Question	Category	Question	Comments
1	**TS/GNTS TO/SO Split**	So under 0621 and 0678 when you said Trans Services revenue was broadly aligned to TO (and ditto Non-Trans/SO), that was a bit too "broadly" as it turns out?	Transmission Services and Non Transmission Services are concepts under the EU Tariff Code which does not neatly consider a model of a separate TO and SO. In terms of the basic principles there is commonality. In determining the target revenues for Transmission Services, some of the cross over treatment was not forecast within the charge setting process.
2	**TS/GNTS TO/SO Split**	How was the leakage of "SO revenue" to capacity neutrality not picked up by NG (and Ofgem) before UNC 678A was implemented?	The Gas Transmission Charging review was a multi year programme, working with industry, with the aims of addressing some of the inadequacies of the previous charging regime and implementing the EU Tariff code. The programme involved many industry parties several of whom raised alternative mod proposals. Capacity neutrality as a process was not considered in the industry wide development across UNC Modification 0621 (and alternatives) and UNC Modification 0678 (and alternatives). Whilst preferable that it would have been, we now have the opportunity resolve this issue. The evidence of the impacts are substantial enough to warrant urgent attention and resolve at the early stage post implementation of UNC Modification 0678A.
3	**TS/GNTS TO/SO Split**	can you provide more detail on general non-ts charge components	More detail can be provided in future publications or Webinars. The focus has centred more on the Transmission Services due to the complexity of the assumptions underpinning the capacity forecasts. With Non Transmission mostly recovered from Commodity charges the nature of the calculation is much simpler.
4	**TS/GNTS TO/SO Split**	is wd firm and int revenue TS or non-TS ? cannot depend on whether entry or exit	Within Day Firm and Interruptible Entry Capacity are Transmission Services. For Exit, equivalent revenues are also Transmission Services.
5	**TS/GNTS TO/SO Split**	Why over recover the exit charges circa 43 m over two months when you are reducing the non TS charge all this movement undermines the logic of 678A	Keeping the duration as short as possible can help minimise impacts into future years and long term impacts to charges. There are different Transportation Charges that, in total, recovery TO and SO revenues and the charges are ultimately set to recover the total.

6	**Exit/Entry Cross Subsidy**	reduced non TS charge is a cross subsidy to entry from exit	The TO/SO treatment of revenue is governed by our licence rather than the UNC with Transmission Services and Non-Transmission Services and the charges through which these are recovered are defined in the UNC.
7	**Exit/Entry Cross Subsidy**	why doesn't the mod address the exit revenue going to SO ?	
8	**Exit/Entry Cross Subsidy**	so while Entry/ exit TO pots are kept completely separate, there is cross subsidization in the SO pot because Exit Cap TO revenue flowing into Non-Tx pot leads to a reduction in Entry non-Tx charges given its one charge between Entry/Exit....? and if the above it correct why isn't Grid raising a mod to tackle this mis-direction of Exit revenue as they are doing with the Entry Cap. neutrality urgent mod	
9	**TAR Compliance**	Revenue collection under licence does not appear compliant with TAR. Explain.	It would be helpful to understand where it would appear the overall structure was thought to be non-compliant with the EU Tariff Code (TAR). We would welcome further details from the asker of this question. General revenue collection under the Licence is outside the scope of this modification.
10	**TAR Compliance**	In terms of compliance with TAR the Licence does not look aligned what is the process for changing this (UNC changes are compliant as these were NRA approval)	Changes to the Licence are subject to Ofgem consultation process.
11	**Existing Contracts**	Since they are exempted from the RRC: Could you please explain again what exactly do you mean with long-term capacity or legacy capacity?	For the purposes of Entry Transmission Services Revenue Recovery Charge (TSRRC), "Existing Available Holdings", are defined as User's Available NTS Entry Capacity for such Entry Point and Day as at the Tariff Regulation Effective Date (06 April 2017).
12	**Existing Contracts**	Does RRC even apply if a company buys so called secondary legacy capacity from another company which holds these primary legacy capacity and transfers it to us?	We are assuming this is in relation to trades. If a trade takes place post 06 April 2017, then the recipient is subject to the TSRRC, the seller is not. If this is subsequently traded on, then RRC remains payable.
13	**Existing Contracts**	Is it possible to trade at UK beach flanges and sell gas to a company which holds legacy entry capacity and uses these capacity to ship our gas to Easington?	This is a very specific question, we are not involved in beach trading and this occurs outside of the confines of UNC, however any party who enters gas to the NTS would need to hold the appropritate level of Entry Capacity,

			otherwise they will be subject to overrun charges. Should a User wish to discuss any aspect of their Transportations Charges and / or capacity we would be happy discuss directly.
14	**Existing Contracts**	Did you say: April 6th, 2017 or October 6th, 2017	06 April 2017, the date when the EU Tariff Code came into force.
15	**Existing Contracts**	If Entry RRCs are only being applied to a subset of Entry capacity holders does this create issues of fair competition?	As implemented with Ofgem's decision for UNC Modification 0678A, for Entry, the Transmission Services Revenue Recovery Charge (TSRRC) is applied to the aggregate amount of NTS Entry Capacity that a User holds at an Entry Point on a given day "Fully-Adjusted Available Capacity" minus the "Existing Available Holdings", which are defined as User’s Available NTS Entry Capacity for such Entry Point and Day as at the Tariff Regulation Effective Date (06 April 2017). This value can't be less than zero.
16	**Historic Forecasting**	So it seems as well as the capacity neutrality fiasco, the forecast bookings at entry are wildly wrong. Can you explain why?	The Capacity Reserve Prices were set based on the Forecasted Contracted Capacity values as calculated for Gas Year Oct 20 - Sep 21, in line with the agreed "FCC Methodology" that was part of the consultation under UNC Modification 0678 (and alternatives). This annual value created for the gas year is then apportioned across the 12 months of the Gas Year to provide the forecast. The proportions of capacity across the range of capacity products will always be a challenge to get "right", and will be subject to continual review.
17	**Historic Forecasting**	did you base your forecasts on average terminal flow data or the amount of zero-price WDDSEC bookings people were making in the past?	
18	**Historic Forecasting**	National Grid should have been aware that booking behaviours would change as a result of Mod 678.	
19	**Historic Forecasting**	Can you explain the deviations in booked capacity from the FCC in more detail?	
20	**Historic Forecasting**	what were your assumptions about the proportion of short term capacity that would be within day when setting charges - what is the delta?	The assumption under UNC Modification 0678A was that all capacity revenues would be classed as National Grid allowed revenue.
21	**Historic Forecasting**	How did you not forecast the orange bits on the chart (neutrality & SO allowance) at all?	The Gas Transmission Charging review was a multi year programme, working with industry, with the aims of addressing some of the inadequacies of the previous charging regime and implementing the EU Tariff code. The programme involved many industry parties several of whom raised alternative mod proposals. Capacity neutrality as a process was not considered in the industry wide development across UNC Modification 0621 (and alternatives) and UNC

			Mofification 0678 (and alternatives). Whilst preferable that it would have been, we now have the opportunity resolve this issue. The evidence of the impacts are substantial enough to warrant urgent attention and resolve at the early stage post implementation of UNC Modification 0678A.
22	**Future Forecating**	None of the models are accurate now as the revenue flows means that charges are not predictable	The models are based on the Forecasted Contracted Capacity (FCC) values calculated in line with the FCC methodology which was subject to industry consultation as part of UNC Modification 0678 and alternatives. Forecasts and methdologies will be subject to iterations over time. The more actual data we collect over time in the new regime, the more we can understand the variance from the forecasted values, and the potential to adjust these calculations for future years.
23	**Future Forecating**	When will you be releasing models so that users can understand the impact of the tariffs	The Charging Models that are used to set the Capacity Reserve Prices are published a minimum of one month prior to the Gas Year they have been calculated for.
24	**Future Forecating**	what if the FCC correction factor is different in future months	The FCC correction factor has been based on the actuals to date against those forecast. We will continue to track this and if we see a significant difference the correction factor and consequently the RRC will be adjusted to reflect this.
25	**Future Forecating**	Has weather or CWV been taken into account for the FCC correction factor? Oct and much of Nov was far lower demand and warmer than historicals	
26	**Future Forecating**	Can Shippers input to your FCC process review? Rather than just have sight when you are done?	The FCC Methodology, which was subject to industry consultation as under 0678 and alternatives, is expected to be iteratively reviewed over time. An agenda item at the NTSCMF (NTS Charging Methodology Forum) hosted monthly by the Joint Office.
27	**Future Forecating**	When will you release new models as we need to predict next years charges ?	The Charging Models that are used to set the Capacity Reserve Prices are published a minimum of one month prior to the Gas Year they have been calculated for. Reserve prices apply to the whole of a Gas Year.

28	**Future Forecating**	Is there a danger that the increase in charges will just change users booking behaviours again and therefore potentially lead to another price increase?	UNC Modification 0748 aims to align the vast majority of entry capacity revenues with the collection of allowed revenue, in doing so whilst Revenue Recovery Charges will still be needed they should be to a lesser degree. Booking behaviour is difficult to forecast and any deviation from the forecast will result in a need to utilise the RRC processes put in place for that purpose, a RRC can be positive or negative. As experience of the new regime grows we would hope that the forecasting process improves and the use of RRC's reduces.
29	**Future Prices**	on the basis that your forecasts are wrong it seems that there will be a sginificant RRC for the remainder of the Gas Year irrespecive of a fix to neutrality?	The Capacity Reserve Prices were set based on the Forecasted Contracted Capacity values as calculated for Gas Year Oct 20 - Sep 21, in line with the" FCC Methodology" as developed during the UNC Modification 0678 process. Where the actual capacity values differ from this forecast there will be a requirements to redress this through the TSRRC, although implementation of UNC Modification 0748 will lessen this requirement
30	**Future Prices**	how and when will you factor in RIIOT2 revenues into TO/SO revenues and the RRCs?	Over the course of December, post notification of the RIIO2 Final Determinations, National Grid will be working on the likely picture from April 2021 and look to share with industry as soon as possible.
31	**Future Prices**	Future years do you expect RRC charges	Where actual capacity bookings do not match those forecast, there will be a need for an RRC to address any variance. The use of an RRC is a revenue recovery mechanism to manage actual and anticipated under or over recovery within year.
32	**Consumer Impact**	How and when will these additional charges be passed on to the final consumer? Presumably DN's will need to advise of their revised charges as a result of this?	These charges do not change the amount of National Grid's allowed revenues and will change how this is apportioned across Users. The nature of how the Users' Transportation charge liability is charged downstream from UNC arrangements will depend on how Users and other market participants structure their respective contracts and associated service charges. Regarding GDNs, it would be more appropriate to ask the GDNs regarding the timing of setting their charges and what they are permitted to accommodate and when in relation to Exit Capacity charges.

33	**Modification**	Why not collect the RRC out to the start of the next gas year for both Exit and Entry ?	The aspiration with regards to setting these charges is to minimise the duration of the "impact" of reconciliing. If this can be kept to a shorter period it can reduce any knock on effect to impacting future years.
34	**Modification**	what is the logic behind the TS Entry RRC being collected over 5 months from Feb-21?	The aspiration with regards to setting these charges is to minimise the duration of the "impact" of reconciliing. If this can be kept to a shorter period it can reduce any knock on effect to impacting future years.
35	**Modification**	Do I understand correctly that the announced RRC from Feb-21 could actually be different from what has been published on 30th Nov?	This is correct, assuming the UNC modification(s) related to Capacity Neutrality are implemented.
36	**Modification**	If the retrospective mod is approved will NGG charge back the RRC as well to be consistent?	The retrospecitve modification will focus only on Capacity Neutrality payments for the affected period. As a consequence there may be a corresponding reduction in the TSRRC, following the example of UNC Modification 0748 where a shorter notice period would allow a quicker reduction in the TSRRC following any implementation
37	**Modification**	Why are you not looking to alter Exit arrangements to remove the 'incorrect' allocation	The TO/SO treatment of revenue is governed by our licence rather than the UNC.
38	**Modification**	a shorter timeframe is not helpful for industry - this causes greater uncertainty once again. Due to the month-ahead pricing period it's not possible to hedge	We appreciate the challenges this can introduce. We are balancing the need to remove the uncertainty and resolution of Capacity Neutrality. The modification will support the resolution of under recovery and support the certainty and stablity of the charges which we know is important to customers.
39	**Modification**	where in licence does it provide for RRC applying in RIIO2 period but being allocated back to RIIO 1	Within the Licence, depending on timings, if events relate to a particular period then these can be captured within regulatory reporting for a specific Regulatory Year.
40	**Modification**	Legal Drafting - When we will see this as the Modification is due to go to consultation today (08.12.2020)?	Legal drafting is available alongside the UNC Modification 0748 proposal: https://www.gasgovernance.co.uk/0748
41	**Modification**	Is rushing modifications sensible given the proposed changes may have other unintended consequences?	We are aiming to resolve as soon as possible. We appreciate the modifications may end up with two different timelines. The prospective modification has now been raised (UNC 0748), with consultation close out on Friday 11th December. The

			retrospective modification timeline is being considered following feedback from NTSCMF on 7th December and will be notified to industry in due course.
42	**Incentives**	what is the impact on SO incentives?	With any impact to the SO Incentives, these can be assessed on a separate timeline and National Grid will actively participate in this.
43	**Revenue / Tariff**	why are you calling it a target?	We are assuming this is in relation to a "target" revenue. A target revenue is determined for the year under the Licence, within this, a monthly profile is also projected.
44	**Methodology**	Seems to me that this highlights that the fundamental economics of Mod 678 implementation is completely flawed if capacity charges are effectively doubled.	There is no direct question to answer from the wording, however if the author of this observation would like to discuss further please get in touch.
45	**Revenue / Tariff**	UNC678A was said to be an incomplete package of work (absence of short haul, storage discount not addressed), what was the rational to rush the implementation?	UNC Modification 0748 can be considered independent of the Shorthaul proposals under UNC Modifications 0728/A/B/C/D. The whole charging framework will continue to adapt and evolve as is needed or beneficial. This issue is significant to address on its own and as / when any update with respect to the Shorthaul arrangements are known, these will also be assessed.
46	**Methodology / Revenue / Tariff**	Given that most of this was completely foreseeable by NGG, and missed from 678, should they not take the hit?	A variance to forecast was inevitable, the challenge is to what degree this manifests when seeing actual data. Whilst the scale of booking variance to forecast is higher than is desirable, the framework accommodates mechanisms for this. The forecast capacity methodology and its application was part of the industry consultation process on UNC Modification 0678A and alternatives and was always expected to undergo some iterations over time as capacity booking patterns adjust to the new regime.
47	**Methodology / Tariff**	the presenation basicaly tells us that the revenue structures and forecasts are all wrong and that charges will fluctuate for years to come..correct?	Charges can fluctuate under the methodology. As capcity bookings in particular are assessed post implementation adapting to the new framework, future iterations of capacity booking forecasts and recovery of revenues will better adapt.

48	**Methodology**	Should we go back to the good old LMRC methodology with TO commodity?	Ofgem implemented UNC Modification 0678A which puts in place the new framework, that is compliant with the EU Tariff Code. In the development of UNC Modification 0621 (and alternatives) and UNC Modification 0678 (and alternatives) cirtique of the LRMC methodolgy deemed it not appropriate to a non-expanding GB network.
49	**Methodology / Modification**	will the role of the SO be reviewed if it is not allocating short term capacity then what is it ?	The issue regarding revenue recovery and charge setting does not change the underlying SO processes for the release of capacity.
50	**Market Response / Behaviour**	is NG aware of the potential impact to security of supply of this issue? A doubling of entry cost is not conducive to attracting flows and cargoes to the UK.	National Grid is aiming to resolve these issues as soon as possible to remove some of the issues and uncertainty caused with capacity neutrality and the revenues concerned. Whilst there are charging updates, this does not change the amount of National Grid's Allowed Revenue, to collect by Transportation Charges.
51	**Methodology / Licence**	Are you expecting industry to raise a mod for the Exit cross subsidy issue ?	The TO/SO treatment of revenue is governed by our licence rather than the UNC.
52	**RRC Definition**	What is charged as part of the Entry and Exit RRC	For Entry, the Transmission Services Revenue Recovery Charge (TSRRC) is applied to the aggregate amount of NTS Entry Capacity that a User holds at an Entry Point on a given day "Fully-Adjusted Available Capacity" minus the "Existing Available Holdings", which are defined as User's Available NTS Entry Capacity for such Entry Point and Day as at the Tariff Regulation Effective Date (06 April 2017). This value can't be less than zero. For Exit the Transmission Services Revenue Recovery Charge (TSRRC) is applied to the aggregate amount of NTS Exit Capacity that a User holds at an Exit Point on a given day ("Fully-Adjusted Available Capacity").