

Joint Office

[Enquiries@gasgovernance.co.uk](mailto:Enquiries@gasgovernance.co.uk)

23<sup>rd</sup> August 2019

Dear Sir or Madam,

**Re: 0696 Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs**

Thank you for the opportunity to provide representation on the above noted Modification Proposal. Please find below Northern Gas Network's (NGN) comments in respect of this change.

**NGN opposes this Modification Proposal.**

**Reason for support/opposition:**

The visibility and linking of existing and new Network Exit Agreements (NExAs) with central system is something we agree needs to be improved. However, although we agree in principle that any new or additional capacity for DM Supply Points with NExAs should only take effect from the, yet to be defined, relevant NExA date we do not believe the solution and system impacts of this proposal have been adequately assessed. This change is likely to require significant UK Link system changes to align the confirmation effective date of the new capacity with the relevant NExA date.

We do not believe that this modification is positive on relevant objective f) *Promotion of efficiency in the implementation and administration of the Code* as we do not agree that it is the fault of central arrangements as this issue could be foreseen and was in the gift of the Shipper to accept the offer at the confirmation effective date which aligns to the NExA change.

We also believe that allowing a retrospective element for this modification is negative for d) *securing of effective competition (i) between relevant shippers*, as the ability to take capacity from a specific date already is in the gift of the shippers, and therefore shippers who are already following this process are now gaining no benefit against those who are not.

We do not believe the justification provided for retrospective payments meets the quoted Ofgem's circumstances regarding retrospection. We feel that the loss is not directly attributable to central arrangements due to the existing ability of a shipper to control the confirmation effective date. The combination of circumstances therefore could have reasonable been foreseen.

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### Implementation:

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

We cannot accurately answer this question as the new mechanism required to capture the information, calculate the relevant refund and how this is to be issued under invoicing arrangements has yet to be determined or assessed.

### Impacts and Costs:

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

Due to the unavailability of the legal text, we cannot assess whether there would be any impacts or costs incurred.

Should this modification proposal be approved it may result in NGN receiving requests from one or more Shippers to recover costs due to the retrospective nature. However due to the existing process of the confirmation effective date being in the control of the Shipper, and the rarity of future dated NExAs we do not foresee any occurrences.

### Legal Text:

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

At the point of submitting this consultation response the legal text for this proposal was not available for review.

### 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.*

Due to the unavailability of the legal text, we feel we cannot fully assess the Modification Report and are therefore unable to answer this question.

### Any additional analysis or comments?

None identified

I hope these comments will be of assistance and please contact me should you require any further information in respect of this response.

Yours sincerely,

Tracey Saunders (via email)  
Market Services Manager (Industry Codes)  
Mobile: 07580 215 743

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