

Joint Office
enquiries@gasgovernance.co.uk

05 May 2020

Dear Sir or Madam,

Re: 0696V Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs

Thank you for the opportunity to provide representation on the above noted Modification Proposal. Please find below Northern Gas Network's (NGN) comments in respect of this change.

NGN opposes this Modification Proposal.

Reason for support/opposition:

Please summarise (in one paragraph) the key reason(s)

We agree that the visibility and linking of existing and new Network Exit Agreements (NExA) with central systems is something which needs to be improved and, in principle, that any new or additional Capacity for NExA sites should only take effect from the relevant NExA date. We also agree with the introduction of a Provisional Maximum Supply Point Capacity (PMSOQ) cap for sites with an active NExA.

The above-mentioned changes should further Relevant Objective f) *Promotion of efficiency in the implementation and administration of the Code* by giving visibility of where a NExA exists and enhancing the requirements relating to NExAs under TPD Section J – Exit Requirements.

However, whilst this proposal is now very similar to proposal 0701 'Aligning Capacity booking under the UNC and arrangements set out in relevant NExAs', we do not agree with the introduction of a retrospective payment element. The ability for Users to delay the taking of capacity to a specific date is an existing process, therefore Users who are already following this process would now gain no benefit against Users who are not.

We believe this negatively impacts Relevant Objective d) *the securing of effective competition*, as per our comments in the above paragraph. We also do not believe the justification provided for retrospective payments meets the quoted Ofgem circumstances regarding retrospection. We feel that the loss specified is not directly attributable to central arrangements due to the existing ability of a Shipper to control the confirmation effective date; therefore, the combination of circumstances could have reasonably been foreseen.

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Service on 0800 111 999

a 1100 Century Way
Thorpe Park Business Park
Colton, Leeds LS15 8TU

t 0113 397 5300
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the network**

Implementation:

What lead-time do you wish to see prior to implementation and why?

As there are system changes expected to deliver this Solution, we believe that at least six months' notice needs to be provided so that parties can make any necessary internal system changes.

Impacts and Costs:

What analysis, development and ongoing costs would you face?

While this proposal should result in process improvements, it could also result in NGN receiving requests from Shippers to recover costs due to the proposed retrospective element.

Legal Text:

Are you satisfied that the legal text will deliver the intent of the Solution?

We believe that the legal text provided should deliver the Solution set out in the proposal.

Are there any errors or omissions in this Modification Report that you think should be taken into account?

Include details of any impacts/costs to your organisation that are directly related to this.

None identified.

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

None.

I hope these comments will be of assistance and please contact me should you require any further information in respect of this response.

Yours sincerely,

Tracey Saunders (via email)
Market Services Manager (Industry Codes)
Mobile: 07580 215 743

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