NATIONAL GRID GAS

UPDATE TO THE STATEMENT OF GAS TRANSMISSION CONNECTION CHARGING

INFORMAL CONSULTATION DOCUMENT

January 2022

Produced by

Richard Hounslea
Gas Connections Contracts Manager

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1.0 EXECUTIVE SUMMARY

This document is being issued by National Grid Gas plc ("National Grid") in its role as holder of the Gas Transporter Licence (the "Licence") in respect of the National Transmission System NTS.

This document sets out for discussion National Grid's proposal for updating The Statement for Gas Transmission Connection Charging, (the "Charging Statement") including PARCA and CAM incremental fees.

This informal consultation document is being issued to industry to obtain views and comments in respect to the following changes:

Please complete and submit any responses using the response proforma document (*Appendix 2*) no later than 17:00 hrs on 4th February 2022, to Richard Hounslea, Gas Connections Contracts Manager by email to richard.hounslea@nationalgrid.com. We welcome any responses ahead of this date.

If you would like to discuss this consultation, please contact Richard Hounslea directly using the email address above or 07973 839 048.

Information arising from the consultation may be shared with Ofgem and aggregated feedback may be shared at the Transmission Workgroup as appropriate.

2.0 GOVERNANCE FOR UPDATING THE STATEMENT OF GAS TRANSMISSION CONNECTION CHARGING

Updates and any amendments to the Statement of Gas Transmission Connection Charging are consistent with the Connection Charging Methodology (UNC TPD Y) and UNC Application to Offer process (A20) (UNC TPD V).

3.0 OVERVIEW OF THE CURRENT APPLICATION FEE STRUCTURE

Current Connection Application Structure/ Fees

3.1 PARCA Application Fee

Capacity Indicator/Fee Type	Timescales to provide the PARCA and Phase 1 PARCA Works Report	PARCA Application Fee
Simple – Admin Fee - Applicable to a Green Capacity Indicator where only unsold capacity is required at an existing site	Up to 4 months	£2,000
Simple – Applicable to a Green or Amber Capacity Indicator	Up to 4 months	£53,000
Complex – Applicable to a Red Capacity Indicator	Up to 6 months	£120,000
Top Up – Applicable if Simple Fee is paid initially and this changes to a Complex Fee in accordance with UNC	Up to 6 months	£67,000

3.2 PARCA Variation (Application) Fee

Capacity Indicator/Fee Type	Timescale	PARCA Variation Fee
Simple – Variation Admin Fee for requests to vary Registration Date back to a later date.	Up to 4 months*	£950
Simple – Variation Fee for requests to vary registration date forward to an earlier date, location and/or capacity quantity	Up to 4 months	£6,720

*likely to be within 1-2 months for this type but may depend upon when submitted.

3.3. CAM Incremental Application Fee

Output of Application	CAM Incremental Application Fee
Demand Assessment Report, Incremental Project initiated and positive economic test.	£120,000

3.4 Connections Offer Application Fees

Category	Timescales to provide a Full Connection Offer	Type of Connection		+Ramp Rate Study Application Fee
		Exit	Entry & Storage	
Standard Design (Fixed fee)	Up to 3 months	£13,300	£13,300 #	
Standard Design Feasibility Study (additional fee)	Additional 3 months	£14,000	£14,000	£42,000
Simple (greenfield) Connection	Up to 6 months	£45,000*	£45,000* #	
Medium Connection	Up to 9 months	£75,000**	£75,000** #	
			£109,000**	
Complex Connection	Up to 9 months	£406,000**	£406,000**	
Minor Modifications	Up to 6 months	£30,000*	£30,000*	
Disconnection	Up to 6 months	£70,000**	£70,000**	
Decommissioning	Up to 9 months	£153,000**	£153,000**	

*** Feasibility Studies are not required for this category type**

**** A Feasibility Study, Ramp Rate Study, transient analysis, or all three may be undertaken depending on the customer requirements for this category type. Where a Ramp Rate Study is required the Application Fee for a Ramp Rate Study will be added.**

 # Where 20D gas quality monitoring is not required - Customers can potentially avoid the requirement to install NTS gas quality monitoring equipment 20 diameter lengths either side of the connection by providing their own monitoring equipment and process for ensuring non GSMR compliant gas does not enter the NTS to the satisfaction of National Grid, to be assessed on a case by case basis and appropriate for low volumes.

4.0 BACKGROUND

The Statement of Gas Transmission Connection Charges was last reviewed and updated with effect from 17th January 2021. Under requirements of UNC this is reviewed at least annually. This consultation follows our Annual review of connection charges.

5.0 CHARGING STATEMENT PROPOSED CHANGES

5.1 PARCA & CAM INCREMENTAL Application Fees

The PARCA fees for Simple and Complex were last changed in October 2018. No change is proposed for the PARCA Application Fee. With no PARCA applications received during the review period we believe there is no basis to revise the existing fees for either the Simple or Complex application categories.

5.2 PARCA Variation (Application) Fee

No change is proposed for the PARCA Variation (Application) Fee. With only two applications received, both of which requested a variation to the Registration Date, we do not consider there to be sufficient data points and, therefore, no substantial basis to revise either of these fees.

5.3 CAM Incremental application fee

No change is proposed for the CAM incremental fees for Interconnection Points. We have not received any applications of this kind since this fee was introduced and therefore have no actual costs to assess. This fee remains aligned with the Complex PARCA fee.

5.4 Connection Offer Application Fees

The existing Connection Offer Application Fees have been reviewed against Actual costs for recent project Application Fees. These Fees were last reviewed and updated in January 2020. We have concluded that these fees remain applicable and there is no requirement to revise the fees at this time.

5.5 Updates to Indicative Connection Charges and Examples

In Section 2 – Indictive Connection Charges and Examples, of the Statement, we have outlined potential costs savings in those scenarios where National Grid deems that no Remotely Operable Valve (ROV) is required, the potential for land footprint reductions where no Remote Telemetry Unit (RTU) is deemed by National Grid to be required and the offering of 4G telemetry solutions depending on location. The entirety of the update reads thus:

"Remotely Operable Valves (ROVs) are mentioned specifically within this Section 2. There may be circumstances in which no ROV is deemed to be required (subject to a risk assessment conducted by National Grid and at the sole discretion of National Grid). Where and when this proves to be the case this could result in a cost saving, since the ROV requires associated Electrical and Instrumentation kiosk, telemetry, a power supply, an Asymmetric Digital Subscriber Line (ADSL) back-up to very small aperture terminal (VSAT) communications and site extensions to accommodate the equipment. Savings are estimated at up to circa £250,000. In addition, it is envisaged that another potential benefit is a reduction in cyber-risk.

If, subject to National Grid's discretion, a Remotely Operable Valve (ROV) is not required and, therefore, no Remote Telemetry Unit (RTU) is necessary, then the footprint of the land required for the National Grid connection assets could be reduced.

National Grid are now able to offer a 4G telemetry solution, in place of an RTU, if there is service availability for this in the connection location."

5.6 Self Lay update

Following commissioning of the trial project for Self Lay to the NTS, National Grid have been developing this as an option for customers from the lessons learnt.

National Grid has been developing a self-lay technical procedure to allow the option for customers to apply for a connection to the NTS where a competent Self Lay Organisation (SLO) is contracted by the customer to carry out the design and build of the NTS connection facilities, which would otherwise be carried out by National Grid, and form the bulk of the Full Connection Offer works and cost.

The proposal is that the SLO would be responsible for completing the Feasibility Study if required, Conceptual Design Study (CDS), Detailed Design and Build. This is consistent with the process often now followed by Distribution Networks. Applicants would be provided with the procedure and all the relevant National Grid specifications required to be adhered to, which National Grid would quality assure.

As this work is still under development we believe it would be most appropriate to conclude the development work before consulting on the associated fees.

5.7 Formatting and consistency changes

Various formatting changes and changes made in the interested of consistency have been made but have not been included in this consultation document.

All amendments are shown in the draft version 12 of the Statement for Gas Transmission Connection Charging that accompanies this consultation document. A summary is provided in section 6 below.

6.0 PROPOSED CHARGING STRUCTURE/FEES SUMMARY

In summary the proposed revised structure of fees in full is as follows.

6.1 PARCA Application Fee

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7.0 IMPLEMENTATION TIMESCALES

The estimated timeline for implementation of the proposed updates to the charging statement is:-

Issue Informal Consultation Document	4th January 2022
Informal Consultation Period	1 month
Informal Consultation Closed	4th February 2022
Response Review Period	1 – 2 weeks
Notice of change issued	18th February 2022
Notice Period	1 month
Updated statement effective from	18th March 2022

APPENDICES

1.0 Draft Document – The Statement for Gas Transmission Connection Charging Rev 12
2.0 Response Proforma