

ACER Consultation Template

Fields marked with * are mandatory.

Introduction

The Agency for the Cooperation of Energy Regulators ('the Agency') has developed an online template following Article 26(5) of the Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a Network Code on Harmonised Transmission Tariff Structures for Gas ('TAR NC'). The online template has been designed for the NRA/TSO responsible for carrying out the consultation on the reference price methodology to provide a summary of the consultation.

The online template and the tool for the submission of files to the Agency is implemented over a secure IT connection based on https.

Instructions for using the online template and for the submission of the consultation documents are on the appendix, at the end of the online template. For additional information on the online template, visit: [http://www.acer.europa.eu/Official_documents/Public_consultations/Pages/ACER-ConsultationTemplate.-Tariff-NC-Article-26\(5\).aspx](http://www.acer.europa.eu/Official_documents/Public_consultations/Pages/ACER-ConsultationTemplate.-Tariff-NC-Article-26(5).aspx)

General information on the consultation on the RPM

*Member state

United Kingdom

Organisation responsible for the consultation on the RPM.

National Grid

Contact point in the NRA/TSO responsible for the consultation.

Colin Williams (National Grid)

Timeline for the intermediate consultation: launch and closing dates.

23 April 2019 to 8 May 2019

Will there be any intermediate consultations prior to the final consultation? If so, what topics will they cover? The last section of the survey allows the NRA/TSO providing information on this part of the process.

Consultation on the development of a GB charging regime to be compliant with EU Tariff Code has been a continuous process since July 2017 with a working group consisting the TSO, NRA and open to all industry stake holders to consider the proposed changes. A number of revised drafts have been published during this period. Stakeholders can and have proposed alternative solutions. UNC0621 (and the ten alternatives <https://www.gasgovernance.co.uk/0621>) has been decided upon (and rejected) by the NRA (<https://www.ofgem.gov.uk/publications-and-updates/uniform-network-code-unc-621abcdefghijkl-amendments-gas-transmission-charging-regime>). UNC0678 and the alternatives are new proposals to deliver a compliant GB charging regime.

National Grid's consultation on changes to our national network code is Modification 0678. There are 10 alternative proposals from other stakeholders. Modifications 0678A/B/C/D/E/F/G/H/I/J.

Full details of the proposals can be found at <https://www.gasgovernance.co.uk/0678>.

Are any intermediate consultations planned/expected prior to the final consultation on the RPM?

Yes (This version is for the intermediate consultation) and is issued as a preliminary consultation. Therefore, the timescales do not match those given in Article 27 and are set in such a manner so that responses to this consultation could be submitted by the same date as the domestic code consultation on changes to the Uniform Network Code (UNC) for Modifications 0678/A/B/C/D/E/F/G/H/I/J.

Provide any relevant information including the expected topics to be covered by the intermediate consultation (s) and the timeline.

All proposed changes were discussed at frequent workshops and proposed changes updated where agreed. This intermediate consultation discusses all proposed changes.

All proposed modifications, discussions, analysis, models and legal text are collated at <https://www.gasgovernance.co.uk/0678>.

A. Proposed reference price methodology [Article 26 (1)(a)]

A.1. Information on the parameters used in the proposed RPM related to technical characteristics of the transmission system [Articles 26(1)(a)(i), 30. (1)(a)].

Provide the information on the parameters listed in Article 30(1)(a)(i-v) when they are an input to the proposed RPM . For parameters that are not an input to the RPM, mark as 'Not applicable'.

The description of the RPM and the justification of the parameters may refer to information requested in other points of Article 26 and in other articles, such as Article 7.

A.1.A. Description of the proposed reference price methodology [Article 26(1)(a)].

The following description is intended to provide an overview of the RPM. Include a reference to, at least, the following elements. Only refer to these items if they are applicable to the RPM:

- Choice of RPM
- Cost drivers of the RPM
- Locational signals in E/E points resulting of the RPM (e.g.: capacity, distance). Locational signals are price levels that send incentives to network users in order for the network operators to achieve an efficient operation and/or expansion of the gas system.
- Entry/exit split. Cost reflectivity and application to the RPM.
- Capacity/commodity split. Cost reflectivity and application to the RPM.
- Intra-system/cross-system split. Cost reflectivity and application to the RPM.
- Adjustments (benchmarking, equalisation and rescaling).
- Use of inter-TSO compensation mechanism. Brief note on the application of the RPM in multi TSO E/E system and reference to the inter-TSO compensation mechanism consultation. Indicate the choice of RPM (e.g.: postage stamp, capacity weighted distance, virtual point, matrix, or other)

There are two RPM’s proposed in the 0678 and alternative modifications. The RPM proposed is either based on Capacity Weighted Distance (CWD) or Postage Stamp (PS). A table showing the proposal and the RPM proposed is shown below:

0678	0678A	0678B	0678C	0678D	0678E	0678F	0678G	0678H	0678I	0678J
CWD	PS	CWD	PS	CWD	CWD	CWD	CWD	PS	CWD	PS

Provide description.

The Capacity Weighted Distance (CWD) requires three main inputs:

- A revenue value is required, which will be the target revenue required to be recovered from Transmission Services, split between Entry and Exit;
- A capacity value for each Entry and Exit point that will be the Forecasted Contracted Capacity (FCC) (which is mentioned later in this section).
- A distance matrix that provides the average shortest path from an Entry point to all Exit points and the average shortest path between an Exit point from all Entry points. The shortest path is the shortest pipeline distance on the NTS.

The CWD approach is a method of deriving a unit price for a point based upon the revenue expected from that point, the average distance of that point from Entry Points on the NTS for Entry (or from Exit Points in the case of Exit), and the Forecasted Contracted Capacity (FCC) booked at that point (for the forthcoming gas year). The Forecasted Contracted Capacity (FCC) will be subject to the Forecasted Contracted Capacity Methodology.

The Postage Stamp (PS) approach requires two main inputs:

- A revenue value is required, which will be the target revenue required to be recovered from Transmission Services, split between Entry and Exit;
- A capacity value for each Entry and Exit point that will be the Forecasted Contracted Capacity (FCC) (which is mentioned later in this section).

The Postage Stamp approach will produce a unit price that will be the same for all Entry points and a separate unit price that will be the same for all Exit points. The Forecasted Contracted Capacity (FCC) will be subject to the Forecasted Contracted Capacity Methodology.

Under both the CWD and the PS RPM it will produce Annual Reference prices and, subject to specific adjustments, Reserve Prices for the applicable capacity auctions and allocation processes.

There is commonality across the proposals:

- All propose to use the RPM and any adjustments or specific charges, to recover the Transmission Services Revenue.
- All propose to apply a 50/50 split between Entry and Exit as a feature of the RPM
- None propose the use of commodity charges, all propose capacity charges either for the RPM and for any revenue recovery charges. For those modifications with additional charges as part of the RPM (e.g. those with Optional Charges) and part of the recovery of Transmission Services, they are levied as capacity charges.
- Proposed use of a Forecasted Contracted Capacity (FCC) Methodology. Though there are some differences to how each the methodology can be updated.

The choice of RPM, use of cost drivers and locational signals is covered in each of the proposals separately. In addition to the proposals, industry discussions with stakeholders on these elements are included in Section 4 of Part I of the draft Modification report (available on main page for proposals <https://www.gasgovernance.co.uk/0678>):

https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/book/2019-04/Part%20I%20of%20II%20Draft%20Modification%20Report%200678%20v1.0_0.pdf (direct link)

Full details of each of the RPMs and their specific application can be found in the modification proposal document which can be found here: <https://www.gasgovernance.co.uk/0678>. In addition, a comparison table that summarises the differences between proposals can be found here: <https://www.gasgovernance.co.uk/0678/Comparison>.

Reference to consultation document(s). Provide document ID and relevant page(s).

For each modification, the location in each document would be in Section 5 (Solution). The page numbers will vary across the proposals however Section 5 of each modification proposal (<https://www.gasgovernance.co.uk/0678>) outlines the proposed RPM and where relevant will link to other sections from that proposal.

A.1.B. Justification of the parameters and how they are used in the RPM [Articles 26(1)(a) (i), 30(1)(a)(i-v)].

Justify the selection and use of the parameters listed in Article 30(1)(a)(i-v) that are and input to the RPM, in view of the level of complexity of the transmission network related to the technical characteristics of the transmission system.

See UNC Workgroup Report Part II - Section 5 (Solution) of all Modifications. This section provides the solution applied for each proposal UNC0678/A/B/C/D/E/F/G/H/I/J.

Reference to consultation document(s). Provide document ID and relevant page(s).

The GB consultation on the domestic UNC is provided here for the eleven proposals.

<https://www.gasgovernance.co.uk/0678>

This is the GB consultation and separate to the required EU Tariff Code consultation of which this is a preliminary version.

A.1.C. Technical capacity at entry and exit points: values and associated assumptions [Articles 26(1)(a)(i), 30(1)(a)(i)].

Is the parameter an input to the RPM?

No

A.1.D. Forecasted contracted capacity at entry and exit points: values and associated assumptions [Articles 26(1)(a)(i), 30(1)(a)(ii)].

Is the parameter an input to the RPM?

Yes. All proposals use a Forecasted Contracted Capacity (FCC) Methodology to determine the FCC values be used for any given tariff year. The arrangements on the methodology are summarised in the comparison table <https://www.gasgovernance.co.uk/0678/Comparison> and direct link (<https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/book/2019-04/Mod%200678%20Comparison%20Table%20v7.0%20as%20at%2011APril19.pdf>) specifically on the row headed "Forecasted Contracted Capacity (FCC)".

The methodology document (for those using the methodology UNC0678/A/D/E/F/G/H/I/J) is available here: https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/book/2019-03/Forecasted%20Contracted%20Capacity%20v1.0_0.pdf (direct link). This is also available on the page <https://www.gasgovernance.co.uk/0678> under the title "Forecasted Contracted Capacity Methodology (15 March 2019)". For UNC0678B/C the methodology approach for FCC is included in their proposal documents under Section 5 of the respective proposal available here <https://www.gasgovernance.co.uk/0678>. The approach, for information, uses the same text, although there is a difference for the governance arrangements under the two approaches where the methodology is outside of the UNC (0678A/D/E/F/G/H/I/J) or it is included in the UNC (UNC0678B/C). 0678I, which has the methodology outside of the UNC, also has an additional restriction that the methodology can only be updated every four years.

Values of the forecasted contracted capacity at entry and exit points. Reference to consultation document(s). Provide document ID and relevant page(s).

An example of the indicative values for certain tariff years are contained in this published illustrative model for UNC0678 available as file named "Sensitivity Tool (Model) 0678 V3.1 CWD Transmission Services (21 March 2019)" as downloadable Excel file on the page <https://www.gasgovernance.co.uk/0678/Models>. The data for FCC can be seen in the Entry Prices or Entry Prices tabs when modelling the specific year. Data has been produced as indicatives for the tariff years for illustration for 19/20 to 22/23 inclusive. Data can also be seen by unhiding the relevant FCC sheet in the sensitivity model. Each tariff year runs from 01 October to 30 September. The values use the FCC methodology outlined earlier in this document. The data used to populate these indicative

FCC values can be found in the spreadsheet called "Modification 0678 FCC Data Summary for Workgroup (21 March 2019)" available on the page <https://www.gasgovernance.co.uk/0678/Models>.

Parameters used in models made available by proposers for alternative modifications can be found here: <https://www.gasgovernance.co.uk/0678/Models>

Associated assumptions for the values of the forecasted contracted capacity at entry and exit points. Reference to consultation document(s). Provide document ID and relevant page(s).

These are described in Part II documents Section 5 (as mentioned above).

A.1.E. The quantity and the direction of the gas flow for entry and exit points: values and associated assumptions [Articles 26(1)(a)(i), 30(1)(a)(iii)].

Is the parameter an input to the RPM?

No

A.1.F. Structural representation of the transmission network with an appropriate level of detail and associated assumptions [Articles 26(1)(a)(i), 30(1)(a)(iv)].

The representation should include an image of a simplified network depicting the transmission network and distinguishing the elements defined in Article 2(1)(1) of the Regulation (EC) No. 715 /2009:

- High-pressure pipelines (other than the upstream pipeline network and other than high-pressure pipelines primarily used in the context of local distribution of natural gas, with a view to its delivery).
- Transmission networks which are dedicated to supplying domestic customers.
- TSO-DSO interface (transmission exit points to DSO).

The representation should include the transmission network elements included in the regulatory asset base.

Reference to consultation document(s). Provide document ID and relevant page(s).

With respect to the RPM the appropriate representation of the transmission network is the Distance Matrix used in the CWD model. An example of the illustrative model can be found in the file named “Sensitivity Tool (Model) 0678 V3.1 CWD Transmission Services (21 March 2019)” as downloadable Excel file on the page <https://www.gasgovernance.co.uk/0678/Models>. The specific sheet is called “Distance Matrix”. To see Distance Matrix the sheet must be unhidden in the excel spreadsheet.

Associated assumptions and criteria used for the structural representations (e.g.: clustering, average distances, etc).
Provide reference to consultation document(s):

The Distance Matrix uses the pipeline distances between points as outlined in Section 5 of the proposals and uses the connecting distances on the NTS in the calculation. CWD uses the shortest paths and then averages these as an input to the CWD calculation.

A.1.G. Additional technical information and associated assumptions about the transmission network such as the length of pipelines, the diameter of pipelines and the power of compressor stations [Articles 26(1)(a)(i), 30(1)(a)(v)].

Are there other parameter used as input to the RPM related to technical characteristics of the transmission system?
Provide pipeline pressure levels if available.

No

A.2. The value of the proposed adjustments for capacity-based transmission tariffs pursuant to Article 9 [Article 26(1)(a)(ii)]

A.2.A. Proposed discount(s) at entry points from and exit points to storage facilities [Articles 26(1)(a)(ii), 9(1)].

Do you apply the discount(s) at entry points from and/or exit points to storage facilities?

Yes. A table below shows the summary of storage discounts available for each of the proposals.

0678	0678A	0678B	0678C	0678D	0678E	0678F	0678G	0678H	0678I	0678J
50%	50%	50%	80%	50%	80%	80%	50%	50%	50%	50%

Indicate discount (%) at entry points from storage facilities compared to the initial result of the RPM.
50% (or 80%)

Indicate discount (%) at exit points to storage facilities compared to the initial result of the RPM.
50% (or 80%)

Other file or reference (e.g. different discounts for different products at the same storage facilities).
Discount of 80% proposed in some alternative proposals.

A comparison table showing the discounts and other parameters are shown in this comparison table:
<https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/book/2019-04/Mod%200678%20Comparison%20Table%20v7.0%20as%20at%2011APril19.pdf> (direct link or can be found on the page <https://www.gasgovernance.co.uk/0678/Comparison>).

Are there storage facilities connected to more than one transmission or distribution network system.

No

A.2.B. Proposed discount(s) at entry points from LNG facilities [Articles 26(1)(a)(ii), 9(2)].

Do you apply the discount(s) at entry points from LNG facilities?

No (It should be noted that a discount is allowed in all proposals but is set to 0%)

A.2.C. Proposed discount(s) at entry points from and exit points to infrastructure developed with the purpose of ending the isolation of Member States [Articles 26(1)(a)(ii), 9(2)].

Do you apply discount(s) at entry points from and exit points to infrastructure developed with the purpose of ending the isolation of Member States?

No for all except 0678I <https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/book/2019-04/Modification%200678I%20v6.0.pdf> (direct link). The “Ireland Security Discount” proposes compliance to Article 9 paragraph 2.

A.3. Indicative reference prices subject to consultation [Article 26(1)(a)(iii)]

A.3.A. Indicative reference prices at each entry and at each exit point [Article 26(1)(a)(iii)].

Reference to consultation document(s). Provide document ID and relevant page(s).

Prices from alternative proposals can be seen in their RPM models and analysis workbooks. Where provided by proposers during the 0678 workgroups these are available:

See;

- <https://www.gasgovernance.co.uk/0678/Models> for models;
- <https://www.gasgovernance.co.uk/0678/Analysis> for analysis workbooks. The analysis pages also provide for specific analysis produced either by proposers or industry stakeholders.

In terms of indicative illustrative values, National Grid provided a number of years indicative values for tariff years 19/20 to 22/23 available in the spreadsheet “Modification 0678 Data Tables for Workgroup (21 March 2019)” on the page <https://www.gasgovernance.co.uk/0678/Models> for a range of scenarios to show the sensitivities against specific assumptions.

In order to provide illustrative charges for each of the proposals, if they were not provided under the GB UNC Change process and workgroups, National Grid has produced a set of these and these are available as an attachment to the invitation to respond to this consultation. Or they are available on request. The specific worksheets in the spreadsheet are “A.3 Entry Data” and “A.3 Exit Data”.

A.4. Cost allocation assessment [Articles 26(1)(a)(iv), 5]

According to Article 27(2)(b) the Agency shall assess the compliance of Article 7. Given that Article 7 (c) refers to the cost allocation assessment, the Agency's analysis of compliance applies to the cost allocation assessment. For this purpose, the Agency request the NRA/TSO responsible for the consultation to submit

a justification of the cost allocation assessment together with the rest of the consultation documentation once the consultation is launched. This only applies for the case when the cost allocation ratio exceeds 10%. This justification is requested by the Agency independently of its inclusion in the NRA motivated decision described in Article 27(4). For the submission of documents relevant to this section, see the upload section at the end of this template.

A.4.A. Results of the capacity cost allocation assessment [Articles 26(1)(a)(iv), 5].

Capacity cost allocation comparison index (%)

The calculations for the Cost Allocation Assessment (CAA) can be found in the spreadsheet attached (“Article 26 Consultation Data Tables”) to the invitation to reply to this consultation or available on request from National Grid. The specific calculations are accessible in the worksheet “A.4 – CAA”

A.4.B. Components of the capacity cost allocation assessment [Articles 26(1)(a)(iv), 5].

Reference to consultation document(s). Provide document ID and relevant page(s).

The calculations for the Cost Allocation Assessment (CAA) can be found in the spreadsheet attached (“Article 26 Consultation Data Tables”) to the invitation to reply to this consultation or available on request from National Grid. The specific calculations are accessible in the worksheet “A.4 – CAA”. The calculations provide a breakdown by Capacity and by Commodity. For each they are also provided by Entry and Exit and combined.

An example of the CAA as part of a sensitivity model can be found here

<https://www.gasgovernance.co.uk/0678/Models> and the file called “Sensitivity Tool (Model) 0678 V3.1 CWD Transmission Services (21 March 2019)” in the worksheet titled “Cost Allocation Assessment 0678”.

Some specific points to note.

- For UNC0678/A/C/E/F these are all calculated in the same way (i.e. using the model linked above with some changes to inputs as they do not introduce additional charges different to 0678). They only have changes to the RPM and / or the Storage discount. The application of the revenue recovery charges does not impact here as these are all adjusted to accommodate any anticipated shortfall from Storage and Interruptible and therefore do not have a value for revenue recovery charges.
- UNC0678B/D/G/H/J all propose an optional charge in their proposals. The impact of these charges was calculated following the same methodology and assumptions as detailed in the Optional Charge Analysis (full assumption available here <https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/book/2019-04/Optional%20Charge%20Analysis%20%28National%20Grid%29%20v1.3.pdf> direct link and also available on the page <https://www.gasgovernance.co.uk/0678/Analysis> “Optional Charge Analysis (National Grid) (09 April 2019)”), using flows observed from Gas Year 2017/18 for the currently available NTS Optional Commodity Charge to determine the under recovery that would be generated by applicable routes.
- In the case of UNC0678B, this under recovery is an input to the 678B Transmission Services CWD Model v3, which then provides the relevant values. (model available here

<https://www.gasgovernance.co.uk/0678/Models> called “0678B Transmission Services CWD Model v3 (21 March 2019)”

- UNC0678D/G/H/J uses the under recovery and reduce the point specific Entry and Exit FCC values by the relevant quantities as input to the Sensitivity Tool (Model) 0678 V3.1 Transmission Services, along with the relevant RPM is run to provide the relevant values.
- The application of the revenue recovery charges does not impact here as these are all adjusted to accommodate any anticipated shortfall from Optional Charges, Storage and Interruptible and therefore do not have a value for revenue recovery charges
- UNC0678I proposes a Wheeling Charge and an Ireland Security Discount. The values for this modification were generated in the same way as UNC0678D/G/H/J, with the relevant charges under recovery and FCC reductions used as inputs for the Sensitivity Tool (Model) 0678 V3.1 Transmission Services. Both the Wheeling Charge and Ireland Security Discount followed the methodology of using flows observed from Gas Year 2017/18 for the currently available NTS Optional Commodity Charge to determine the use of applicable routes.
- For UNC0678F, where a surrender process is included, it is assumed for this modelling that no surrenders take place. Therefore, 0678F will show the same results as 0678E.

Specific to 0678B additional assumption commentary provided by the proposer:

Assumptions detailed in Optional Charge Analysis.

- (a) Users and routes based on NTS Optional Capacity Charge (OCC) historical flows and revenues from October 2017 to September 2018 (Gas Year 2017/18), replicating Gas Year format of the sensitivity tool.
- (b) Assessment is undertaken at NTS OCC route level basis, not shipper level.
- (c) Assessment is undertaken against Modification UNC0678 as a base case.
- (d) No behavioural changes are assumed. All NTS OCC routes and flows used during Gas Year 2017/18 are considered to use any new optional charge proposed, on the condition the charge is less than the prevailing firm RPM entry and exit prices.
- (e) No consideration is given between users of the proposed optional charges and users that hold Existing Contracts. Optional charge price comparisons are assessed between prevailing firm RPM reference and reserve prices only. Where reference prices are referred to, these are prices from the Sensitivity Model following the first calculation of prices, prior to adjustment for interruptible/off peak or storage/LNG discounts. Therefore these reference prices include multipliers (all set at 1).
- (f) For the purpose of this assessment, the Forecasted Contracted Capacity (FCC) as defined in the FCC Methodology Statement¹ is considered to be 100% accurate.
- (g) For the purpose of calculating adjustments within the sensitivity model, perfect foresight of applicable quantities for the optional charge is assumed in order to give indicative reserve price increases to account for optional charge under recovery.
- (h) It is assumed sufficient capacity has been procured, e.g. capacity bookings are not less than any optional charge related flows
- (i) Any further modification specific sensitivity analysis or assumptions are stated where necessary

A.4.C. Details of components of the capacity cost allocation assessment [Articles 26(1)(a) (iv), 5].

Description of the calculation, including:

¹ <https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/book/2019-03/Forecasted%20Contracted%20Capacity%20v1.0.pdf>

- Details of the cost drivers following Article 5(1)(a).
- Rationale for the combination of capacity cost drivers.
- Where the result of the capacity cost comparison index exceeds 10%, provide the justification for such results.

Reference to consultation document(s). Provide document ID and relevant page(s).

An example of the CAA as part of a sensitivity model can be found here <https://www.gasgovernance.co.uk/0678/Models> and the file called “Sensitivity Tool (Model) 0678 V3.1 CWD Transmission Services (21 March 2019)” in the worksheet titled “Cost Allocation Assessment 0678”.

In many instances the CAA will produce values greater than 10%. Typically for a proposal that proposes Postage Stamp, the values will be less than 10% due to the same unit prices for Entry and Exit being applied.

Where values are greater than 10% this is driven by several elements. A value greater than zero reflects the ratio dividing total revenue to capacity for IPs and the same for Non-IPs vary which can vary due to several elements. Having a value higher than 10% can either mean that the average price is higher at IPs to this percentage or that the average price at Non-IPs is higher.

- Use of distance as a driver will mean there are geographic inputs to the CAA and thus can mean that the Non-IP element may have a higher percentage of revenue on average.
- The protection afforded to specific Entry contracts will also have an impact. Therefore, the values are typically higher on Entry than on Exit.
- The FCC attributed to IP and Non-IPs will also be a driving element. Where the ratio between capacity and revenue is the same at Non-IPs and IPs, this will result in a value of 0 (Zero).
- It should also be noted that once the TAR NC is implemented National Grid will no longer offer any long-term capacity at a fixed price.
- Behavioural changes will drive changes to these values over time and as such the values presented are only an indication based on the assumptions under each calculation.
- For information, where modifications propose additional charges or processes (i.e. optional charges, wheeling charges, Ireland Security Discounts and capacity surrender), the CAA will additionally be impacted by the use of these.

A.5. Assessment of the proposed reference price methodology in accordance to Article 7 and Article 13 of the Regulation (EC) No. 715/2009 [Article 26(1)(a)(v)]

The Agency will evaluate the compliance of the RPM against the set of principles laid out in Article 7 [Article 27(2)(b)(1)]. For the purpose of making explicit the criteria that will be used for this analysis, the template provides the following non-exhaustive list of suggestions to follow in the assessment. Quantitative analysis and stakeholder support will be taken by the Agency as evidence. When such proofs are not available, compliance will be reviewed based on the explanations provided.

A.5.A. The RPM should: enable network users to reproduce the calculation of reference prices and their accurate forecast.

The description of the RPM, together with the rest of elements listed in this template should be instrumental to allow replicating the calculation of reference prices. Provide the manner and the order in which these elements are used for the calculation of the RPM.

Reference to consultation document(s). Provide document ID and relevant page(s).

See UNC Workgroup Report Part II - Section 5 of all listed Modifications.

<https://www.gasgovernance.co.uk/0678>

A.5.B. The RPM shall into account the actual costs incurred for the provision of transmission services considering the level of complexity of the transmission network.

Evaluate the cost reflectivity of the RPM related to the level of complexity and the technical characteristics of the transmission network. The assessment can be based on elements such as:

- How do the level of complexity and the technical characteristics of the transmission network influence the choice of RPM?
- Is the use or non-use of locational signals related to the level of complexity and the technical characteristics of the transmission network?
- How does the choice of E/E split affect the cost reflectivity of reference prices?
- How do reference prices at E/E points relate to the underlying costs of the network?
- Indicate any other elements of the RPM relevant to assess the cost reflectivity of the RPM

Reference to consultation document(s). Provide document ID and relevant page(s).

The CWD RPM was chosen by National Grid for 0678 as the NTS is a highly-meshed network where gas from any entry point can be delivered to any exit point. As there are considerable differences in the distance between points it was considered that a CWD approach was more cost reflective than Postage Stamp in allocating costs/revenues using a combination of capacity and distance drivers.

This generates differentiated prices - this is not the same as location signals which the prevailing RPM generates. Our current RPM is designed to provide efficient investment signals but as we now have a mature network it is considered more appropriate to move to a RPM which is reflective of operational costs. The proposed RPM approaches all yield more stable, less volatile and predictive prices than the current methodology.

Only a 50/50 split was considered in consultations with stakeholders and no proposals were raised to deviate from this.

The reference prices set aim to collect our target Transmission Services revenue which itself is based on the allowed revenue reflective of the underlying costs of the network.

A.5.C. The RPM shall ensure non-discrimination and shall prevent undue cross-subsidisation including by taking into account the cost allocation assessments set out in Article 5.

Evidence for the assessment should take into account the cost allocation assessment, which checks the nondiscrimination between two predefined groups of network users. Other means can be used to check nondiscrimination between other groups of network users. Provide reference to consultation document(s). Provide document ID and relevant page(s).

See answers for A.4.B and A.4.C. In addition to these see Section 7 (Relevant Objectives) of all proposals <https://www.gasgovernance.co.uk/0678/>.

Some proposers have submitted additional or specific information to National Grid following an option to submit material. This is shown below. Not all proposers provided additional material however material supporting and providing additional information for the modifications can be found in the modification documentation <https://www.gasgovernance.co.uk/0678> and in each of the proposals and Part I the Part II Draft Modification Reports.

Some specific contributions provided for 0678D. This is provided below as submitted to National Grid.

- The use of CWD generally ensures fair treatment across all points.
- CWD (as well as PS), though, is not cost reflective in relation to flows on the network resulting in unrealistically high transmission charges for those exit points located close to entry points.
- The introduction of an OCC, which is based on a proxy of the costs of building and maintaining a pipeline of equivalent size and distance, goes some way to rectifying this anomaly, delivering benefits to all users of the network by discouraging NTS bypass.
- Because OCC costs are reflective of the distance and pipeline capacity between the relevant points, the OCC ensures that NTS bypasses are limited to cases where the realistic costs of a private development does not exceed the costs of using the NTS.
- The social benefits of flows being accommodated on the NTS are not considered in the derivation of the OCC. these benefits will include, but are not limited to: a reduction in the average cost of using the NTS for all users; enhanced security of supply through the delivery of gas into the NTS which might otherwise be routed to other, cheaper destinations; improved market liquidity through the delivery of gas supplies which otherwise may have been diverted to alternative destinations.
- As such the cost of OCC is reflective of the costs of building and maintaining a bypass pipeline while understating the benefits which increased utilisation of the NTS brings to all users. In this case the users and customers of OCC are providing a cross subsidy to non- OCC users.
- NGG has provided analysis showing the revenues raised by OCC and the resultant impacts on non-OCC users. on the basis that the OCC is cost reflective, notwithstanding the exclusion of the quantification of the benefits of OCC, then it is the case that the service is not discriminatory and there are no cross subsidies, except where it can be shown that OCC brings wider benefits to all users of the NTS.
- Were OCC not included in the charging methodology then there is a clear case of discrimination and cross subsidy due to the shortcomings of CWD in correctly reflecting flows between points. In this case, private pipelines would be constructed to bypass the NTS, which would deny all users access to the benefits delivered by greater utilisation of the NTS.

Some specific contributions provided for 0678E and 0678F. This is provided below as submitted to National Grid.

- The use of CWD ensures fair treatment across all points based on two main cost drivers: distance and capacity.

- The application of an 80% discount at storage, ensures that the costs and benefits associated with the location of storage within the network and its operational characteristics are more properly reflected in the transmission charging methodology. Where charges are more cost reflective then incidences of discrimination and cross subsidisation are reduced. Material supporting the application of an 80% discount has been provided by WWA and Storengy and can be found <https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/book/2019-02/WWA%20GSOG%20NTS%20CapacityDiscountsReport270219finaldraftv0%205.pdf> and <https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/book/2019-04/GCR%20Gas%20Storage%20Benefits%20Document%20%28provided%20by%20Alex%20Niield%2003April19%29.pdf>
- By excluding storage points from the application of the revenue recovery charge this ensures that flows to and from storage are not double charged. Further it ensures that where capacity has been acquired by a storage operator for onward sale to storage customers it ensures that storage operators are not unduly penalised. In short, the exclusion of revenue recovery charges on adjusted capacity at storage will ensure that storage owners are able to offer storage services to the third party users on an equivalent basis to users who acquired capacity prior to and including 05 April 2017. In addition, it is consistent with Ofgem's GTCR conclusions. More details can be found in the modification proposals.
- In relation to mod 678F, the ability to surrender entry capacity is not relevant to the RPM and is not considered in the EU TAR.

Some specific contributions provided for 0678G and 0678H. This is provided below as submitted to National Grid.

- The use of CWD or Postage Stamp ensures fair treatment across all points. CWD is based on two main cost drivers: distance and capacity postage stamp recognises that the network is fully expanded and historical costs associated with its development are sunk and unrelated to distance. The fact that the NTS is a highly meshed network and the use of distance as a cost driver, where such distances bear little or no relationship to actual flows, means that postage stamp is a more suitable charging methodology.
- The introduction of an OCC, which is based on a proxy of the costs of building and maintaining a pipeline of equivalent size and distance, ensures that NTS bypasses are limited to such cases where the costs of private development exceed the costs of using the NTS, where those costs are reflective of the distance and pipeline capacity between the relevant points.
- The social benefits of flows being accommodated on the NTS are not considered in the derivation of the OCC. These benefits will include, but are not limited to; a reduction in the average cost of using the NTS for all users; enhanced security of supply through the delivery of gas into the NTS which might otherwise be routed to other, cheaper destinations; improved market liquidity through the delivery of gas supplies which otherwise may have been diverted to alternative destinations.
- As such the cost of OCC is reflective of the costs of building and maintaining a bypass pipeline while understating the benefits which increased utilisation of the NTS brings to all users. In this case the users and customers of OCC are providing a cross subsidy to non-OCC users.
- The CWD and postage stamp RPMs are not cost reflective in relation to flows on the network resulting in unrealistically high transmission charges for those exit points located close to entry points. The OCC goes some way to rectifying this anomaly, delivering benefits to all users of the network by discouraging NTS bypass.
- NGG has provided analysis showing the revenues raised by OCC and the resultant impacts on non-OCC users. On the basis that the OCC is cost reflective, notwithstanding the exclusion of the quantification of the benefits of OCC, then it is the case that the service is not discriminatory and there are no cross subsidies, except where it can be shown that OCC brings wider benefits to all users of the NTS.
- Were OCC not included in the charging methodology then there is a clear case of discrimination and cross subsidy due to the shortcomings of both CWD and PS in correctly reflecting flows between

points. In this case, private pipelines would be constructed to bypass the NTS, which would deny all users access to the benefits delivered by greater utilisation of the NTS

A.5.D. The RPM shall ensure that significant volume risk related particularly to transports across an entry-exit system is not assigned to final customers within that entry-exit system.

Explain how the variation in transit flows affects reference prices for final consumers. The assessment can be based on elements such as:

- The contribution of the E/E split to the risk bared by final consumers.
- Are there any ex-ante splits of revenues for the purpose of intra-system and cross-system users?

Reference to consultation document(s). Provide document ID and relevant page(s).

See answer to A.5.C

A.5.E. The RPM shall ensure that the resulting reference prices do not distort cross-border trade.

Refer at least to the effect of the E/E split on cross-border trade. Provide reference to consultation document (s). Provide document ID and relevant page(s).

See answer to A.5.C

A.6. Comparison with the CWD methodology [Article 8] accompanied by the indicative reference prices subject to consultation set out in Article 26 (1)(a)(iii)

A.6.A. Where the proposed reference price methodology is other than the capacity weighted distance reference price methodology detailed in Article 8, a comparison between both methodologies should be performed [Articles 26(1)(a)(vi), 8].

The comparison should be performed with an appropriate level of detail and should enable stakeholders to identify the main differences, advantages and disadvantages of the compared methodologies. The following non-exhaustive list provides relevant elements that can guide the comparison:

- Differences, if any, in the input parameters for each of the methodologies such as input parameters (e.g.: technical and forecasted capacity), ratios for the allowed or target revenue listed in Article 30(1)(b)(v) and discounts to storage and LNG.
- Differences in the manner in which each of the methodologies reflect the level of complexity and the technical characteristics of the transmission network.

- Relation of each of the methodologies to the principles laid out in Article 7.
- Cost allocation assessment in Article 5.

Provide the same parameters and assumptions used for the CWD as for the proposed RPM, highlighting the differences, if any. When the parameters used for each of the methodologies are different, indicate and follow through the differences in reference prices.

Reference to consultation document(s). Provide document ID and relevant page(s).

A set of counterfactual prices have been produced using the same inputs as those used in A.3. The key difference is the approach for certain aspects.

The counterfactual is using a CWD model and follows the calculation for CWD outlined in Article 8.

The counterfactual:

- CWD based;
- Revenue values as per other modifications;
- Assumes no Existing Contracts (so all capacity is subject to floating prices therefore no specific treatment needed);
- Multipliers set to 1;
- Interruptible discount set to 0%;
- Storage discount set to 50%.
- Prices (when adjusted) are only via the RPM for the anticipated shortfall from the storage discount.

A.6.B. Comparison of indicative reference prices at each entry point and at each exit point of the proposed RPM and the CWD detailed in Article 8.

Reference to consultation document(s). Provide document ID and relevant page(s).

To provide illustrative charges for each of the proposals and to compare to the counterfactual, National Grid has produced a set of these and these are available as an attachment to the invitation to respond to this consultation. Or they are available on request. The specific worksheets in the spreadsheet are “A.3 Entry Data” and “A.3 Exit Data” for indicative prices and “A.6 Entry Counterfactual” and “A.6 Exit Counterfactual” for the counterfactual prices.

B. Allowed or Target Revenue of the TSO [Article 26(1)(b)]

B.7. Indicative information set out in Article 30(1)(b)(i), (iv) and (v)

B.7.A. Allowed or target revenue, or both, of the transmission system operator [Articles 26 (1)(b), 30(1)(b)(i)].

- If allowed and target revenue are both used, provide detail for each case.
-

In the case of multiple TSOs, indicate the approach adopted. In the case where the NRA is carrying out the consultation, provide the reference where the information on allowed or target revenue for each TSO can be found.

- Units: currency/year

Description.

The parameter used is the portion of the Allowed Revenue to be recovered through Transmission Services.

Reference to consultation document(s). Provide document ID and relevant page(s).

The Transmission Services Revenue to recover is outlined in Section 5 of the proposals <https://www.gasgovernance.co.uk/0678/>.

B.7.B. Transmission services revenue [Articles 26(1)(b), 30(1)(b)(iv)].

Description (Units: currency/year)

An example of the revenue values and how these are used for any tariff years are contained in this published illustrative model for UNC0678 available as file named “Sensitivity Tool (Model) 0678 V3.1 CWD Transmission Services (21 March 2019)” as downloadable Excel file on the page <https://www.gasgovernance.co.uk/0678/Models>. The data for FCC can be seen in the Entry Prices or Entry Prices tabs when modelling the specific year. Units are in £ and p (and will be displayed accordingly for the particular step in the calculation) and the tariff year runs from 1 October to 30 September, inclusive.

Revenue values in this example model are shown in the “User Inputs” worksheet, Cell C10. The linked sheet can be unhidden if required.

Reference to consultation document(s). Provide document ID and relevant page(s).

See Cell C10 in the User Input sheet in CWD model as described above.

B.7.C. Capacity-commodity split of the transmission services revenue.

Breakdown between the revenue from capacity-based transmission tariffs and the revenue from commodity-based transmission tariff [Articles 26(1)(b), 30(1)(b)(v)(1)].

Revenue from recovered from capacity-based transmission tariffs, %:

There are no proposed commodity charges.

Revenue from recovered from commodity-based transmission tariffs, %:

There are no proposed commodity charges.

Reference to consultation document(s). Provide document ID and relevant page(s).

There are no proposed commodity charges.

B.7.D. Entry-exit split of the transmission services revenue.

Breakdown between the revenue from capacity-based transmission tariffs at all entry points and the revenue from capacity-based transmission tariffs at all exit points [Articles 26 (1)(b), 30(1)(b)(v)(2)].

Revenue from capacity-based transmission tariffs at all entry points, %:

50%

Revenue from capacity-based transmission tariffs at all exit points, %:

50%

Reference to consultation document(s). Provide document ID and relevant page(s).

The current split is 50:50 and there is no proposal to change this.

B.7.E. Intra-system/cross-border split of the transmission services revenue.

Breakdown between the revenue from domestic network users at both entry points and exit points and the revenue from cross-border network users at both entry points and exit points calculated as set out in Article 5, [Articles 26(1)(b), 30(1)(b)(v)(3)]

Revenue from domestic network users at entry points and exit points, %:

The revenue from domestic network users under each of the proposals can be identified within the Cost Allocation Assessment worksheet from the individual models with the results available in the spreadsheet attached (“Article 26 Consultation Data Tables”) to the invitation to respond to this consultation. Or available on request.

Revenue from cross-border network users at entry points and exit points, %:

As above.

Reference to consultation document(s). Provide document ID and relevant page(s).

All proposed models, where they were provided as part of the 0678 development and workgroup processes can be seen at <https://www.gasgovernance.co.uk/0678/Models>

C. Information on commodity based and non-transmission tariffs [Article 26(1)(c)]

Following Article 27(2), the Agency shall analyse the compliance of the criteria used for setting commodity-based tariffs as set out in Article 4(3), and of the criteria used for setting non-transmission tariffs as set out in Article 4(4). The analysis of compliance will be based on the terms listed in this section.

C.8. Flow based charge. Information on commodity-based transmission tariffs referred to in Article 4(3) [Article 26(1)(c)(i)]

Do you apply a flow based charge?

No

C.9. Complementary revenue recovery charge: Information on commodity based transmission tariffs referred to in Article 4(3) [Article 26(1)(c)(i)]

Do you use a complementary revenue recovery charge?

No. Revenue recovery charges for Transmission Services are capacity based and are not proposed to be commodity based. For information, where used these are outlined in Section 5 of the proposals.

<https://www.gasgovernance.co.uk/0678/>. A summary of the overall RPM and associated charges can be found here <https://www.gasgovernance.co.uk/0678/comparison>.

C.9.A. The manner in which they are set [Articles 26(1)(c)(i)(1), 4(3)(b)].

Provide description, rationale and the extent to which the complementary revenue recovery charge is used.

N/A

Reference to consultation document(s). Provide document ID and relevant page(s).

N/A

C.9.B. The share of the allowed forecasted to be recovered from such tariffs or target revenue [Articles 26(1)(c)(i)(2), 4(3)(b)].

Share of transmission service revenue (allowed or target revenue) to be recovered by complementary revenue recovery charges.

N/A

Reference to consultation document(s). Provide document ID and relevant page(s).

N/A

C.9.C. The indicative complementary revenue recovery charge [Articles 26(1)(c)(i)(3), 4(3)(b)].

Description:

N/A

Reference to consultation document(s). Provide document ID and relevant page(s).

N/A

C.10. Information on non-transmission services provided to network users [Article 26(1)(c)(ii)]

Are there non-transmission services provided to network users on the bases of a non-transmission service tariff methodology?

Yes

Comments, if relevant.

There are a series of charges that do not fall under the definition of Transmission Services as defined in Article 4.1 of TAR NC. It is proposed to treat these as Non-Transmission Services.

C.10.A. Non-transmission service tariff methodologies [Articles 26(1)(c)(ii)(1), 4(1)].

Provide:

- List of services considered as non-transmission service based on the criteria laid out in Article 4(1).
- Users to which each of the non-transmission services applies. Indicate if it is not possible to identify the beneficiary of the non-transmission service.
- Explanation of the non-transmission tariff methodology provided per service.

Description:

Non-Transmission Services Revenue is recovered through a number of charges. These are:

- General Non-Transmission Services Entry and Exit Charges;
- St Fergus Compression Charges;
- NTS Metering Charges;
- DN Pensions Deficit charges;
- Shared Supply Meter Point Administration charges;
- Allocation Charges at Interconnectors

Reference to consultation document(s). Provide document ID and relevant page(s).

These are common across all proposals (in terms of them being included). Some have some subtle changes on how they are calculated (notably the General Non Transmission Charge) due to any specific

treatment of optional charges. Where these impact this charge it can be seen in the specific proposal <https://www.gasgovernance.co.uk/0678/> and also summarised on the comparison table <https://www.gasgovernance.co.uk/0678/comparison>.

An example of listing Non Transmission can be seen in 0678 <https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/book/2019-03/Modification%200678%20v4.0.pdf> (pp 17-18, 26-28)

C.10.B. Share of the allowed or target revenue forecasted to be recovered from such tariffs, [Articles 26(1)(c)(ii)(2)]

Share of the allowed or target revenue forecasted to be recovered from non-transmission service tariffs. Provide, if possible, details per type of non-transmission service.

	2019/20	2020/21	2021/22	2022/23
Forecast Target Non-Transmission Service Revenue (£m)	£224.3m (24% of allowed revenue)	£212.5m (21% of allowed revenue)	£219.4m (21% of allowed revenue)	£227.6m (21% of allowed revenue)

Reference to consultation document(s). Provide document ID and relevant page(s).

See different year sheets within non-transmission services model.

<https://www.gasgovernance.co.uk/0678/models> and specifically “Sensitivity Tool (Model) 0678 V3 Non Transmission Services (15 March 2019)” provides illustrative charges for Non Transmission Services.

C.10.C. The manner in which the associated non-transmission services revenue is reconciled as referred to in Article 17(3) [Articles 26(1)(c)(ii)(3), 17(3)].

Provide details about how is the reconciliation done including the use of a regulatory account, the split of regulatory accounts into sub-accounts, and the use of separate accounts.

Non-Transmission Services Entry and Exit Charges are reconciled within a single account. This includes the revenue from the DN Pensions Charges, NTS Meter Maintenance Charges, St. Fergus Compressor Charges, Shared Supply Meter Point Administration Charges and Allocation Charges at Interconnectors.

Reference to consultation document(s). Provide document ID and relevant page(s).

An example of listing Non Transmission can be seen in 0678 <https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/book/2019-03/Modification%200678%20v4.0.pdf> (pp 17-18, 26-28)

C.10.D. Indicative non-transmission tariffs for non-transmission services to network users [Articles 26(1)(c)(ii)(4)].

Formula and description:

Details can be found in the Uniform Network Code (section Y):

<https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2018-01/TPD%20Section%20Y%20-%20Charging%20Methodologies.pdf>

Indicative illustrative Values for the General Non-Transmission Services charge (the most significant of the Non-Transmission Services charges) can be found across the proposals for the tariff years 19/20 to 22/23 in the spreadsheet attached (“Article 26 Consultation Data Tables”) to the invitation to this consultation in the worksheet named “C.10 Non-Tx Services”. As this can be accommodated easily this has also been replicated here. All values are in p/kWh.

	MOD678	MOD678A	MOD678B	MOD678C	MOD678D	MOD678E	MOD678F	MOD678G	MOD678H	MOD678I	MOD678J
2019/20	0.014	0.014	0.0201	0.014	0.018	0.014	0.014	0.018	0.0171	0.0154	0.0171
2020/21	0.0138	0.0138	0.0202	0.0138	0.0179	0.0138	0.0138	0.0179	0.017	0.0152	0.017
2021/22	0.0146	0.0146	0.0217	0.0146	0.0192	0.0146	0.0146	0.0192	0.0182	0.0162	0.0182
2022/23	0.0153	0.0153	0.0227	0.0153	0.02	0.0153	0.0153	0.02	0.019	0.0169	0.019

Reference to consultation document(s). Provide document ID and relevant page(s).

See different year sheets within non-transmission services model:

<https://www.gasgovernance.co.uk/0678/models> and specifically “Sensitivity Tool (Model) 0678 V3 Non Transmission Services (15 March 2019)” provides illustrative charges for Non Transmission Services.

D. Compared tariffs and tariff model [Article 26(1)(d)]

D.11. The indicative information set out in Article 30(2)

The comparison should be based on indicative reference prices. Whenever the data necessary for this comparison is not available at the time of the consultation on the RPM (e.g.: multipliers and seasonality), provide the date and the source where the information will be available.

D.11.A. Comparison between transmission tariffs applicable for:

- the prevailing tariff period, and for
- the tariff period for which the information is published.

Explain the difference between the level of transmission tariffs [Articles 26(1)(d), 30(2)(a) (i)].

Comparison with the past tariff period. The comparison should be based on transmission tariffs.

Reference to consultation document(s). Provide document ID and relevant page(s).

Comparison between the current tariff period and the different proposed solutions can be found within the analysis workbooks.

Link to information on TSO/NRA website.

Prices from alternative proposals can be seen in their RPM models and analysis workbooks. Where provided by proposers during the 0678 workgroups these are available:

See;

- <https://www.gasgovernance.co.uk/0678/Models> for models;
- <https://www.gasgovernance.co.uk/0678/Analysis> for analysis workbooks. The analysis pages also provide for specific analysis produced either by proposers or industry stakeholders.

In terms of indicative illustrative values, National Grid provided a number of years indicative values for tariff years 19/20 to 22/23 available in the spreadsheet “Modification 0678 Data Tables for Workgroup (21 March 2019)” on the page <https://www.gasgovernance.co.uk/0678/Models> for a range of scenarios to show the sensitivities against specific assumptions. This includes a comparison to prevailing tariffs.

In order to provide illustrative charges for each of the proposals, if they were not provided under the GB UNC Change process and workgroups, National Grid has produced a set of these and these are available as an attachment to the invitation to respond to this consultation. Or they are available on request. The specific worksheets in the spreadsheet are “A.3 Entry Data” and “A.3 Exit Data”. This includes a comparison to prevailing tariffs.

D.11.B. Comparison between transmission tariffs applicable for:

- the tariff period for which the information is published, and for
- each tariff period within the remainder of the regulatory period.

Provide estimated difference in the level of transmission tariffs [Articles 26(1)(d), 30(2)(a) (ii)].

Comparison with upcoming tariff periods. The comparison should be based on transmission tariffs.

Reference to consultation document(s). Provide document ID and relevant page(s).

See D.11.A. Regulatory period ends on 31 March 2021.

Link to information on TSO/NRA website.

See D.11.A

D.11.C. At least a simplified tariff model, updated regularly, enabling network users to calculate the transmission tariffs applicable for the prevailing tariff period and to estimate their possible evolution beyond such tariff period [Articles 26(1)(d), 30(2)(b)].

Tariff model for prevailing tariffs and future tariff periods. The simplified tariff model should serve for the calculation of tariffs. If the information on multipliers and seasonality is not available at the time of the publication of the consultation on the RPM, it should be indicated. By the time this information is published, the simplified tariff model should be updated to include information on tariffs.

Reference to consultation document(s). Provide document ID and relevant page(s).

Prices from alternative proposals can be seen in their RPM models and analysis workbooks. Where provided by proposers during the 0678 workgroups these are available:

See;

- <https://www.gasgovernance.co.uk/0678/Models> for models;

- <https://www.gasgovernance.co.uk/0678/Analysis> for analysis workbooks. The analysis pages also provide for specific analysis produced either by proposers or industry stakeholders.

D.11.D. Explanation of how to use the simplified tariff model [Articles 26(1)(d) and 30(2)(b)].

Reference to consultation document(s). Provide document ID and relevant page(s).

CWD user guide can be found attached to the invitation to this consultation or available on request.

Postage Stamp user guide: Using the CWD user guide above and using the model “PS” needs to be selected in the User inputs tab.

E. Fixed payable price under price cap regime [Article 26(1)(e)]

E.12. Where the fixed payable price referred to in Article 24(b) is offered under a price cap regime for existing capacity

Is the fixed payable price referred to in Article 24(b) offered under a price cap regime for existing capacity.

No

Documentation submission to the Agency

The online template and the tool for the submission of files to the Agency is implemented over a secure IT connection based on https.

Final consultation on the RPM

The Agency requests the NRA/TSO responsible for launching the final consultation on the RPM to follow the below requirements when submitting the consultation documentation to the Agency:

- **All files containing numerical data** must be provided to the Agency in non-protected Excel or Excel compatible files independently of how they are published in the consultation.
- **Files containing text** must be provided to the Agency in Word, Word compatible files, or PDF.
- **Files containing images** must be provided to the Agency in a commonly used image formats or PDF.
- **All data must be provided in non-protected files** that allow editing. If PDFs are used, they must not be protected against editing (e.g.: they must allow copying the text of the PDF)
- **Confidential information must be clearly marked as confidential. In the cases where the consultation includes confidential information, a non-confidential version of the consultation must also be provided as part of the documentation.** Such version can be prepared erasing or aggregating the sensible information to render the data non-confidential.

Upload consultation documentation

For all documents see: <https://www.gasgovernance.co.uk/0678/>

Provide a description of the uploaded documents and how they relate to the consultation (e.g.: main documents, supporting files, etc)

Documents include:

- Main workgroup report
- Individual alternative proposals
- Analysis (where provided separate or in addition to any analysis in the proposal documents).
- RPM Models (where provided)
- Legal text

Information on confidentiality. If any of the submitted files are subject to confidentiality rules, please identify these files and provide additional non confidential versions.

No documents are confidential.

Cost allocation assessment justification

Does the capacity and/or the commodity cost allocation comparison index, as per Articles(3)(c) and Article(4) (c), exceed 10%?

Yes for some instances for capacity. Drivers behind this are mentioned earlier in this document in section A.4

No commodity charges are proposed.

In the cases where the cost allocation assessment exceeds 10%, ACER request a justification to be submitted as part of the consultation. Such information can be provided to ACER at the time of launching the final consultation allowing ACER with sufficient time to review it. See section on the cost allocation assessment for more details.

Upload supporting files with the justification for the cost allocation assessment.

CAA Calculations mentioned in A.4 and contained in a spreadsheet attached (“Article 26 Consultation Data Tables”) to the invitation to this consultation. This consultation is the preliminary consultation and not the final one prescribed in the EU Tariff Code.

Comments, if relevant.

The cost allocation assessment is automatically generated by the RPM model (see table in A.4.A for outcomes).

Care must be taken in interpreting the values of these assessments. There are a number of drivers that will influence the values and the CAA does not clearly cater for aspects of certain proposals so some assumptions had to be made in producing the indicative assessments mentioned in this document.

Additional supporting documents

For the purpose of making the implementation of the TAR NC more efficient, the Agency provides below two sections to facilitate information on intermediate consultations and on the publication of stakeholder responses relative to the final consultation on the RPM. The Agency advocates that NRAs /TSOs provide links to this data and/or the documentation itself by the time it is available. The survey can be accessed after the submission of the final consultation for the purpose of providing this data.

Intermediate consultation(s) on the RPM

Link to the consultation documents.

<https://www.gasgovernance.co.uk/0678/>

This is a link to the domestic GB consultation on the domestic UNC changes. This consultation document is a preliminary consultation following the spirit of the final EU Tariff Code consultation.

Appendix: Instructions for using the survey

The online template and the tool for the submission of files to the Agency is implemented over a secure IT connection which will be operational as of end of September 2017.

Reading the survey

The online template lists all legal requirements for the consultation on the RPM according to Article 26. In addition, it provides interpretation and guidelines to several requirements of Article 26. These two levels of text can be distinguished based on the colour of the typography used:

- **Blue typography** replicates the text of the Tariff NC and provides references to articles of the Tariff NC.
- **Black typography** provides descriptions and clarifications to the text of the TAR NC.

The additional clarifications and guidelines provide the reasoning and arguments that ACER will employ when reviewing the consultations, following the requirement set in Article 27(2).

The online template is structured into five different sections following the structure of Article 26. At the end of the survey, a section for uploading the consultation document(s) is provided.

The online template mirrors all requirements laid out in the template checklist which is available at:

Timeline for completing the survey

The online template can be filled as of its date of publication (5 July 2017). It can be saved as a draft and can be subsequently updated following the steps of the national process until the final submission. The Agency advocates that the NRA/TSO responsible for the consultation provides the requested information relative to the consultation on the RPM using the online template. This includes:

- **Prior to the consultation**, the NRA/TSO should provide details relative to the contact point, the estimated timeline for the consultation, and the planning of intermediate consultations, if any.
- **After the publication of the final consultation**, the NRA/TSO should submit details relative to the publication of the stakeholder responses [Article 26(3)] and the NRA motivated decision [Article 27(4)].

NRA/TSO input on the survey

When filling out the survey, the NRA/TSO responsible for the consultation on the RPM, should provide the following information:

- **Descriptions and justifications** based the requirements listed on Article 26.
- **References to the consultation document(s)** where the requested information can be found. References should include the name of the document and the page(s) being referred.
- **Relevant information on the consultation process.**

Whenever the format of the survey incurs in any incompatibility with the structure of the consultation, the NRS/TSO should contact ACER.

Submission of the consultation document(s) to the Agency

This platform allows NRAs/TSOs submitting the consultation document(s) to the Agency. The submission of these documents is an obligation laid out under Article 27(1) and it is independent of the use that NRAs/TSOs make of the template. For this purpose, the NRA/TSO carrying out the consultation can use this file submission tool above.

Publication of the survey summary

Upon filling in the requested information laid out in the online template tool, the NRA/TSO can access a summary of the consultation on PDF format. The PDF document can be included as an annex to the national consultation.

Regardless of the NRA/TSO decision to publish this document, the Agency will release on its website the completed templates as part of its analyses on the RPM consultations [Article 27(2)].