

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

4th November 2019

Produced by

Nicola Lond
Gas Connections Contract 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 changes	5-6
6.0	Proposed Charging Structure and Fees	7-8
7.0	Implementation Timescales	8
8.0	Responses	8
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 PARCA Simple Admin Fee
- Revision to Standard Design Fixed Fee
- Clarification changes to wording for Modifications
- Addition of Appendix B diagram

The consultation response proforma document is available in appendix 2. The closing date for submission of your responses is 17:00 4th December 2019; 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 (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 and CAM INCREMENTAL

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

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

3.2 Connections

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	£13,000	£13,000 #	
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 28th January 2019. Under requirements of UNC this is reviewed at least annually. This consultation follows our Annual review of charges.

5.0 CHARGING STATEMENT PROPOSED CHANGES

5.1 PARCA & CAM INCREMENTAL Application Fees

The PARCA fees were last changed in October 2018. These have been reviewed against recent PARCA application actual costs and based on the data analysed we have concluded that there is no requirement to revise the existing fees for Simple and Complex.

We have identified an opportunity to add a category of fee for Simple Admin charge to allow for certain circumstances where no Network Analysis is required and the Actual fees have out turned to be much lower than the existing Simple fee because of this. We are therefore proposing to add this fee to the PARCA fee table to allow customers to benefit in these circumstances.

The Simple Admin Fee will be applicable if a PARCA application is for an existing site and only unsold capacity at that same existing site is required to meet the PARCA request. The Simple Admin fee can be applied at National Grid's discretion, if no network analysis is required and is expected to be able to be completed within 1 month, although under UNC 4 months are allowed.

This change is shown in the table below:

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

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 remains aligned with the Complex PARCA fee.

5.2 Connection Application Fees

The Existing Connection Application Fees have been reviewed against Actual costs for recent Application Fees. These Fees were last reviewed and updated in January 2019. We have concluded that these fees remain applicable and there is no requirement in general to revise the fees at this time.

The only change we are proposing is to the Standard Design Fixed Fees which is to allow the fee to align with the latest charge out rates in the staff handbook. This is applicable as this is a fixed fee and is therefore not reconciled to actual costs.

This change is shown in the below table

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 #	

5.3 Other Changes

We have taken the opportunity to refresh the document where required and have added additional clarity for Modifications to existing connections.

We have added an additional Annex B which is a diagram for guidance to help customers to navigate the fee structure for Connection fees.

These amendments are shown in the draft version of the Statement for Gas Transmission Connection charges that accompanies this consultation document.

6.0 PROPOSED CHARGING STRUCTURE/FEEES

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

6.1 PARCA & CAM INCREMENTAL

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

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

6.2 Connections

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 ** 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.</p>				

7.0 IMPLEMENTATION TIMESCALES

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

Issue Informal Consultation Document	4 th November 2019
Informal Consultation Period	1 month
Informal Consultation Closed	4 th December 2019
Response Review Period	up to 2 weeks
Notice of Change Issued	17 th December
Notice Period	1 month
Updated Charging Statement effective from	17 th January 2020

8.0 RESPONSES

Please complete and submit any responses using the response proforma document (*Appendix 2*) no later than 17:00 hrs 4th December 2019, to Nicola Lond, Gas Connections Contract Manager 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 may be shared with Ofgem and aggregated feedback may be shared at the Transmission Workgroup as appropriate.

APPENDICES

- 1.0 Draft Document – The Statement for Gas Transmission Connection Charging Rev 10
- 2.0 Response Proforma