

**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](mailto:enquiries@gasgovernance.co.uk)

<b>Representative:</b>	Anna Shrigley	
<b>Organisation:</b>	Eni Trading and Shipping S.p.A.	
<b>Date of Representation:</b>		
<b>Support or oppose implementation?</b> (Please note you will be asked for your reasoning further below)	0678	<b>Oppose</b>
	0678A	<b>Oppose</b>
	0678B	<b>Oppose</b>
	0678C	<b>Oppose</b>
	0678D	<b>Support</b>
	0678E	<b>Oppose</b>
	0678F	<b>Oppose</b>
	0678G	<b>Oppose</b>
	0678H	<b>Oppose</b>
	0678I	<b>Oppose</b>
	0678J	<b>Oppose</b>
<b>Expression of Preference</b> (Please note you will be asked for your reasoning further below)	If <b><i>NEITHER</i></b> 0678; 0678A; 0678B; 0678C; 0678D; 0678E; 0678F; 0678G; 0678H; 0678I <b><i>OR</i></b> 0678J were to be implemented, which <b><u>ONE</u></b> Modification would be your preference? <b>0678D</b>	

**Standard Relevant  
Objective:**

<b>0678</b>	
a)	Negative
b)	None
c)	Positive
d)	Negative
e)	None
f)	None
g)	Positive
<b>0678A</b>	
a)	Negative
b)	None
c)	Positive
d)	Negative
e)	None
f)	None
g)	Positive
<b>0678B</b>	
a)	Positive
b)	None
c)	Positive
d)	Positive
e)	None
f)	None
g)	Positive

**Standard Relevant  
Objective  
(continued):**

<b>0678C</b>	
a)	Negative
b)	None
c)	Positive
d)	Negative
e)	None
f)	None
g)	Negative
<b>0678D</b>	
a)	Positive
b)	None
c)	Positive
d)	Positive
e)	None
f)	None
g)	Positive
<b>0678E</b>	
a)	Negative
b)	None
c)	Positive
d)	Negative
e)	None
f)	None
g)	Negative

**Standard Relevant  
Objective  
(continued):**

<b>0678F</b>	
a)	Negative
b)	None
c)	Positive
d)	Negative
e)	None
f)	None
g)	Negative
<b>0678G</b>	
a)	Positive
b)	None
c)	Positive
d)	Negative
e)	None
f)	None
g)	Negative
<b>0678H</b>	
a)	Positive
b)	None
c)	Positive
d)	Negative
e)	None
f)	None
g)	Negative
<b>0678I</b>	
a)	Negative
b)	None
c)	Positive
d)	Negative
e)	None
f)	None
g)	Positive

**Standard Relevant Objective (continued):**

<b>0678J</b>	
a)	Positive
b)	None
c)	Positive
d)	Positive
e)	None
f)	None
g)	Positive

**Charging Methodology Relevant Objective:**

<b>0678</b>	
a)	Negative
aa)	Negative
b)	Positive
c)	Negative
d)	None
e)	Positive
<b>0678A</b>	
a)	Negative
aa)	Negative
b)	Positive
c)	Negative
d)	None
e)	Positive
<b>0678B</b>	
a)	Positive
aa)	Positive
b)	Positive
c)	Positive
d)	None
e)	Positive

**Charging  
Methodology  
Relevant Objective  
(continued):**

<b>0678C</b>	
a)	Negative
aa)	Negative
b)	Positive
c)	Negative
d)	None
e)	Negative
<b>0678D</b>	
a)	Positive
aa)	Positive
b)	Positive
c)	Positive
d)	None
e)	Positive
<b>0678E</b>	
a)	Negative
aa)	Negative
b)	Positive
c)	Negative
d)	None
e)	Negative
<b>0678F</b>	
a)	Negative
aa)	Negative
b)	Positive
c)	Negative
d)	None
e)	Negative

**Charging  
Methodology  
Relevant Objective  
(continued):**

<b>0678G</b>	
a)	Positive
aa)	Positive
b)	Positive
c)	Positive
d)	None
e)	Negative
<b>0678H</b>	
a)	Negative
aa)	Negative
b)	Positive
c)	Negative
d)	None
e)	Negative
<b>0678I</b>	
a)	Negative
aa)	Negative
b)	Positive
c)	Negative
d)	None
e)	Positive
<b>0678J</b>	
a)	Negative
aa)	Negative
b)	Positive
c)	Negative
d)	None
e)	Positive



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

**0678**

*This Mod does not provide a solution to prevent the risk of an inefficient by-pass of the National Transmission System (NTS) by large sites located in proximity to NTS entry terminal. This risk - prevented in the current NTS entry-exit transmission charging regime by means of the NTS Optional Commodity Charge - will remain in the new charging regime since it is not linked to the charging methodology in place.*

**0678A**

*The Postage Stamp (PS) model proposed by this Mod as capacity Reference Price Methodology (RPM) is not cost reflective, since it ignores any cost drivers for transportation to individual point (or group of points) and is not sensitive to those elements which influence National Grid's cost.*

*In addition, this Mod does not provide a solution to prevent the risk of an inefficient by-pass of the NTS by large sites located in proximity to NTS entry terminal. This risk - prevented in the current NTS entry-exit transmission charging regime by means of the NTS Optional Commodity Charge - will remain in the new charging regime since it is not linked to the charging methodology in place.*

**0678B**

*Although this Mod aims to provide a solution for an inefficient by-pass, the relevant NTS Optional Capacity Charge formula results in:*

- no reduction in the number of currently qualifying OCC routes and*
- the level of optional charge assumed under recovery that is twice as high as under proposed Mod 678D.*

*Therefore this proposal does not provide a fair and effective solution for the NTS Optional Capacity Charge.*

**0678C**

*This Mod provides that only Storage Connection Point capacity (except where booked for own use purposes) – and not all Existing Contract (EC) capacity - is excluded from the application of the Revenue Recovery Charges. This is not compliant with article 35 of the TAR NC and entails an undue discrimination of non-storage ECs.*

*In addition, this Mod does not provide a solution to prevent the risk of an inefficient by-pass of the NTS by large sites located in proximity to NTS entry terminal. This risk - prevented in the current NTS entry-exit transmission charging regime by means of the NTS Optional Commodity Charge - will remain in the new charging regime since it is not linked to the charging methodology in place.*

**0678D**

*Similarly to Mod 0678, Mod 0678D proposes that the Revenue Recovery Charges (RRCs) are not applied to all ECs and in doing so it gives full effect to the provisions detailed in Article 35 of the TAR NC. In fact, the proper application of said Article 35 entails that the capacity price of ECs remains unadjusted for the entire duration of the relevant contracts.*

*In addition, this Mod provides an appropriate solution to prevent the risk of an inefficient by-pass of the NTS by large sites located in proximity to NTS entry terminal. In fact, the proposed NTS Optional Capacity charge is in line with the costs for building and maintaining a bypass pipeline of the same distance. It provides a robust, enduring basis for disincentivising inefficient NTS bypass and thus promotes efficiency and economy in the use of the NTS pipeline system by reducing the level of revenue under-recovery to a more appropriate level.*

**0678E**

*This Mod provides that only Storage Connection Point capacity – and not all EC capacity - is excluded from the application of the Revenue Recovery Charges. This is not compliant with article 35 of the TAR NC and entails an undue discrimination of non-storage ECs.*

*In addition, this Mod does not provide a solution to prevent the risk of an inefficient by-pass of the NTS by large sites located in proximity to NTS entry terminal. This risk - prevented in the current NTS entry-exit transmission charging regime by means of the NTS Optional Commodity Charge - will remain in the new charging regime since it is not linked to the charging methodology in place.*

#### **0678F**

*This Mod provides that only Storage Connection Point capacity – and not all EC capacity - is excluded from the application of the RRCs. This is not compliant with article 35 of the TAR NC and entails an undue discrimination of non-storage ECs.*

*In addition, this Mod does not provide a solution to prevent the risk of an inefficient by-pass of the NTS by large sites located in proximity to NTS entry terminal. This risk - prevented in the current NTS entry-exit transmission charging regime by means of the NTS Optional Commodity Charge - will remain in the new charging regime since it is not linked to the charging methodology in place.*

#### **0678G**

*This Mod provides that only ECs for capacity at Storage Connection Points – and not all ECs - are excluded from the application of the RRCs. This is not compliant with article 35 of the TAR NC and entails an undue discrimination of non-storage ECs.*

#### **0678H**

*This Mod provides that only ECs for capacity at Storage Connection Points – and not all ECs - are excluded from the application of the RRCs. This is not compliant with article 35 of the TAR NC and entails an undue discrimination of non-storage ECs.*

*In addition, the PS model proposed by this Mod as capacity RPM is not cost reflective, since it ignore any cost drivers for transportation to individual point (or group of points) and is not sensitive to those elements which influence National Grid's cost.*

#### **0678I**

*This mod proposes that the NTS Optional Commodity Charge is replaced with the Wheeling Charge and an Ireland Security Discount. This charging approach does not provide an effective solution to prevent the risk of an inefficient by-pass of the NTS by large sites located in proximity to NTS entry terminal.*

#### **0678J**

*The PS model proposed by this Mod as capacity RPM is not cost reflective, since it ignores any cost drivers for transportation to individual point (or group of points) and is not sensitive to those elements which influence National Grid's cost.*

**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 recommend 01 October 2020 as the effective date for new charges so that a publication of relevant Annual reserve prices applicable for gas year 2020/21 can be published before 1 June 2020 and in time for the annual yearly PRISMA capacity auction for the said gas year (as provided for by Article 29 of the TAR NC).

It is our view that:

- a 1<sup>st</sup> October effective date for new charges in any year enables Shippers and traders to efficiently plan and establish contractual arrangements with their counterparties without undue regulatory risk; and

- a 1<sup>st</sup> October 2019 charge effective date will be extremely difficult to achieve given the additional governance tasks likely to be undertaken by Ofgem following submission of the Final Modification Report, i.e. a possible Regulatory Impact Assessment and the final consultation required by Article 26 of the TAR NC. Besides that, it has to be considered that relevant parties are currently already in discussions regarding contracts due to commence from October 2019. A great deal of uncertainty surrounding these discussions regarding future tariffs is hampering progress and the ability of parties to accurately forecast contract values.

Having said that, should an earlier implementation date be decided by Ofgem, we deem that a lead-time for advising industry of transmission prices of at least a two clear months has to be granted.

**Impacts and Costs:** *What analysis, development and ongoing costs would you face?*

*To illustrate the impact of applying a capacity based RRC on forcefully allocated Bacton IP capacity for Q1 period, we used the "Article 26 Consultation Data Tables" made available by National Grid at the following link: <https://www.nationalgridgas.com/document/127011/download>.*

*The adjusted prices for entry points for all Mods 678 that do not protect EC from the application of a capacity based RRC (i.e. Mods 678C, 678E, 678F, 678G, 678J) would result in additional costs in the range between 0.0007 and 0.0039 p/Kwh (i.e. 8% to 44% of the current reserve price of Bacton IP capacity of 0.0088p/kWh).*

*This means that, e.g., for a shipper that was forcefully reallocated 80,000,000 kWh/day of existing un-bundled Bacton ASEP capacity in 2015 to a newly created Bacton IP ASEP, that is not likely to be utilised, the negative impact of applying the RRC would be between £50,400 and £280,800 for each quarter.*

**Legal Text:** *Are you satisfied that the Legal Text will deliver the intent of the Solutions for each Modification? Please specify which Modification if you are highlighting any issues.*

*Broadly speaking we are satisfied that the Legal Text will deliver the intent of the Solutions for each Modification.*

**Are there any errors or omissions in this Modification Report that you think should be further considered?**

*In our opinion there are no errors or omissions in this Modification Report that should be further considered.*

**Please provide below any additional analysis or information to support your representation**

## 0678D

Modification 678D has been raised to:

1. address a serious defect in the new Gas Transmission Charging regime as proposed by National Grid (NG) in its Mod 678, i.e. the exclusion of an Optional Capacity Charge; and
2. support the full price protection for Existing Capacity in compliance with Article 35 of the TAR NC.

### The Optional Charge

The NTS Optional Charge forms an integral part of the NTS entry-exit transmission charging regime because it seeks to avoid the inefficient by-pass of the NTS by large sites located in proximity to NTS entry terminals regardless of what charging methodology is in place.

Currently, the Revenue Recovery Charge comes in the form of a commodity-based charge. Hence, NTS shippers can elect to pay the NTS Optional Commodity Charge as an alternative to the NTS commodity charges. This arrangement will become redundant in the new transmission charging regime because all transmission network revenue (currently named TO) will be recovered from capacity-based charges.

However, the risk of an inefficient by-pass will remain in the new charging regime. This is because the tariffs for large sites that are located in proximity to NTS entry terminals will remain disproportionately high under both of the proposed RPMs (Capacity-Weighted Distance (CWD) and PS). Hence the current design of the NTS Optional Charge needs to be updated so that the commodity-based Optional Charge is converted to a capacity-based Optional Charge in the new regime.

NG provided the Optional Capacity Charge (OCC) analysis in relation to the 678 Modification process. Their analysis for Mod 678D shows that, as a minimum:

- Total OCC flows for gas year 2019/20 would be reduced by a minimum of 101,216 GWh (41%), compared with the current methodology (NG Optional Charge Analysis paragraph 28).
- The maximum distance would be reduced to within 30km, compared with approx. 270km under the current methodology (NG Optional Charge Analysis paragraphs 9 and 28).
- The number of routes using OCC would be reduced to 17, compared with 58 under the current methodology (NG Optional Charge Analysis paragraph 28).
- Redistribution of under-recovery from OCC is likely to be lower than if those OCC users were to avoid the NTS.

Paragraph 13 National Grid Optional Charge Analysis			Paragraph 33 National Grid Optional Analysis			Paragraph 75 National Grid Optional Analysis	
Reserve price increase if OCC users no longer used the NTS			Reserve price increase for non-OCC users (to cover the revenue under-recovery due to the OCC use)			Reserve price increase for non-OCC users when Existing Contracts cease to exist	
NTS OCC routes less than 30km			Mod 678D OCC assumptions apply			Mod 678D OCC assumptions apply	
678D CWD RPM 2019/20		Higher or lower prices?	678D CWD RPM 2019/20		Higher or lower prices?	678D CWD RPM 2019/20	
NTS OCC routes less than 20km			NTS OCC routes less than 20km			NTS OCC routes less than 20km	
Entry	+24% to +32%	>	+25% to +29%	>		+8% to +12%	
Exit	+14% to +21%	>	+8% to +12%	>		+8% to +12%	

NG's Optional Charge Analysis did not consider Existing Capacity in relation to the proposed optional charges. We think that actual OCC flows are likely to be lower than stated by NG if ECs are considered because:

1. The lower capacity price for ECs would result in lower subscription to the OCC because for some EC Users it will be more economical not to use certain OCC routes;
2. As ECs gradually expire, the calculated capacity reserve prices will also gradually reduce and the

OCC would become less attractive for a number of OCC routes.

#### The full price protection for ECs

To secure effective and fair competition between relevant shippers, EC terms need to be honoured when they are transited to the new charging regime, which will be radically different from the current charging regime. The proper application of Article 35 of the TAR NC proposed by Mod 678D would ensure that the principle of legal certainty and legitimate expectations is met. It provides network users with confidence that once a long-term contract price for capacity has been struck it will be honoured for the entire duration of the relevant contract. This is particularly relevant given that they will not be able to adjust their capacity booking behavior in response to significant changes in the regulatory framework brought about by the new charging regime.

The most significant proposed changes for the new charging regime are the removal of the long-term fixed price capacity contracts and the introduction of fully floating capacity-based reference/reserve prices and revenue recovery charge (RRC). Those changes will cause a significant shift of price risk for long-term capacity contracts because, under the current arrangement, when shippers buy long-term capacity at a fixed price it is National Grid Gas (NGG) that takes the price risk. We deem that Article 35 of the TAR NC shields both the reference/reserve price and the capacity-based RRC because the RRC is part of the overall transmission tariff and shapes the overall transmission tariff level. In other EU countries (e.g. Italy, Germany, France) where yearly floating transmission tariffs have been applied for several years, the RRC is an integral part of the capacity tariff to be paid by network users. In other words, the RRC is not a separate component of the transmission tariff and network users are presented with a tariff that includes potential adjustments due to revenues under/over-recovery of the Transmission System Operator (TSO) in previous year(s).

Furthermore, if shippers opt not to use their booked capacity, under the current regime they pay no additional charges (i.e. neither a further capacity charge nor an RRC, the latter being commodity-based now). The legitimate expectations of existing capacity holders is that during the course of the contract they will have to pay, on a ship-or-pay basis, only the capacity charge fixed by the contract, while the commodity charge (that responds also to the aim of minimising NGG's under-recovery) shall have to be paid only when and to the extent that they opt to use the booked capacity. When the floating reference/reserve price is introduced, the long-term price risk will be moved to shippers who purchase capacity, whether or not they chose to use that capacity. This will deter shippers from acquiring long-term capacity and potentially discriminate against new infrastructure projects that are required to acquire long-term capacity to trigger National Transmission System (NTS) investment. This in itself is a significant contract change and to fully protect EC, Mod 678D proposes that no capacity-based RRC should apply to EC once the new regime is implemented. This will provide the right solution in particular for long-term EC that cannot be utilised. Such contracts will not be forced to pay any additional charges that were not expected to be paid when these contracts were concluded and when the charging regime and market context were radically different. The implementation of Mod 678D will safeguard the fair treatment of EC in the new regime, avoid a serious distortion of competition and ensure that the market is efficient and certain:

- efficient, because it will allow existing capacity holders to make appropriate contributions towards revenue recovery based on the original contractual arrangements; and
- certain, because it will ensure sanctity of contracts and avoid exposing users to unacceptable levels of unforeseen regulatory risk.

Importantly, the 678D proposal provides the right solution for Bacton IP capacity that was forcibly re-allocated to the new Bacton IP ASEP that was created in November 2015, in order to comply with CAM requirements. This change in addition to the loss of Bacton capacity fungibility resulted in substantial interference in the property capacity rights of the affected capacity owners in 2015. The existing Bacton IP capacity has been misallocated and it is now stranded. The imposition of additional charges, in the form



of a capacity-based RRC, will further penalise the holders of this capacity without suitable redress.

We acknowledge that the proposed full price protection for ECs, leading to higher costs for market participants who have not booked forward capacity, potentially creates some market distortion potentially reducing new entry to some extent and being detrimental to market competition. In this regard, however, we would like to highlight the conclusions of the “Analysis of potential impacts of price differentials between new and existing capacity contracts” that has been produced by Baringa on NG’s request. In their report, Baringa find that *“the impact of tariff differentials is likely to be limited”* and recognise that *“Any differential in the price of existing and new capacity contracts is a result of legal provisions, including those under TAR NC, combined with the nature of the current arrangements for recovering the cost of the gas transmission network”*. Notably, their final conclusion is: *“On the basis of the data available to us and our economic analysis, we consider that the likely effects of any such differential on consumer welfare and broader gas market dynamics are unlikely to be material or lasting.”*.

#### Other features

With regard to the RPM, we acknowledge that there are tensions and trade-offs between various objectives (e.g., it is not possible to achieve full-cost reflectivity in any entry-exit system; this is because, an absolute cost-reflective tariff for every capacity contract will require a highly complex charging regime). We are therefore in support of the CWD methodology. This approach is TAR NC compliant, broadly cost-reflective and provides for a stable and predictable price-setting regime. In addition, because it includes a distance cost-driver, resultant charges provide locational signals. These latter points are not consistent with the PS methodology (the implementation of which, however, we do not strongly object to).

In addition to cost reflectivity, another important objective that has to be ensured by transmission tariffs is the avoidance of any undue discrimination among shippers. Because both long-term capacity users and short-term capacity users ship across the same gas network, they need to make equitable contributions to the cost of the network. In compliance with the provisions of the TAR NC, Mod 678 proposes that the multipliers to be applied to the respective proportion (runtime) of the Reference Price to calculate the Reserve Price for non-yearly standard capacity product will be 1 (i.e. that the current short-term discounts in capacity price are removed). This contributes to solving the outcome of the current arrangements which results in effective discrimination between long-term and short-term capacity holders because short-term holders are not making an adequate contribution to the historical costs incurred by NGG to deliver the entry capacity (data published by NGG shows that while long-term capacity products represent around 50% of the total booked capacity, their contribution to NGG’s revenues amounts to 99.6% in the current regime). The opposite will apply in the first years following the introduction of the new gas transmission charging regime under Mod 678D when new bookings will become more expensive than ECs. The introduction of tariff methodology options solely based on capacity charges will set the price of new capacity at a higher level than the price of existing capacity. Data published by Baringa in the above mentioned report shows that in the new proposed regime, ECs amount to 60% of Forecasted Contracted Capacity (FCC) but only 12% of revenue recovery in 2021-22. However, this “reversal” of the existing capacity contribution to the FCC will be of only of a temporary nature because the ratio of existing entry bookings to FCC drops from 60% in 2021/22, to 40% in 2024/25 , 30% in 2026/27 and 9% in 2030-31 (see Figure 1 of Baringa report).

## 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>What impact, if any, do you think tariff differentials between existing and new contracts will have on users booking behaviour?</p> <p>As already stated above, we share Baringa's conclusions in their report: "Analysis of potential impacts of price differentials between new and existing capacity contracts" and specifically that <i>"the likely effects of any such differential on consumer welfare and broader gas market dynamics are unlikely to be material or lasting."</i></p>
2.	<p>What date should the changes proposed by the modifications become effective and why?</p> <p>A 1 October effective date in any gas year will ensure compliance to TAR Article 6.3 to avoid different charging methodologies for IPs and non-IPs and compliance to Article 9. Please see our full answer in the "Implementation" section above.</p>
3.	<p>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%</p> <p>We consider a 50% storage discount is appropriate.</p>
4.	<p>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?</p> <p>We consider that an NTS Optional Charge is necessary to prevent the risk of an inefficient by-pass of the NTS by large sites located in proximity to NTS entry terminal. This risk will remain in the new charging regime since it is not linked to the charging methodology in place. Avoiding inefficient bypass will encourage efficient use of the system by users and National Grid will then be in a position to economically optimise its operations keeping costs as low as possible on a pence / kWh flowed basis.</p> <p>Our preference is for the Optional Charge proposed by Mod 678D.</p> <p>This Optional Charge is firm and conditional upon use of a specified route between an entry and an Exit Point (excluding DN and storage points which are not "final" offtakers of gas) for 1 gas year. The User(s) of the route are bound by an agreement to pay a predetermined fee for the service irrespective of actual use (a condition of use). It ensures that charges are more cost reflective for Exit Points in close proximity to Entry Points, thereby dis-incentivising NTS bypass to the benefit of all Users of the NTS, For all these reasons it is compliant with TAR NC (in particular with Article 4.2 thereof).</p>
5.	<p>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?</p> <p>We support Mod 678D and consider this Mod is fully compliant with relevant legally binding decisions. In particular it is compliant with the requirements of the TAR NC as represented in Table 5 "High Level Summary of Proposal Compliance with EU Tariff Code" of the relevant text published in Part II of the Draft Modification Report 0678 (12 April 2019).</p>
6.	<p>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</p>

	<p>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.</p> <p>Yes, we believe that the proposed governance framework is fit for purpose.</p>
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