

Representation - Draft Modification Report UNC 0817 (Urgent)

Treatment of Existing Capacity Holding at Easington on creation of the new Rough Storage ASEP

Responses invited by: **12pm on 06 September 2022**

To: enquiries@gasgovernance.co.uk

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

Representative:	Phil Lucas
Organisation:	National Grid NTS
Date of Representation:	6 th September 2022
Support or oppose implementation?	Comments
Relevant Objective:	a) None d) None
Relevant Charging Methodology Objective:	Not Applicable

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

National Grid NTS ('National Grid') offers comments on this proposal, which due to the Urgent timetable granted by Ofgem have not been possible to raise within a Workgroup discussion. National Grid notes that with the new ASEP set up from 1st September 2022, Entry Capacity can already be procured at Rough Storage ASEP, the Reserve Price for which will be subject to 80% Storage discount under the existing rules (i.e. without implementation of this proposal).

Further, there is an existing process whereby capacity can be surrendered from one ASEP to another. This process would mean that any capacity surrendered to the new ASEP would attract the prevailing (i.e. full) reserve price applicable to the ASEP.

UNC Modification 0817 would establish a bespoke monthly process for a specific Shipper (Centrica Storage Limited ('CSL')) at a specific ASEP (Easington) to specify a proportion of its Existing Contract capacity (Capacity Redesignation amount) that they hold at the Easington ASEP to be treated as being held at the Rough Storage ASEP.

The effect of the proposal would be that any monthly Capacity Redesignation amount (notified in advance) would be treated as if that Entry Capacity was allocated at the Rough Storage ASEP before Tariff Regulation date (06 April 2017) and would therefore benefit from all treatment associated to Existing Contracts (i.e. fixed price and Revenue Recovery Charge (RRC) exemptions). The Capacity Redesignation amount will be taken

into account for the calculation of CSL's Existing Registered Holdings, Existing Available Holdings and Available Capacity amounts at both Easington ASEP and Rough Storage ASEP.

This proposal provides a means by which CSL is able to notify a monthly amount of Entry Capacity to move to the Rough Storage ASEP. Such a quantity can be notified, prior to each month, depending on what level of capacity holdings are needed at the Rough Storage ASEP and the Easington ASEP up until March 2023 at which point the arrangements cease to take effect. We note that this level of flexibility differs to the previous example of existing contract capacity being split between two ASEPs (Modification 0501) which, upon the creation of new ASEPs, provided a one-time only opportunity for all relevant Users to apportion the capacity to each of the new ASEPs.

The proposed arrangements will be a bespoke process limited to one User between two specific ASEPs. Usually Capacity processes/products are available to all Users however a User with equivalent Capacity holdings at Easington would not be able to use the process proposed within Modification 0817 as this proposal is specific to CSL. It is worthy of note that in this case Ofgem's has approved CSL's application for an exemption from negotiated third party access in respect of the Rough Storage Facility until 30th June 2024¹.

As this process would be implemented after prices have been published, any amounts of capacity above, or different to, forecast amounts could impact a subsequent year's prices. Implementation of this proposal will not change Transportation charges in Gas Year starting 1st October 2022.

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

The deadlines for submission of the Capacity Redesignation for each Billing Period are set out below. On this basis (for example), a direction to implement the Proposal is required ahead of 30th September 2022 in order that Capacity Redesignation can be requested in respect of the November 2022 Billing Period

- November 2022 Billing Period – request by 30th September 2022;
- December 2022 Billing Period – request by 31st October 2022;
- January 2023 Billing Period – request by 30th November 2022;
- February 2023 Billing Period – request by 30th December 2022; and
- March 2023 Billing Period – request by 31st January 2023.

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

There will be cost to National Grid of implementing the system fixes to ensure that the capacity values for CSL at the Easington ASEP and Rough Storage ASEP for applicable Existing Contracts are updated and align to the Capacity Redesignation amount. These costs are not expected to exceed £12,500. Actioning these system fixes would need to be undertaken up to and including the March 2023 Billing Period.

¹ See [link](#).

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

National Grid is satisfied that the legal text delivers the intent of the Solution.

Note of clarification: the Shipper raising the Modification is Centrica Energy Limited, the wording within the Proposal is “Centrica”, but the intended beneficiary is CSL. This has been clarified with the proposer for the purposes of the Legal Text for Modification 0817.

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

N/A