

Gas  
Transmission

# FCC & Charging Workshop

06 May 2021

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# UNC0728B Recap

1. FCC update
2. Revenue update
3. 0728B assumptions for inputs to setting charges

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# FCC update

**Entry: 4,975,277,324 kWh/d (previous FCC WG model: 4,952,133,668 kWh/d)**

**Exit 5,336,729,430 kWh/d (previous FCC WG model: 5,311,177,450 kWh/d)**

- The above numbers reflect updates following further sense checking and taking into account more up to date data
- They include the same updates with regards to the rules of the updated FCC Methodology (e.g. where the utilisation factor is adjusted and capped at 2)
- These are not final numbers but reflect the latest position.

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Revenues:

Indicative view and  
method of determining  
Transmission Services  
Target Revenue

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# Revenues: Indicative views

## Determining Revenues for Transmission Services

- To support the understanding of how the Transmission Services Revenue is calculated the following slides provide an illustration using the data available as of this workshop (06 May). The values should be considered indicative and are subject to change.
- The values should not be used as an indication of the final revenue values for the purposes of setting final charges for October 2021.
- Final values will be shared nearer the time of publication of prices as they are finalised.

*Indicative values as of 06 May 2021 which are subject to change. Final values used for setting charges from October 2021 along with indicative future years will be shared nearer to the time of publication of prices.*

<b>£m</b>	<i>October 21 Charge Setting: Indicative Values</i>	<b>2021/22</b>
<b>TO Licence Allowed Revenue (TO MAR)</b>	TO Allowed Revenue (Excluding K)	851.300
	TO 'K' & 'LK'	-165.551
	<b>TO Target Revenue</b>	<b>1016.851</b>
<b>Allocate Revenue Streams</b>	DN Pension	0.000
	Meter Maintenance & Other	-1.702
	SO Capacity	1.668
	<b>Tx Target Revenue</b>	<b>1016.817</b>
<b>Tx Services Revenue split across Entry and Exit</b>	Tx Target Revenue minus 'K' & 'LK'	851.266
	50/50 Split across Entry and Exit	425.633
	TO 'K' & 'LK'	-165.551
	TO Entry 'K' & 'LK'	-142.275
	TO Exit 'K' & 'LK'	-23.276
	<b>Tx Services Target Revenue (Entry) - ART</b>	<b>567.908</b>
	<b>Tx Services Target Revenue (Exit) - ART</b>	<b>448.909</b>
	<b>Total Tx Target Revenue</b>	<b>1016.817</b>

		2021/22		2022/23		
		Apr-Sep 21	Oct - Mar 21/22	Apr - Sep 22		
<b>ENTRY:</b>	Seasonal Allocaton Factor (Fry)		0.500	0.500		
	Entry Target Revenue (FY)	567.908				
	Expected Entry Revenue (Rpt)	264.176				
	Predicted / Required Revenue to meet FY		303.732			
	Resulting Revenue for first 6 months on next FY			304.332		
	Total Entry Revenue (FY)	567.908				
	<b>Entry Modelled Revenue (GY)</b>		<b>608.065</b>			
		2021/22		2022/23		
		Apr-Sep 21	Oct - Mar 21/22	Apr - Sep 22		
<b>EXIT:</b>	Seasonal Allocaton Factor (Fry)		0.497	0.503		
	Exit Target Revenue (FY)	448.909				
	Expected Exit Revenue (Rpt)	247.477				
	Predicted / Required Revenue to meet FY		201.432			
	Resulting Revenue for first 6months on next FY			204.267		
	Total Exit Revenue (FY)	448.909				
	<b>Exit Modelled Revenue (GY)</b>		<b>405.698</b>			

*Indicative values as of 06 May 2021 which are subject to change. Final values used for setting charges from October 2021 along with indicative future years will be shared nearer to the time of publication of prices.*

<b>Tx Services Gas Year Allowed Revenues</b>	Tx Services (Entry)	608.065
	Tx Services (Exit)	405.698
	<b>TOTAL</b>	<b>1013.763</b>
	% Entry	59.98%
	% Exit	40.02%
	<hr/>	
<b>Tx Services Revenues FY22</b>	Entry	567.908
	Exit	448.909
	<b>Total</b>	<b>1016.817</b>

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# UNC0728B – Price Setting Assumptions

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# UNC0728B Recap

## Maximum Distance of 28km

- Calculated as a straight line, between Entry and Exit terminals

## Discount is calculated based on a curve:

- maximum of 90% at 0km
- minimum of 10% at 28km
- no discount for users outside of the 28km boundary
- no discount for routes connected to points classified as DN or Storage

## A route consists of:

- Eligible Entry Point
- Eligible Exit Point
- Shipper

## Eligible Quantity\*:

- Initial value calculated as the minimum of four input values
  - Net Firm Entry Capacity Bookings
  - Net Firm Exit Capacity Bookings
  - Entry Flow
  - Exit Flow
- Additional steps followed to calculate Entry and Exit EQs

\*The Eligible Quantity for Entry or Exit excludes Existing Contracts and secondary transfers, however these can be used to achieve a discount on the other end of the route

# Eligible Quantities (EQ) – Assumptions & Method

## Forecast Booking and Flow information

- This is taken from the same data we will input to the revised FCC for each year

## A utilisation factor is applied to the Initial Eligible Quantities

- This is based on historic uptake of the old “Short-haul” product for active routes which remain eligible
- Routes previously not used will receive an Average based on the active historic routes which remain eligible
- In future years we will use data from the current product

## Entry Eligible Quantity

- This follows the logic of the Modification solution and nets off Existing Contracts from the Initial Eligible Quantity

## Exit Eligible Quantity

- This follows the logic of the Modification solution and we prorate the Initial Eligible Quantity based on the sum of all Exit Eligible Quantities associated with a single Entry Point
- Based on tests, this is unlikely to have any effect but would scale down Exit EQs where the Entry EQ doesn't support the full volume and may become a factor in future

## Bacton UKCS and Bacton IP duplicate routes

- A second proration is used for routes where an Exit Point could use either UKCS or IP, but not both under Modification rules
- The ratio of Entry Net Firm (exc. Existing Contracts) at the two Entry Points is applied to the Exit EQs at eligible Exit Points

## End result is an EQ at an Aggregate Level per Entry/Exit Point combination