

NATIONAL GRID GAS

**UPDATE TO THE STATEMENT OF GAS TRANSMISSION
CONNECTION CHARGING**

INFORMAL CONSULTATION DOCUMENT

January 2023

Produced by

Richard Hounslea
Gas Connections Contracts 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
6.0	Proposed Charging Structure and Fees summary	6-7
7.0	Implementation Timescales	7
Appendix 1	Draft Document – The Statement for Gas Transmission Connection Charging v 13	Separate Document
Appendix 2	Response Proforma Document	Separate Document

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 of our proposals.

Please complete and submit any responses using the response proforma document (*Appendix 2*) no later than 17:00 hrs on 3rd February 2023, 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 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 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 Grid, 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 8th March 2022. Under requirements of UNC this is reviewed at least annually. This consultation follows our annual review of connection charges.

We are aware of the unprecedented levels of price inflation over recent months. Whilst there has been no 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 three 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 one application received during the review period we believe there is no basis to revise 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 Minor Modifications

We have made some changes to highlight other additional works that could be included in the Minor Modifications category.

5.6 Formatting and consistency changes

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

All amendments are shown in the draft version 13 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/FEEES 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
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6.2 PARCA Variation Application Fee

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6.3 CAM Incremental Application Fee

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6.4 Connections Offer Application Fees

Category	Timescales to provide a Full Connection Offer	Type of Connection		+Ramp Rate Study 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	3 rd January 2023
Informal Consultation Period	1 month
Informal Consultation Closed	3 rd February 2023
Response Review Period	1 – 2 weeks
Notice of change issued	17 th February 2023
Notice Period	1 month
Updated statement effective from	17 th March 2023

APPENDICES

- 1.0 Draft Document – The Statement for Gas Transmission Connection Charging Rev 13
- 2.0 Response Proforma