

## Representation - Draft Modification Report

UNC 0636 0636A 0636B 0636C 0636D

### Updating the parameters for the NTS Optional Commodity Charge

Responses invited by: **5pm on 14 June 2018**

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

<b>Representative:</b>	David Mitchell
<b>Organisation:</b>	Scotland and Southern Gas Networks
<b>Date of Representation:</b>	14 <sup>th</sup> June 2018
<b>Support or oppose implementation?</b>	0636 – Support 0636A - Oppose 0636B - Oppose 0636C - Oppose 0636D - Oppose
<b>Expression of preference:</b>	<i>If either 0636, 0636A, 0636B, 0636C or 0636D were to be implemented, which would be your preference?</i>  0636
<b>Relevant Objectives:</b>	0636: <b>g)</b> None  0636A: <b>g)</b> None  0636B: <b>G</b> None  0636C: <b>g)</b> None  0636D: <b>g)</b> None

<b>Relevant Charging Methodology Objectives:</b>	<p>0636:  <b>a)</b> Positive  <b>b)</b> Positive  <b>c)</b> Positive  <b>e)</b> Positive</p> <p>0636A:  <b>a)</b> Positive  <b>b)</b> Positive  <b>c)</b> None  <b>e)</b> None</p> <p>0636B:  <b>a)</b> None  <b>b)</b> None  <b>c)</b> None  <b>e)</b> None</p> <p>0636C:  <b>a)</b> Negative  <b>b)</b> Negative  <b>c)</b> Negative  <b>e)</b> Negative</p> <p>0636D:  <b>a)</b> Negative  <b>b)</b> Negative  <b>c)</b> Negative  <b>e)</b> Negative</p>
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**Reason for support/opposition/preference: Please summarise (in one paragraph) the key reason(s)**

**0636:**

SGN supports Mod 0636 as it is an appropriate means of updating the Optional Commodity Charge (OCC) formula that was introduced nearly 20 years ago. This mod aims to reduce the current levels of cross subsidy that is being experienced by those sites who are unable to benefit from the option of the OCC. We believe that 0636 would provide the largest reduction in cross subsidy and therefore should be implemented ahead of the alternatives.

**0636A**

We are unable to support 0636A as it keeps the existing charges. The key variance in this mod is that it would introduce a distance cap of 115km. Sites situated at a distance greater than 115km would therefore no longer benefit from the NTS Optional Commodity Charge. 0636A would have the effect of smearing costs over the remaining population of sites which we believe is not cost reflective and does nothing to update the formula that is currently used.

## 0636B

We are not supportive of Mod 0636B as it does little to address the issue of cross subsidy furthermore it is our view that the benefits of making this change would be outweighed by the costs experienced by industry parties of implementing it.

## 0636C

Mod 0636C would introduce a level of discrimination into NTS Optional Commodity Charges that we would not be able to support. This modification would also require Xoserve Systems changes that would not be delivered in time for the modification implementation date of the 1<sup>st</sup> October 2018 therefore this is not a viable option.

## 0636D

SGN does not support 0636D, like 0636C it will discrimination against segments of the market furthermore the Xoserve system changes could not be implemented in the time available.

**Implementation:** *What lead-time do you wish to see prior to implementation and why? Please specify which Modification any issues relate to.*

Implementation should be as soon as possible

**Impacts and Costs:** *What analysis, development and ongoing costs would you face? Please specify which Modification any issues relate to.*

None identified

**Legal Text:** *Are you satisfied that the legal text will deliver the intent of the Solution? Please specify which Modification any issues relate to.*

No comment

**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**

We have no additional comments to add.