

Representation - Modification UNC 0790 (Urgent)

Introduction of a Transmission Services Entry Flow Charge

Responses invited by: 5pm on 06 December 2021

To: enquiries@gasgovernance.co.uk

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

Representative:	Alex Nield
Organisation:	Storengy UK Limited
Date of Representation:	3 rd December 2021
Support or oppose implementation?	Qualified Support
Relevant Objective:	d) Negative
Relevant Charging Methodology Objective:	aa) None c) Negative

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

Storengy UK welcomes proposals to provide more stability to industry charging. However, we have concerns over proposals being rushed through the modification process, as this provides little reassurance that they have been properly considered and assessed, that the benefits perceived will be realised, and that any potential negative effects will be mitigated or avoided.

The use of urgent status for proposals provides little opportunity for industry review and investigation of proposals, and the potential for errors and unintended consequences to be introduced at short notice is far greater. This treatment only increases current market uncertainty, unnecessarily inflating both commodity and operational costs, and therefore resulting in higher costs passed on to consumers. This is in addition to the additional development costs (ROM) for these proposals of £210k to £280k, which will also be passed on to consumers.

In assessing these proposals with regards to the Relevant Objectives, Storengy UK believe that the proposals will have a negative effect on market competition as they potentially provide unnecessary distortion to the market and existing financial and commercial arrangements. Although these proposals could potentially provide longer term stability to network charging, the time constraints introduced by urgent status mean

we cannot be sure that these benefits will be realised, and cannot be sure that proposals are compliant with European legislation.

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

Although Storengy UK would welcome more stable capacity charging, we have concerns around the level of discussion and investigation into the effects of these proposals. Therefore, we would welcome more time for proposals to be reviewed and potentially perfected to ensure that they provide the perceived benefits, and not just add to industry and consumer costs. With this in mind, we would welcome a potential implementation date of 1st October 2023.

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

It is difficult to assess the potential impact of proposals as the new charging regime is still in a stage of constant fluctuation. This situation is not helped in the short term by proposals for further changes and uncertainty on short term charging, however, we would like to believe that these new charges will help to provide more certainty over charging for the longer term. Further time for the industry to try to assess the potential impacts of these proposals would be welcomed, as well as avoiding unnecessary market impacts due to uncertainty caused by rushing proposals to possible implementation.

Storengy UK supports the proposer's position on excluding storage flows from the Transmission Services Entry Flow Charge. This is consistent with the treatment of the historical TO and SO charges. This also aligns with EU TAR legislation in avoiding potential double charging for storage flows, and avoids creating an additional barrier to the cycling of gas at storage facilities which helps to mitigate the effects of market price volatility. This exemption should have negligible effects on the new charge itself and the monies collected by the proposer, but makes a huge difference to storage facilities in allowing them to continue to operate.

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

Storengy UK has no comment on the legal text itself, but do have concerns as to whether proposals are compliant with EU legislation, and would welcome further investigation into this issue.

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

Further investigation and review by the industry of the potential impacts of proposals, and timescales for possible implementation.

Further assessment on whether or not proposals are compliant with EU law.

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

N/A