

Representation - Draft Modification Report

UNC 0678; 0678A; 0678B; 0678C; 0678D; 0678E; 0678F; 0678G; 0678H; 0678I; 0678J;

Amendments to Gas Transmission Charging Regime

0678	Amendments to Gas Transmission Charging Regime
0678A	Amendments to Gas Transmission Charging Regime (Postage Stamp)
0678B	Amendments to Gas Transmission Charging Regime
0678C	Amendments to Gas Transmission Charging Regime (Postage Stamp)
0678D	Amendments to Gas Transmission Charging Regime including a Cost based Optional Capacity Charge
0678E	Amendments to Gas Transmission Charging Regime – Treatment of Storage
0678F	Amendments to Gas Transmission Charging Regime – Treatment of Unprotected Entry Capacity Storage
0678G	Amendments to Gas Transmission Charging Regime including a Cost based Optional Capacity Charge
0678H	Amendments to Gas Transmission Charging Regime (Postage Stamp) including a Cost based Optional Capacity Charge
0678I	Amendments to Gas Transmission Charging Regime including Wheeling and an Ireland Security Discount
0678J	Amendments to Gas Charging Regime (Postage Stamp) including a Cost Based Optional Capacity Charge

Responses invited by: 5pm on 08 May 2019

To: enquiries@gasgovernance.co.uk

Representative:	James Jackson	
Organisation:	Sembcorp	
Date of Representation:	08/05/2019	
Support or oppose implementation? (Please note you will be asked for your reasoning further below)	0678	Oppose
	0678A	Oppose
	0678B	Support
	0678C	Oppose
	0678D	Support
	0678E	Oppose
	0678F	Oppose
	0678G	Support
	0678H	Oppose
	0678I	Oppose
	0678J	Oppose
Expression of Preference (Please note you will be asked for your reasoning further below)	If <i>EITHER</i> 0678; 0678A; 0678B; 0678C; 0678D; 0678E; 0678F; 0678G; 0678H; 0678I <i>OR</i> 0678J were to be implemented, which <i>ONE</i> Modification would be your preference? 0678/0678A/0678B/0678C/0678D/0678E/0678F/0678G/0678H/0678I/0678J * <i>delete</i> Sembcorp are in equally in support of the modifications detailed above.	

Reason for support/opposition and preference: Please summarise (in one paragraph) the key reason(s)

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Insert Text Here

The proposal either follows the Postage Stamp model or fails to include an NTS Optional Charge. We do not support either of these elements, and as such do not support the modification proposal.

This reasoning can be extended to proposals 678A, 678C, 678E, 678F, 678H, 678I and 678J.

0678A

Insert Text Here

See 678.

0678B

Insert Text Here

The modification includes a Capacity Weighted Distance methodology as part of the proposed charging arrangements, as well as an NTS Optional Charge in some form. We consider both of these elements vital and beneficial moving forward, and as such support the modification. We are also in support of the proposed implementation date of October 2020.

The reasoning above can also be extended to proposals 678D and 678G.

0678C

Insert Text Here

See 678.

0678D

See 678B.

0678E

Insert Text Here

See 678.

0678F

Insert Text Here

See 678.

0678G

Insert Text Here

See 678B.

0678H

Insert Text Here

See 678.

0678I

Insert Text Here

See 678.

0678J

Insert Text Here

See 678.

Implementation: *What lead-time do you **wish** to see prior to implementation and why? Please specify which Modification if you are highlighting any issues.*

We consider that the effective date for any of the proposals to be implemented should be 1st October 2020.

Consultation Questions Requested by the Authority

The Authority has requested that the following questions be considered by Respondents when writing their responses.

Question Number	Question
1.	<p><i>What impact, if any, do you think tariff differentials between existing and new contracts will have on users booking behaviour?</i></p> <p>We would expect Ofgem to undertake a formal Impact Assessment on the various proposals, as each will have differing distributional impacts. It's vital that the potential impacts to consumers are assessed, and analysis of the costs against expected benefits is performed.</p>
2.	<p><i>What date should the changes proposed by the modifications become effective and why?</i></p> <p>1 October 2020, or a 1 October date after that. 1 October 2019 does not seem achievable given the notification timescales and dates other than 1 October may not be compliant.</p>
3.	<p><i>The proposals have different specific capacity discounts for storage sites. What level of storage discount do you consider is appropriate and can you provide clear justification if the discount is greater than 50%?</i></p> <p>No comment.</p>
4.	<p><i>Can you provide reasons why an NTS Optional Charge is or is not justified? If you consider an NTS Optional Charge is justified, which proposal do you prefer and why is it compliant with TAR NC?</i></p> <p>The NTS Optional Charge was introduced to disincentivise the development of private pipelines for routes already served or which could readily be served by the transmission system. The optional charge acted as a mechanism by which the commercial benefits received by parties with access to private arrangement could be offset, with the overarching aim of avoiding unnecessary investment and improving efficiencies.</p> <p>These principles remain robust today, so we consider that some form of optional charge remains justified.</p> <p>It is also worth noting that without a charge, it is highly likely that industry parties will look to engage in other courses of action. By way of example, Sembcorp would expect look to recommission a high-pressure gas pipeline that would meet our existing and future gas requirements without the requirement to utilise the NTS. This cannot be considered an efficient use of the system and resources, and would greatly reduce the benefits available to both system users as well as the operator.</p>
5.	<p><i>Do you consider the proposals to be compliant with relevant legally binding decisions of the European Commission and/or the Agency for the Co-Operation of Energy Regulators?</i></p> <p>No comment.</p>

6.	<p><i>It is proposed that National Grid Gas may review or update the Forecasted Contracted Capacity (FCC) Methodology following consultation with stakeholders, unless Ofgem (upon application by any Shipper or Distribution Network Operator) directs that the change is not made as per its powers under Standard Special Condition A11(18) of National Grid's Licence. Do you believe that this governance framework is fit for purpose? Please provide reasons for your answer.</i></p> <p>No comment.</p>
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