

## **Representation For.0105**

"Commercial Arrangements for combined DN Exit / Entry Points"

Version 1.0

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**Slant:** For  
**Strictly Confidential:** No

### **Abstract**

0105: Commercial Arrangements for combined DN Exit / Entry Points

Thank you for providing SGN with the opportunity to comment on the above modification proposal.

SGN are in support of this proposal.

SGN recognise the potential benefits the proposal brings in terms of security of supply. Storage facilities provide a valuable service, generally bringing gas to the system when the need is greatest. This will be of value to Shippers trying to balance their portfolio introducing another balancing tool. It will also potentially help reduce NTS's role as residual balancer. Overall it should help improve the economic and efficient operation of the system, help reduce supply uncertainty and price volatility thereby promoting competition. However we note this will mean slightly different treatment for different DN connected facilities. In this case we do not believe this will be material but as far as possible we would normally prefer consistency in arrangements with reform being introduced after full consultation and consideration of consequences, and development of appropriate commercial arrangements, rather than on a piecemeal basis.

The main differences as far as we can see are that:

- We understand that current NTS entry arrangements which are applicable to other LDZ connected ASEPs only allow Users to secure interruptible entry capacity on a short term basis at the day ahead stage. This proposal appears to provide access to interruptible capacity on a longer terms basis.
- Whilst it is correct that currently there are no distribution transportation charges for entry this is because they are all effectively deemed to be NTS connected. Under NTS transportation charging arrangements some have a non zero reserve price. Whilst we recognise capacity will be interruptible there will not necessarily be no cost to the system.

SGN support the proposal for this specific facility. We note potential benefit and suggest it outweighs concerns. We would always prefer a consistent approach and treatment for similar categories of customers. We believe this will be addressed for all other facilities through the Ofgem consultation on new entry arrangements for connecting to gas distribution networks. Given timescales set for this consultation we believe any potential concerns are likely to be short-lived. We would hope that consistent arrangements can be developed for all along the lines being proposed and implemented in the near future.

We hope you find these comment helpful.

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