



NATIONAL GAS TRANSMISSION

REVIEW OF THE STATEMENT OF GAS
TRANSMISSION CONNECTION CHARGING

INFORMAL CONSULTATION DOCUMENT

February 2024

Produced by

Richard Hounslea
Gas Connections Manager

CONTENTS

Section	Description	Page
1.0	Executive Summary	2
2.0	Governance for updating The Statement of Gas Transmission Connection Charging	2
3.0	Overview of the Current Application Fee Structure	3-4
4.0	Background	5
5.0	Charging Statement proposed changes	5-6
6.0	Proposed Charging Structure and Fees summary	7-9
7.0	Implementation Timescales	10
Appendix 1	Draft Document – The Statement for Gas Transmission Connection Charging v 13.1	Separate Document
Appendix 2	Response Proforma Document	Separate Document

1.0 EXECUTIVE SUMMARY

This document is being issued by National Gas Transmission plc (“National Gas”) 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 Gas’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 of our proposals.

Please complete and submit any responses using the response proforma document (*Appendix 2*) no later than 17:00 hrs on 01 March 2024, to Richard Hounslea, Gas Connections Manager by email to richard.hounslea@nationalgas.com. We welcome any responses ahead of this date.

If you would like to discuss this informal consultation, please contact Richard Hounslea directly using the email address above or dialling 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 and 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 Initial Connection Offer Application Fees

Connection Criteria	Timescales to provide an Initial Connection Offer	Application for any category of new or existing NTS Connection		
		Entry	Exit	Storage
Simple	Up to 2 months	£14,000		
Medium				
Complex				

3.5 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**	
<p>* Feasibility Studies are not required for this category type</p> <p>** 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.</p> <p># 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 Gas, to be assessed on a case-by-case basis and appropriate for low volumes.</p>				

4.0 BACKGROUND

The Statement of Gas Transmission Connection Charges was last reviewed and updated with effect from 7th March 2023. Under the requirements of UNC this is reviewed at least annually. This informal consultation follows our annual review of connection application fees and other services.

We are aware of the unprecedented levels of price inflation over the last couple of years. Whilst there has been no compelling evidence found so far that the application fees, or the works estimates provided in the examples, need to be revised we will continue to monitor the situation and propose revisions in a subsequent review should we deem it necessary.

5.0 CHARGING STATEMENT PROPOSED CHANGES

5.1 PARCA Application Fees

The PARCA Application fees for Simple and Complex were last changed in October 2018. No change is proposed for the PARCA Application Fee. From the 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 at this moment in time.

5.2 PARCA Variation (Application) Fee

No change is proposed for the PARCA Variation (Application) Fee. From the applications received during the review period we believe there is no basis to revise this fee at this moment in time.

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 delivering a connection offer. 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 Contract Novation Application Fees

We propose to introduce a Contract Novation Application Fee to be applied to any customer request to novate a contract including but not limited to PARCAs, Gas Construction Agreements, NEAs, NEXAs etc. The Contract Novation Application Fee is proposed to be set at £950, with all costs fully reconcilable. Where actual costs are less than the Contract Novation Application Fee we will refund to the applicant the remainder of the Contract Novation Application Fee. Where actual costs are less than Contract Novation Application Fee we will recover those additional costs from the applicant.

5.6 Contract Amendment & Restatement Application Fee

We propose to introduce a Contract Amendment & Restatement Application Fee to be applied to any customer request to amend and restate a contract including but not limited to PARCAs, Gas Construction Agreements, NEAs, NExAs etc. The Contract Amendment & Restatement Application Fee is proposed to be set at £1,950, with all costs fully reconcilable. Where actual costs are less than the Contract Amendment & Restatement Application Fee we will refund the to the applicant the remainder of the Contract Amendments & Restatement Fee. Where actual costs are less than Contract Amendment & Restatement Application Fee we will recover those additional costs from the applicant.

5.7 Formatting and consistency changes

Various formatting changes and changes, in the interests of consistency and presentation, may have been made but have not been included in this consultation document.

All amendments are shown in the draft version 13.1 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

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

6.2 PARCA Variation Application Fee

Capacity Indicator/Fee Type	Timescale	PARCA Variation Application 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.

6.3 CAM Incremental Application Fee

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

6.4 Initial Connection Offer Application Fees

Connection Criteria	Timescales to provide an Initial Connection Offer	Application for any category of new or existing NTS Connection		
		Entry	Exit	Storage
Simple	Up to 2 months	£14,000		
Medium				
Complex				

6.5 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**	
<p>* Feasibility Studies are not required for this category type</p> <p>** 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.</p> <p># 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 Gas, to be assessed on a case-by-case basis and appropriate for low volumes.</p>				

6.6 Contract Novation Application Fee

Output of Application	Timescale	Contract Novation Application Fee
Contract Novation	Up to 2 months	£950

6.7 Contract Amendment & Restatement Application Fee

Output of Application	Timescale	Contract Novation Application Fee
Contract Amendment & Restatement	Up to 3 months	£1,950

7.0 IMPLEMENTATION TIMESCALES

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

Activity	Date / Duration
Issue Informal Consultation Document	1 st February 2024
Informal Consultation Period	1 month
Informal Consultation Closed	1 st March 2024
Response Review Period	c. <2 weeks
Notice of change issued	c. 1 st - 15 th March 2024
Notice Period	1 month
Updated 'Statement effective from	c. 1 st - 15 th April 2024

APPENDICES

- 1.0 Draft Document – The Statement for Gas Transmission Connection Charging Rev 13.1
- 2.0 Response Proforma