

Joint Office

[Enquiries@gasgovernance.co.uk](mailto:Enquiries@gasgovernance.co.uk)

28 February 2018

Dear Joint Office,

**Re: UNC Modification Proposals 0619, 0619A and 0619B – Ratchet Charges**

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

**NGN supports Modification 0619A, and opposes Modifications 0619 and 0619B**

**Reasons for Support/Opposition:**

NGN supports 0619A as an acceptable change to the current regime because it will ensure that any smaller, or domestic properties which offer no risk to network security of supply are able to submit daily meter reads from smart meters within the class 2 arrangements without a requirement to assess peak day demand. This will ensure that larger users who may impact on the network more significantly remain incentivised to provide a reasonable peak day demand for capacity booking which will allow the Networks to have more trust in stated SOQs; therefore, resulting in more efficient network investment.

NGN does not support either 0619 or 0619B based on the assertion that all networks are unconstrained and therefore capacity is freely available without consequence. The Networks have advised on many occasions that this is not correct, and that we rely on incentivised activity to encourage the nomination of appropriate SOQs. For parts of the network which are constrained additional capacity that has not been booked could result in the need for network intervention to maintain supply to domestic properties and impact on any reinforcement requirements that have been through the network planning processes.

NGN acknowledges that while overall consumption has reduced in recent years as a result of energy efficiency measures this in itself does not remove all constraints on networks either physically or commercially. While seeking to ensure that the 1-in-20 peak demand can be catered for, GDNs have reduced NTS exit bookings to take account of reduced overall consumption. This has subsequently made capacity available for other NTS directly connected sites, increasing efficiency of the total network. The reduction in booked NTS Exit (Flat) Capacity at offtakes could then place the network at risk of NTS Overruns for unanticipated increases in demand caused by large users under-booking SOQs.

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Colton, Leeds LS15 8TU

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 [northerngasnetworks.co.uk](http://northerngasnetworks.co.uk)

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the network**

### Self-Governance Statement:

NGN agrees that these modifications should be subject to Authority Decision due to the material impact they may have on network activities.

### Relevant Objectives:

NGN agrees that 0619A may positively impact Relevant Objectives a) the efficient and economic operation of the pipe-line system; b) the coordinated, efficient and economic operation of the combined pipe-line system and/or the pipe-line system of one or more other relevant gas transporters; and c) the efficient discharge of the licensee's obligations by adding a layer of protection for those smaller sites which desire to enter the Class 2 and be subject to daily settlement. This would make operation of the system more efficient and economic while ensuring that large users remain incentivised to book capacity in a meaningful manner to allow for demand forecasting.

NGN believes that 0619 and 0619B do not have a positive impact on Relevant Objective b) as the constrained elements of the networks may need to be either reinforced or risk the ability of the networks to provide a 1-in-20 demand at a localised level should any large users offtake more than their booked capacity on a regular basis. We believe that daily capacity bookings should always be made in such a manner that large users have sufficient capacity available to them for peaks or increased loads that would not be possible for networks to forecast.

### Impact and costs:

Although the ROM shows 0619A as having the highest development costs, it would have the most positive impact on nominations and would best encourage smaller sites to move into Class 2.

0619 and 0619B show the lowest development costs, but would have a negative impact on the reliability of nominations and therefore the ability of networks to forecast peak demand.

### Implementation:

NGN would like to see implementation occur as soon as reasonably practicable following Authority Decision.

### Legal Text:

NGN agrees that the legal texts reflect the solutions specified in each modification.

### Errors or Omissions in the Modification Report:

None identified.

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**Any additional comments:**

None.

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

Yours sincerely,



Shanna Key  
Industry Codes Officer

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