

## Representation - Modification UNC 0727 (Urgent)

### Increasing the Storage Transmission Capacity Charge Discount to 80%

**Responses invited by: 5pm on 26 June 2020**

**To:** [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

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

<b>Representative:</b>	Bill Reed
<b>Organisation:</b>	RWE Supply & Trading GmbH
<b>Date of Representation:</b>	26 <sup>th</sup> June 2020
<b>Support or oppose implementation?</b>	Support
<b>Relevant Objectives:</b>	<ul style="list-style-type: none"> <li>a) Positive</li> <li>b) Positive</li> <li>d) Positive</li> <li>e) Positive</li> </ul>
<b>Relevant Charging Objectives:</b>	<ul style="list-style-type: none"> <li>a) Positive</li> <li>aa) Positive</li> <li>b) Positive</li> <li>c) Positive</li> </ul>

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

UNC0727 is better than the UNC baseline and facilitates competition, efficient operation of the GB gas network and ensures security of supply. The proposal addresses the detrimental impact of the uniform capacity prices introduced under UNC0678A (Postage stamp) RPM on storage facilities in a targeted, proportionate and compliant manner. The modification will result in a marginal change in the tariffs at other entry and exit points on the system which The proposal is compliant with Regulation 2017/460 establishing a network code on harmonised transmission tariff structures for gas (the TAR Network Code) and with Regulation 715/2009 on conditions for access to the natural gas transmission networks (the Gas regulation).

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

UNC0727 should be implemented with effect from 1<sup>st</sup> October 2020.

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

UNC727 will simply replace the 50% discount available for storage sites under the UNC0678A (Postage Stamp) with an 80% discount. We do not, therefore, envisage any analysis, development or ongoing costs as a result of implementation.

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

We do not have any comments on the legal text.

**Respondents are requested to provide views on the following points:**

*Q1: Respondents are requested to provide a view as to whether the solution provided within the Modification is fully compliant with the relevant legislation (including, but not limited to, Articles 28-32 of the Tariff Network Code).*

UNC727 is fully compliant with the with the relevant legislation. The Tariff Network Code envisages a discount at storage sites that is greater than 50% where this can be justified. The proposals sets out clearly the potential impact of the UNC0678A baseline on storage sites. The 80% discount will ensure that storage sites remain operational, with benefits for GB security of supply, competition and efficient operation of the GB gas network as required under the relevant legislation.

**Articles 28-32 of the Tariff Network Code**

NGG has published the reference prices from 1st October 2020 under UNC0678A (postage Stamp) in advance of the annual capacity auctions as required by the TAR Network Code. These do not take into account any discounts that may be available 1st October 2020 as a result of implementation of UNC0727.

Market participants have been aware for some time that the issue of storage discounts should be addressed alongside implementation of the new RPM under UNC0678A (Postage Stamp). In addition, Ofgem highlighted the issue of storage discounts in the decision letter that implemented UNC0678A.

UNC0727 has been published in advance of the annual capacity auctions and market participants can take a view on the impact of any future marginal adjustments to revenue recovery charges for the gas year commencing 1st October 2020.

There is sufficient time for implementation of UNC0727 prior to the commencement of the new gas year on 1st October provided that an Ofgem decision is available to allow publication of revenue recovery charges 30 days prior to the start of the tariff period commencing on 1st October 2020.

*Q2: Respondents are requested to provide views on the proposed implementation date.*

UNC727 should be implemented with effect from 1st October 2020 or as soon as possible thereafter.

**Are there any errors or omissions in this Modification that you think should be taken into account?** *Include details of any impacts/costs to your organisation that are directly related to this.*

We have not identified any errors or omissions in the modification which we think should be taken into account.

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

We have no additional analysis or information in relation to this modification that supports our representation.