

Representation - Draft Modification Report UNC 0753

Removal of Pricing Disincentives for Secondary Trading of Fixed Price NTS System Entry Capacity

Responses invited by: 5pm on 11 June 2021

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Mark Simons
Organisation:	TotalEnergies Gas & Power Limited
Date of Representation:	10 th June 2021
Support or oppose implementation?	Support
Relevant Objective:	c) Positive d) Positive g) Positive
Relevant Charging Methodology Objective:	c) Positive e) Positive

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

As the Proposer of the modification 753, TotalEnergies Gas & Power Limited has explained in the proposal the following:

- The solution and its justification;
- The legal review of both the solution and the current treatment of Existing Contracts.

For the purposes of this response, we wish to highlight some of the key points, which are core to the proposal:

- The current treatment of Existing Contracts provides protection to the original holder of the contract, rather than to the contract itself. This is not consistent with contract law and is at odds with EU Regulation No 715/2009, as set out in sub-section “Commentary on relevant legislation” in the proposal.
- The current arrangements are inefficient and unfair as Users are not incentivised to trade secondary capacity due the imposition of the entry RRC. In response

Users have resorted to, where possible, “sleeving” strategies to circumnavigate the imposition of the entry RRC. This sleeving alternative is inefficient as it restricts capacity trading and creates gas delivery risk for the User, which has to rely on a third party to supply the gas into the NTS. Secondly, this RRC avoidance strategy is not open to all Users, as outlined in the sub-section entitled “Impacts of the current arrangements” in the proposal. As a result, the current arrangements should be regarded as discriminatory as some Users are able to actively eliminate the application of the entry RRC, while others are not. We are certain that this outcome was not foreseen or desired at the time of implementation of UNC 0678A.

- The proposal recommends a solution which ties the RRC exemption to the initial transfer. We believe that this would better facilitate the relevant objectives and allows for fast-tracked modifications to the central systems. A more complex solution allowing for the exemption to apply to subsequent transfers may be desirable in future but will be subject to significant delays in implementation due to central systems constraints. Non-implementation of this proposal would result in an extended period of inefficiency and discrimination and be in contravention of the relevant objectives.

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

The modification should be implemented as soon as possible.

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

None

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

Yes

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.*

No

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

Not applicable.