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for energy consumers

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Dear Mr Dhesi

Decision on request of Interconnector (UK) to be designated as a materially affected party in relation to Uniform Network Code Modification Proposal 621¹

We² have received your letter dated 20 June 2017 requesting Interconnector (UK) ('IUK') receive a designation as a materially affected party in relation to Uniform Network Code Modification Proposal 621 ('UNC621').

This letter sets out our decision to agree to your request.

Background

The Gas Transporter's Licence³ and Uniform Network Code⁴ ('UNC') provide that a person designated by the Authority as a Materially Affected Party may raise an alternative modification proposal to an existing modification proposal to a charging methodology.

In 2016 the Joint Office of Gas Transporters ('the Joint Office'), the entity that administers the UNC, commenced a Gas Charging Review, to consider all aspects of the charging regime for access and use of the National Transmission System ('NTS').

As a result of the Gas Charging Review, National Grid Gas Plc has proposed UNC621, a proposal to introduce changes to the NTS Charging Methodology. Significant changes to the charging methodology are likely to be proposed by UNC621, and into any alternative proposals that might be raised in the modification process.

Authority View

Given that capacity from IUK must be purchased in the same transaction as NTS capacity, and the extensive and significant changes to the NTS Charging Methodology that are expected to be proposed in UNC621, it is our view that IUK is materially affected by this modification proposal. We also note that the only route available for IUK to propose an alternative to a modification proposal is through designation as a materially affected party.

¹ Amendments to Gas Transmission Charging Regime. It is available at <https://www.gasgovernance.co.uk/0621>

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

³ Gas Transporter Licence Standard Special Conditions A11.10(ab), A11.10(b) and A11.19(a).

⁴ UNC Modification Rules 6.1.1(d), 6.4.1(a) and 9.3.6(a).

This designation is only in relation to UNC621 and only allows IUK to raise alternative proposals to that modification proposal, if IUK chooses to do so. This designation does not grant IUK the right to raise modification proposals other than an alternative to UNC621. Once we have made a decision in relation to any alternative to UNC621 raised by IUK, or if an alternative raised by IUK to UNC621 is withdrawn from the modification process, this designation will cease to have effect.

Our decision

Our decision is based solely on facts relating to whether UNC621 will have a material effect on IUK, and not on the merits of any changes being considered. Nothing in this decision is a reflection of our views on UNC621, any alternative to UNC621, or any other modification proposal currently in the modification process, and should not be regarded as having predetermined the outcome of those proposals.

In addition, our decision should not be read as providing any indication of the prospects of IUK or any other parties being designated as materially affected by any other modification proposal.

For further information, enquiries should be directed to Liam Drummond-Clark, Policy Manager, Gas Systems on 0203 263 9890 or at liam.drummond-clark@ofgem.gov.uk

Yours sincerely

Chris Brown

Head of Gas Systems, Wholesale Markets