

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

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

Representative:	Shiv Singh
Organisation:	Cadent
Date of Representation:	22 nd June 2020
Support or oppose implementation?	Support
Relevant Objectives:	<ul style="list-style-type: none"> a) Positive b) Positive d) Positive e) Positive

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

We are in support of the modification proposal as it encourages the provision and availability of storage to support security of supply, particularly during a cold winter where a diversified supply source can aid meeting high demand, or beach Entry is temporarily affected by outages. This would support Relevant Objectives a), b) and e). In addition, the increased discount would stimulate competition in this sector thereby supporting Relevant Objective d).

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

Implementation should take effect from 1st October 2020 inline with the new Transmission Charging Methodology.

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?*

We are satisfied that the legal text will deliver the required solution.

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).

Article 28; Consultation on discounts, multipliers and seasonal factors. Given this modification proposal has gone out for peer review and consultation it is compliant regarding that aspect.

The article states consultations shall be conducted every tariff period from the date of decision. It is assumed the proposers' expectation is the 80% discount would remain in perpetuity if approved, until a new modification to alter this rate was raised.

Article 32, leading on from Article 29, compliance will depend on whether this modification is proposed now or subsequently delayed and the proximity of implementation to 1 October, but if approved and implemented before 1 September, it should be compliant.

The modification proposal is compliant with article 31 as this is formatting related.

As the modification proposal is only altering the discount percentage and not changing the range of products/services it applies to, then it should be compliant.

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

The proposed implementation date of 1 October 2020 would coincide with the implementation of the new Transmission Charging Methodology following Authority approval of UNC 0678A.

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.*

None.

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

We agree with the findings of the report published by Waters Wye Associates titled 'NTS Charging Review: setting a tariff discount for storage' (26.02.19) in that the higher discount rate applied to storage sites is valid and appropriate.

Also, in the CEPA report supporting Ofgem's final decision on UNC0678A, the analysis shows that increasing the discount from 50% to 80% for the Postage Stamp Reference Price Methodology has a negligible effect on consumer bills. Given the support that

storage may provide to security of supply at times of high demand or supply distress, this may be a worthwhile trade-off.