

Representation - Draft Modification Report UNC 0846

Use of Entry Capacity Holdings at Easington at the Rough Storage ASEP in Winter 2023/2024

Responses invited by: 5pm on 10 August 2023

To: enquiries@gasgovernance.co.uk

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

Representative:	Phil Lucas
Organisation:	National Gas Transmission
Date of Representation:	3 rd August 2023
Support or oppose implementation?	Comments
Relevant Objective:	<p>a) None</p> <p>c) None</p> <p>d) None</p>
Relevant Charging Methodology Objective:	Not Applicable

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

National Gas Transmission ('NGT') offers comments on this proposal. Entry Capacity can 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 0848 would replicate (for the winter period 2023/24) the transitional provisions introduced by Modification 0817 (which were in place for winter 2022/23) albeit the mechanism would be available for all Shipper Users at the Easington ASEP, and not limited to a specific Shipper (Centrica Storage Limited ('CSL')) as was the case with Modification 0817.

As with Modification 0817, 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 the relevant User'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 a User 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 2024 at which point the arrangements cease to take effect.

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 however implementation of this proposal will not change Transportation charges in Gas Year starting 1st October 2023.

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. We note that this Modification would have prospective effect only, therefore on this basis (for example), a direction to implement the Proposal is required ahead of 31st August 2023 in order that Capacity Redesignation can be requested in respect of the October 2023 Billing Period

- October 2023 Billing Period – request by 31st August 2023;
- November 2023 Billing Period – request by 30th September 2023;
- December 2023 Billing Period – request by 31st October 2023;
- January 2024 Billing Period – request by 30th November 2023;
- February 2024 Billing Period – request by 30th December 2023; and
- March 2024 Billing Period – request by 31st January 2024

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

There will be cost incurred by NGT in 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.

Noting the preference for a 'data fix' solution in light of the transitional nature of this Proposal, the costs associated with this option are expected to be at least £9,500, but probably not more than £13,000. Actioning these system fixes would need to be undertaken up to and including the March 2024 Billing Period.

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

NGT is satisfied that the legal text delivers the intent of the Solution.

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