

Representation

Draft Modification Report

0485 - Introduction of the Long-term use-it-or-lose-it mechanism to facilitate compliance with EU Congestion Management Procedures

Consultation close out date: 10 July 2014
Respond to: enquiries@gasgovernance.co.uk
Organisation: British Gas Trading Limited
Representative: Graham Jack
Date of Representation: 10 July 2014

Do you support or oppose implementation?

Support

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

There is a clear requirement for the introduction of a Long-term Lose-it-or-lose-it mechanism and the proposal, developed by the workgroup, is sufficient to meet that need. The proposal provides, essentially, a transitional set of arrangements until more enduring rules are put in place for bundled capacity at interconnection points and this is being captured via the development of modification proposal 0500. At workgroups we have made it clear that in accepting some of the shortcomings with the modification 0485 proposal, this should not be taken as a precedent when more enduring solutions are being developed.

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 with the assessment that implementation of the modification proposal is necessary for compliance with EU legislation.

Impacts and Costs:

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

Minimal administration costs.

Implementation:

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

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Version 1.0

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We don't see there being a problem with implementation before 1 October 2014 and would welcome early sight of the underutilisation reports produced by National Grid Gas. Ideally, implementation would seek to minimise any monitoring issues associated with the lack of a clearly defined interconnection entry point at Bacton.

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.

We still have a preference for the provision of monthly capacity utilisation reports (this is what we receive from IUK) rather than receiving these only every 6 months. Although National Grid have said that shippers can readily create their own monthly reports, it would be better and more customer-focused to have these created and provided directly by National Grid.

Ofgem (or the Authority) will play a significant role in deciding if capacity is to be withdrawn from a shipper and, if it is, what the quantity and duration will be. At the workgroup we asked if Ofgem would consider publishing a guidance note on how they would decide on capacity withdrawal actions and we believe that this is something that would provide the industry with some measure of transparency and help to manage shippers' expectations. Whilst decisions by Ofgem will be made on a case by case basis, some general principles might be developed and prove useful.