

RWE npower does not support this modification proposal.

NG raised this modification as they believe it will improve their ability to forecast the level of NTS throughput at 14:00 day ahead which, with effect from 1st October, they will be financially incentivised to improve the accuracy of.

Whilst we supported the introduction of this incentive we are disappointed that NG have raised a UNC modification proposal which has the effect of overriding the NExA arrangements that have existed at power stations for many years. The same argument applies to Storage Connection Agreements, Interconnector Agreements and the Offtake Arrangements Document. NG seem to have given no consideration of the operational effect this may have on the counterparties to these agreements when raising the modification proposal. Nor is it clear to us whether section J.6.4.1 of the UNC allows them to do this in this manner.

It is not clear to us why NG think that receiving OPNs at 12:00 (as opposed to 17:00) will improve their ability to forecast total NTS throughput day ahead. Shippers have obligations under the UNC and their licence to accurately nominate their gas inputs and offtakes. In the case of directly connected NTS Exit Points they are obliged to provide this information to NG no later than 13:00 day ahead as part of their output nominations. If OPNs are required to be submitted before this time, shippers may have to make up figures for their OPN submission if they have not received output nominations from sites beforehand. This could lead to less accurate OPN information being submitted.

Bringing the OPN submission time forward 5 hours lessens the likelihood of shippers being able to submit an accurate profile of how gas will be offtaken initially, and increases the likelihood of them having to submit more accurate OPNs at a later time.

NG have previously claimed that OPN information is more accurate than the nomination information provided to them, although we have seen no recent evidence to justify this claim. Whilst there are bound to be differences at any one time, due to the fact that output nominations and OPNs may not be submitted at exactly the same time, we struggle to see why output nominations should not equate to the sum of the hourly offtakes included in an OPN. If the claim is based on the fact that initial OPN submissions are currently more accurate than the initial output nominations this is no doubt due to the fact that shippers currently have an extra 4 hours to submit OPNs under the terms of their NExA.

Finally we are concerned that in the event OPN/SFN submission is used to allocate NTS Exit (Flexible) Capacity under future enduring offtake arrangements, bringing the submission time forward will result in shippers and DNOs inadvertently requesting more or less flexibility than they actually require at first submission. Once they have a clearer picture of how their offtake will be profiled (which may have become clearer had they had an extra 4 hours to submit their initial OPN/SFN as they do now) they may find that flexibility has ceased to be available, or has become subject to auction.