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**Submitted by - Energy UK – Julie Cox**

**Initial representation for Modification 0671 - Relief from User Commitment obligations when NTS exit capacity substitution is permitted**

*This modification was discussed at pre-mod stage and it seems WWU have taken on board comments that the proposal should apply to Shippers too. This is welcomed*

*There are a number of other issues that need to be considered by the workgroup, they are somewhat inter-related and overlapping:*

*The proposal seems to suggest that this process can only occur where the baseline at the donor point decreases by the same amount as the recipient point increases. It is not clear whether this means there is a pre-condition for this substitution of there being a 1:1 exchange rate or whether this is a new rule of some kind*

*If stating this as a rule. Moving capacity up the system to a lower priced point would normally increase the amount of capacity available, so the exchange rate would not be 1:1.*

*If 1:1 exchange rate is a pre-condition would the points where this is applicable need to be known in advance? It would seem reasonable for this to be known in advance*

*If a proxy for 1:1 exchange rate is the points having the same price nothing would be gained financially.*

*Are there actually any / many nearby Exit points where the price is identical? Especially under CWD model...*

*The lead time for substitution is currently 2 years, this seems to be suggesting reducing that to 0 although this issue is not explicitly addressed, rather implied by the suggestion of moving capacity in response to price signals at short notice.*

*Is a 0 user commitment appropriate when capacity requests are met by substitution? If there are points where this can be used is there a risk of opportunistic bookings and surrender at no cost.*

*Should the user commitment be less than 4 years when not backed by investment ?*

*Should a reduced level of user commitment be limited to where the exchange rate is 1:1 or should it apply to all substitution ?*

*Are there interactions with PARCAs, application fees, security, termination fees etc.*