

Non-UK regulatory authorities of
all directly connected countries or
territories, the Utility Regulator of
Northern Ireland and relevant
stakeholders

Direct Dial: 020 7901 3189

Email:

Gas.TransmissionResponse@ofgem.gov.uk

Date: 28 April 2022

Article 28(2) TAR NC motivated decision

Article 28 of the Tariff Network Code ("**TAR NC**")¹ requires that Ofgem² must consult every tariff period with the non-UK regulatory authorities of all directly connected countries or territories, the Utility Regulator of Northern Ireland ("**UR**"), and the relevant stakeholders on the following items:

- (a) the level of multipliers;
- (b) if applicable, the level of seasonal factors and how these are calculated;
- (c) the levels of any discounts at entry points from LNG facilities and at entry points from and exit points to infrastructure developed with the purpose of ending the isolation of Great Britain or Northern Ireland, or other countries or territories, in respect of their gas transmission systems and the level of any discounts for standard capacity products for interruptible capacity.

On 28 February 2022, we invited responses from interested parties on the items mentioned in Article 28(1) TAR NC and set out above.³ The consultation remained open for four weeks, until 28 March 2022. One response was submitted to us, which will be made available alongside the initial consultation notice. In their submission, the respondent requested that multipliers and seasonal factors remain the same, stating that stability is "crucial at a time

¹ Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas, now incorporated in UK law by the European Union (Withdrawal) Act 2018 and the European Union (Withdrawal Agreement) Act 2020, as amended by Schedule 5 of the Gas (Security of Supply and Network Codes) (Amendment) (EU Exit) Regulations SI 2019/531.

² Ofgem is the Office of the Gas and Electricity Markets Authority. The terms 'Ofgem', 'the Authority', 'we', 'our' and 'us' are used interchangeably in this document.

³ Article 28(2) TAR NC consultation with the non-UK regulatory authorities of all directly connected countries or territories, the Utility Regulator of Northern Ireland and the relevant stakeholders (28 February 2022) <https://www.ofgem.gov.uk/publications/article-282-tar-nc-consultation-non-uk-regulatory-authorities-all-directly-connected-countries-or-territories-utility-regulator-northern-ireland-and-relevant-stakeholders-0>

when gas prices are volatile". They also requested the introduction of "further incentives to encourage LNG imports and gas storage volumes".

The Great Britain ("GB") gas transmission charging arrangements are set out in Section Y (Charging Methodology) of the Uniform Network Code ("UNC").⁴ Given the open governance framework in GB,⁵ we would expect UNC signatories wishing to amend any of the above items to raise such UNC code modification proposals via the usual industry-led process. We note that Ofgem can only directly modify the UNC in limited circumstances.⁶

Based on the UNC, the following values shall be applicable in Gas year 2022/23:

Level of multipliers	1.0
Level of seasonal factors and how these are calculated	n/a
Level of discount at entry points from LNG facilities	0%
Level of discount at entry points from and exit points to infrastructure developed with the purpose of ending isolation of gas transmission systems	n/a
Level of discount for standard capacity products for interruptible capacity	10%

David O'Neill

Head of Gas Markets and Systems

Signed on behalf of the Authority and authorised for that purpose

⁴ See <https://www.gasgovernance.co.uk/TPD>

⁵ See Industry code governance: <https://www.ofgem.gov.uk/licences-industry-codes-and-standards/industry-code-governance>

⁶ See Standard Special Condition A11: Network Code and Uniform Network Code: <https://www.ofgem.gov.uk/licences-industry-codes-and-standards/licences/licence-conditions>