

## Representation

### Draft Modification Report

#### 0417: Notice for Enduring Exit Capacity Reduction Applications

**Consultation close out date:** 09 March 2012

**Respond to:** enquiries@gasgovernance.co.uk

**Organisation:** **Vayu Limited**

**Representative:** Bryan Hennessy

**Date of Representation:** **9 March 2012**

#### Do you support or oppose implementation?

**0417** - Support/Qualified Support/Neutral/Not in Support/Comments\* *delete as appropriate*

0417

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Version 1.0

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

**0417**

The User Commitment Amount (UCA) may be satisfied in advance of the 4 year commitment timeframe if capacity tariffs radically change from the enduring rates. This mod will allow shippers amend their incremental capacity booking at periods other than the current 14 month notice period to reflect the satisfaction of the UCA.

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

This notice period should also be applied to the enduring capacity bookings where it also shown that the UCA has been met.

**Relevant Objectives:**

*How would implementation of either of these modifications impact the relevant objectives?*

**Efficient and economic operation of the pipe-line system**

Enabling Users to adjust downward their signals for Enduring Annual NTS Exit (Flat) Capacity (given with a relatively long 38-months' notice) to reflect their actual needs potentially results in more efficient investment by National Grid NTS and lower costs to customers.

**Efficient discharge of the licensee's obligations**

Releasing National Grid NTS from the obligation to make available non-needed capacity, which would allow a better facilitation of Relevant Objective (c) with respect to licence obligations relating to economic and efficient system development.

**Securing of effective competition**

Shippers and DN Operators (both as Users) would benefit from the implementation of this modification by avoiding the unnecessary holding of Enduring Annual NTS Exit (Flat) Capacity when it is not needed (or cannot be used). Such a holding of capacity would cause the relevant User to incur additional costs (by way of NTS Exit (Flat) Capacity Charges) that could have a detrimental financial impact upon their business.

## Compliance with European Regulation

This modification would facilitate National Grid NTS to comply with article 16(2) of EC Regulation 715/2009, which obliges the “transmission system operator [to] implement [...] non-discriminatory and transparent capacity-allocation mechanisms, which shall:

- (a) provide appropriate economic signals for the efficient and maximum use of technical capacity [...];”

### Impacts and Costs:

*What analysis, development and ongoing costs would you face if either of these modifications were implemented?*

Mod. 417 will lead to lower ongoing costs for shippers over the commitment period, but at the same time fairly reflect the UCA.

### Implementation:

*What lead-time would you wish to see prior to either of these modifications being implemented, and why?*

The modification should be implemented in Q3 2012 in advance of the 2012/13 gas year.

### Legal Text:

*Are you satisfied that the legal text will deliver the intent of either of these modifications?*

### 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.*

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