

# **Class 1 Ratchet Charge Guidance Document**

## **Introduction**

This document sets out the circumstances whereby the Distribution Network Operator (DNO) may include a Supply Point in the Supply Point Ratchet Charging arrangement to ensure the safe and efficient operation of the network. All Class 1 Daily Metered (DM) Supply Points are eligible for Supply Point Ratchet Charges to be applied in accordance with UNC TPD Section B4.7.

### **These are the circumstances in which the relevant DNO may designate a Supply Point as Class 1:**

- Class 2 Supply Points where the DNO can demonstrate that an increase in its Annual Quantity (AQ), Supply Point Daily Capacity (SOQ) or Supply Hourly Quantity (SHQ) is likely to have a material effect on the operation of the DNO's System under those conditions described in the DNO Gas Transportation Licence Condition A9 2 (b) (1 in 20 conditions).
- Where there are System capacity constraints, a Class 2 Supply Point may be designated as Class 1 until relevant capacity is available (see Annex 1).
- Class 2 Supply Points having a disproportionately high peak instantaneous demand which could cause pressure management problems.
- Class 2 Supply Points which consistently exceed their pre-booked SOQ, if there is a potential impact to the safe operation of the System.
- Class 3 and Class 4 Supply Points may be designated to Class 1, if:
  - the DNO can demonstrate that increases in consumption or usage over and above what may reasonably be expected under normal winter conditions is likely to have a material effect on the operation of the DNO's System.
  - The above condition may extend to a wider period than in the case of those grids where the network may operate close to capacity outside the normal winter period. Examples of such networks may include those featuring sites with seasonal contracts, with interruptible contracts, or grids with a disproportionate level of sites operating with atypical demands.

## **Disputes Process**

- Shippers Users will have 20 Supply Point Business Days to dispute with the relevant DNO a Supply Point which has been identified as being eligible for Supply Point Ratchet Charges but which the Shipper User believes should not be so eligible.
- If a Shipper User raises an objection to a Supply Point being identified as subject to a Supply Point Ratchet Charge, then they will need to identify and notify the relevant DNO in writing with the reasons why they believe this should not be the case.
- The relevant DNO will consider the objection and respond to the Shipper User in 20 Supply Point Systems Business Days stating why the Supply Point has been so elected.
- The relevant DNO will either uphold or reject the appeal detailing the reason for their decision.
- If the dispute remains unresolved then the provisions within the Uniform Network Code, General Terms, Section A should be referred to.

## **Annex 1**

Examples of System impacts and constraints:

- Impacts on System pressures that effect the capacity and operation of DNO assets such as Pressure Reduction Installations, where pipeline capacity is limited and where any above ground asset may be operating close to capacity.
- Parts of a System where a network reinforcement requirement (as determined by the DNO) has been identified to ensure maintenance of adequate pressures and the safe operation of the System.
- Physical constraints such as limited capacity in the form of asset and offtake flow limitations.

The above is not an exhaustive list.

## **Annex 2**

The following Communication Document template will be submitted to Shippers detailing the sites within their portfolio that will be subject to Class 1 ratchet charges. One Excel template will be issued to the Shippers for each DNO.

MPRN	Distribution Network Operator	Submission Date	Shipper
1234567890	SGN	ddmmyyyy	Gazprom

Note this process is subject to change during Xoserve's system development for the solution.