

Representation

Modification Proposal

0419 - Redefining the capacity of the Specified Exit Point used in the calculation of the NTS Optional Commodity tariffs

Consultation close out date: 11 June 2012
Respond to: enquiries@gasgovernance.co.uk
Organisation: British Gas Trading Limited
Representative: Chris Wright
Date of Representation: 23 May 2012

Do you support or oppose implementation?

Support

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

A functioning optional commodity tariff ("shorthaul") is an essential component of the NTS charging methodology. It avoids the creation of incentives on gas users to construct pipeline systems which bypass the NTS, in order to avoid paying the full commodity rate for gas transportation over short distances. Thus, efficient use of the NTS is maximised and the costs of operating the NTS are shared across a greater number of users.

This modification recognises that changes to the exit regime from October 2012, stemming from the implementation of modification 0195AV, mean that a specific term – SOQ – will become undefined. No relevant value will therefore be capable of being used in the shorthaul formula, rendering the shorthaul methodology unworkable. It is therefore evident that change needs to be made in order to retain a functioning shorthaul methodology. NGG's proposed approach is both logical and reasonable and on this basis we support this modification.

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

It's disappointing to note that application of the proposed methodology will lead to changes in charges at certain exit points at a time when users are, in many cases, already facing significant charging volatility, particularly in exit capacity charges, the exit TO Commodity charge and the entry TO commodity charge.

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Version 1.0

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Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

We agree with the proposer's views on how this proposal better facilitates the relevant objectives.

Impacts and Costs:

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

Some charging volatility would be experienced.

Implementation:

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

Immediate upon direction.

Legal Text:

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

Yes.

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.