

Representation

Draft Modification Report

0350 - Combining the NTS entry capacity and exit capacity credit checks

Consultation close out date: 11 March 2011
Respond to: enquiries@gasgovernance.co.uk
Organisation: TOTAL E&P UK Ltd
Representative: Iain McCombie
Date of Representation: 28 February 2011

Do you support or oppose implementation?

Support

Please summarise (in one paragraph) the key reason(s) for your support/opposition.

We agree with the Proposer that this change will discourage speculative Quarterly NTS Entry Capacity auction bidding as Users will face the prospect of being terminated if they do not provide sufficient credit or subsequently pay for capacity. This represents a marked improvement on existing arrangements, under which an entry User can defer their registered Quarterly NTS entry capacity without penalty. By discouraging speculative bidding, the change will reduce the risk of inefficient system investment and minimise the need to recover revenue from other Users bidding for capacity at the same ASEP. The change will also incentivise Users to provide the appropriate level of security to cover existing and future entry and exit capacity commitments as they will otherwise face the prospect of termination. We also agree the administrative sense of creating a single credit monitoring system.

Are there any new or additional issues that you believe should be recorded in the Modification Report?

No.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

We agree that the proposal will positively impact 'Efficient discharge of the licensee's obligations', 'Securing of effective competition' and 'Promotion of efficiency in the implementation and administration of the Code (Objectives A11.1(c),(d),(f)).

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Version 1.0

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Impacts and Costs:

What analysis, development and ongoing costs would you face if this modification were implemented?

None envisaged.

Implementation:

What lead-time would you wish to see prior to this modification being implemented, and why?

We agree with the Proposer's suggestion in this regard (i.e. that the Modification be implemented on the 1st of the next month following a positive decision by the Authority, meaning that Users are not required to provide any credit/security to cover their next 12 months of capacity until 1st October 2011).

Legal Text:

Are you satisfied that the suggested legal text will deliver the intent of the modification?

No comment.

Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.

No.