

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

**November 2020**

Produced by

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## CONTENTS

<b>Section</b>	<b>Description</b>	<b>Page</b>
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	5-8
6.0	Proposed Charging Structure and Fees summary	9-10
7.0	Implementation Timescales	10
8.0	Responses	11
Appendix 1	Draft Document – The Statement for Gas Transmission Connection Charging v 11	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 application variation Fee
- Clarification on Minor Modifications for gas quality modifications

The consultation response proforma document is available in appendix 2. The closing date for submission of your responses is 17:00 2nd December 2020; however, we welcome any responses ahead of this date. Please contact [Nicola.j.lond@nationalgrid.com](mailto:Nicola.j.lond@nationalgrid.com) if you wish to discuss this consultation.

## **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 – 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

##### 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	£13,300	£13,300 #	
Standard Design Feasibility Study (additional fee)	Additional 3 months	£14,000	£14,000	
Simple (greenfield) Connection	Up to 6 months	£45,000*	£45,000* #	£42,000
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><b>* Feasibility Studies are not required for this category type</b>  <b>** 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.</b>  <b># 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.</b></p>				

## **4.0 BACKGROUND**

The Statement of Gas Transmission Connection Charges was last reviewed and updated with effect from 17th January 2020. 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. 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.

In our 2019 consultation we identified an opportunity to add a category of fee for Simple Admin charge to allow for certain circumstances where no Network Analysis is required. We see no reason to change this fee currently.

#### **5.1.1 PARCA Application Variation Fee**

We have identified the potential inclusion of a new fee for PARCA variations. We have received several variation requests since the last review which require National Grid to carry out work to re-analyse and amend PARCA contracts and industry notices. This is a varied amount of time depending upon the request.

Within phase 2 of a PARCA a request can be made to vary the Registration Date, Location and/or capacity quantity.

A requested change to capacity/location/earlier Registration Date requires differing analysis. The range of analysis and therefore cost associated will depend on the request.

We have considered two different options to allow the recovery of costs associated with a PARCA variation.

1. To hold back an amount from phase 1 application fee reconciliation to allow for a variation
2. To have appropriate additional fee(s) for variation to capacity if required.

Although there may be some advantage of option 1 in the invoicing process there would be an impact on customers cash flow for something which may not be required and may be held for some time. We therefore propose to implement option 2 which provides specific fees to be paid when and if required.

Using data from recent variation requests we have identified that a variation request to only move the registration date back to a later date requires substantially less analysis than other requests. We therefore propose to introduce two fees.

1. A Variation Admin Fee for requests to move back the registration date specifically
2. A Variation fee that applies to all other PARCA variation requests based on the worse case cost estimated.

All fees will be reconciled back to actual cost, based on cost pass through, in accordance with UNC.

This change is shown in the table below:

Capacity Indicator/Fee Type	Timescale	PARCA Variation Fee
Simple – Variation Admin Fee for requests to vary Registration Date back to a later date only.	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.

### 5.1.2 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 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 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.

### 5.2.1 Minor Modifications – Gas Quality Modifications

Following industry discussions, at the September and October 2020 Transmission Workgroup meetings, we believe it would be helpful and transparent to clarify within the statement how we are proposing to use Minor Modifications where we receive requests to change gas quality limits at NTS entry points.

A minor modification fee was introduced in 2017 to allow a specific fee for changes to equipment where no asset changes were required by National Grid. In particular, at the time this was associated with metering and regulator setting changes. Since then we have identified that we can also utilise this fee for gas quality modifications where the same applies and there is no requirement for physical asset removal or installation but may require National Grid resource. This may be in the form of network analysis/ witnessing changes/validation of information provided by the customer/end to end checks in addition to contractual changes.

The costs we propose to charge back to customers for gas quality modifications are detailed in the link to National Grid Transmission Workgroup document below.

[TWG funding of gas quality limit changes](#)

A Minor Modification allows up to 6 months for an offer to be issued to the applicant. Depending upon the scope of the work required this may be able to be provided more quickly for a small change. Where possible work may be progressed in parallel using the Application fee to prevent any delays to customers timelines.

We are not proposing to change the fee for a Minor Modification which remains at £30,000 and is reconciled to actual costs incurred.

This proposed change is shown below

**Minor Modification to existing NTS Apparatus**

Change in Meter Settings

Adjusting Regulator Settings

**Gas Quality Modifications**

This category does not cover any physical removal or installation of assets.

**This category may include National Grid analysis and validation**

This category requires a change to the bilateral contract i.e. NExA/NEA/SCA/ICA

An update to the example is also proposed to be added to the Appendix to give further indication of the likely costs of Network Analysis. This is for guidance only.

All Minor Modification offers will have an estimate cost on a case by case basis and will be reconciled to actual cost.

We also intend to provide further clarity for customers in relation to the gas quality limit change process in a new document that is emerging as a recommendation from our first Gas Market Plan (GMaP) project, which we plan to develop in collaboration with our customers and stakeholders.

### **5.3 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 have 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.

This work is still under development. Self-Lay was originally planned to be included within this consultation and communicated as such. As this is still under development, we have therefore decided it would be most appropriate to conclude this before consulting on the associated fees. We therefore intend to consult on self-lay fees in a specific connection changing consultation in Q1 2021 to be effective from 1st April 2021. This will also allow us the opportunity to align to the start of the financial year.

All amendments are shown in the draft version 11 of the Statement for Gas Transmission Connection charges 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 & CAM INCREMENTAL

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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	2nd November 2020
Informal Consultation Period	1 month
Informal Consultation Closed	2nd December 2020
Response Review Period	up to 2 weeks
Notice of Change Issued	16 <sup>th</sup> December 2020
Notice Period	1 month
Updated Charging Statement effective from	17 <sup>th</sup> January 2021

## **8.0 RESPONSES**

Please complete and submit any responses using the response proforma document (*Appendix 2*) no later than 17:00 hrs 2nd December 2020, to Nicola Lond, Gas Connections Contract Manager by email to [Nicola.j.lond@nationalgrid.com](mailto:Nicola.j.lond@nationalgrid.com), we welcome any responses ahead of this date.

If you would like to discuss this consultation, 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 11
- 2.0 Response Proforma