

NATIONAL GRID GAS
UPDATE TO THE STATEMENT OF GAS TRANSMISSION
CONNECTION CHARGING
INFORMAL CONSULTATION DOCUMENT

22nd August 2018

Produced by

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Appendix 1	Draft Document – The Statement for Gas Transmission Connection Charging Rev 8	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 of Gas Transmission Connection Charging, (the “Charging Statement”) in respect of the NTS Connection Application and PARCA Fees.

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

- Introduction of new Connection application fees for Standard Designs
- Additional categories for PARCA fees
- Removal of Project CLoCC Customer Pilot Fee.

The consultation response proforma document is available in appendix 2. The closing date for submission of your responses is 17:00 21st September 2018; however, we welcome any responses ahead of this date.

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 and UNC Application to Offer process (A20), as amended by Mod 0629s, and the PARCA process, as amended by Mod 0628s, effective 30th October 2018.

3.0 OVERVIEW OF THE CURRENT APPLICATION FEE STRUCTURE

Current Connection Application Structure/ Fees

3.1 PARCA

Output of Application	Timescales to provide the PARCA and Phase 1 PARCA Works Report	PARCA Application Fee
PARCA contract: including Phase 1 PARCA Works Report	Up to 6 months	£120,000

3.2 Connections

Category	Timescales to provide a Full Offer	Application for a new NTS minimum offtake connection in a 'green-field' site	Application for any other category of new or existing NTS Connection			+Ramp Rate Study Application Fee
		Exit	Entry	Exit	Storage	
Project CLoCC Customer Pilot	Up to 3 months	0	Entry and Exit Only			
Simple Connection	Up to 6 months	£73,000*	n/a			
Medium Connection	Up to 9 months	n/a	£109,000**			£42,000
Complex Connection	Up to 9 months	n/a	£406,000**			
Minor Modifications	Up to 6 months	n/a	£30,000*			
Disconnection	Up to 6 months	n/a	£70,000**			
Decommissioning	Up to 9 months	n/a	£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.						

4.0 PROJECT CLOCC BACKGROUND

Project CLoCC was successful in securing £4.8m Network Innovation Competition funding in 2015. Project CLoCC was fully mobilised in February 2016 following receipt of its Ofgem Direction in December 2015. This three-year project aims to minimise the time and cost of making connections to the National Transmission System. Our core objectives are to reduce the cost of a connection to less than £1M and the timeframe of making a connection to less than 12 months.

Project CLoCC proposed UNC Modifications 0628s and 0629s to amend the Application to Offer connection and PARCA processes to facilitate the introduction of quicker and cheaper connections to the NTS. These Modifications will be implemented with effect from 30th October 2018. These modifications can be found on the Joint Office Website at

<https://www.gasgovernance.co.uk/0628> and <https://www.gasgovernance.co.uk/0629>

The changes delivered by Project CLoCC will allow National Grid to offer Standard Design Connections and a quicker route through the PARCA application process, where possible. As a result this allows National Grid to offer additional categories of Application.

5.0 CHARGING STATEMENT PROPOSED CHANGES

5.1 PARCA Application Fees

The proposed changes allow a new structure of PARCA application fees in order to offer a lower PARCA fee for a PARCA where the activities required and time taken to produce the Phase 1 PARCA Works Report can be reduced.

Project CLoCC delivers Capacity Indicators which give an indication as to the likelihood of National Grid being able to meet a PARCA application using existing available capacity on the NTS.

It is proposed that fees are linked to that indicative Capacity Indicator allowing a cheaper fee where a Capacity Indicator is Green or Amber.

The Top up Fee is to allow for a change in the Capacity indicator and would be payable if a Capacity Indicator changed from Simple to Complex.

Capacity Indicator/Fee Type	Timescales to provide the PARCA and Phase 1 PARCA Works Report	PARCA Application Fee
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

5.2 Connection Application Fees

The proposed changes introduce a new Standard Design application fee and in addition a new Standard Design Feasibility Study fee. It is proposed that the Standard Design fee is a fixed fee as implemented by UNC Mod 0629s.

Project CLoCC will deliver Standard Design Connections for which National Grid is able to offer a cheaper Application Fee.

The criteria for Standard Design Fees will be outlined in the Statement for Gas Transmission Connection Charging.

The proposed changes also include the removal of the Project CLoCC Customer Pilot fee. This fee was specific to the Project CLoCC Pilot which was a limited opportunity and is no longer applicable.

Category	Timescales to provide a Full Offer	Application for a new NTS minimum offtake connection in a 'green-field' site	Application for any other category of new or existing NTS Connection			+Ramp Rate Study Application Fee
		Exit	Entry	Exit	Storage	
Standard Design (Fixed fee)	Up to 3 months	13,000	£13,000,			
Standard Design Feasibility Study (additional fee)	Additional 3 months	£14,000	£14,000			£42,000

6.0 PROPOSED CHARGING STRUCTURE/FEEES

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

6.1 PARCA

Capacity Indicator/Fee Type	Timescales to provide the PARCA and Phase 1 PARCA Works Report	PARCA Application Fee
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

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<p>* 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.</p>						

7.0 IMPLEMENTATION TIMESCALES

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

Issue Informal Consultation Document	22 rd August 2018
Informal Consultation Period	1 month
Informal Consultation Closed	21 st September 2018
Response Review Period	1 week
Notice of Change Issued	28 th September 2018
Notice Period	1 month
Updated Charging Statement effective from	30 th October 2018

8.0 RESPONSES

Please complete and submit any responses using the response proforma document (*Appendix 2*) no later than 17:00 hrs 21st September 2018, to Nicola Lond, Commercial Lead, Project CLoCC Nicola.j.lond@nationalgrid.com, we welcome any responses ahead of this date.

If you have any queries please contact Nicola Lond directly using the email address above or 07824 551667. Information arising from the consultation will be shared with Ofgem and aggregated feedback will be shared at the Transmission Workgroup.

APPENDICES

- 1.0 Draft Document – The Statement for Gas Transmission Connection Charging Rev 8
- 2.0 Response Proforma