges and/or NTS Exit (Flat) Overrun Charges (collectively "Overrun Charges") and/or LDZ CSEP Overrun Charges or Supply Point Ratchet Charges, in respect of the capacity utilised, in accordance with this Section B

## 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.