

Representation - Draft Modification Report 0534S

Maintaining the efficacy of the NTS Optional Commodity ('shorthaul') tariff at Bacton entry points

Responses invited by: **10 September 2015**

To: enquiries@gasgovernance.co.uk

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| Representative: | Sofia Eng |
| Organisation: | EDF Trading |
| Date of Representation: | 10/09/2015 |
| Support or oppose implementation? | Support |
| Relevant Objective: | a) Positive d) Positive |

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

The proposed modification better facilitates objectives a (efficient and economic operation of the network) and d (securing effective competition between shippers). The physical reality of the network has not changed. There is no reason that shippers should be forced to choose whether to apply the short haul either to UKCS or IP entries and be charged differently for different sources of gas. We also note that the volume of gas that could in theory have bypassed the system would be underrepresented, which appears to be at odds with the tariff arrangement.

Self-Governance Statement: *Please provide your views on the self-governance statement.*

We agree that the modification is a self-governance modification. It seeks to maintain existing arrangements.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

The modification should be implemented as close as possible to the Bacton split on 1 November 2015.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

Yes

Modification Panel Members have requested that the following questions are addressed

Q1: Views are sought on the allocation of User Pays costs and whether Transporters or Shipper Users should fund these?

We agree with the proposer that the modification does not classify as a User pays modification funded by shippers. The issue that the modification seeks to address is an unintended consequence of the Bacton split. Shippers should not be penalised for measures that seek to address this. The modification does not seek to alter or amend current arrangements, but seeks to maintain the arrangements that exist.

If, contrary to this, the modification is still classified as User pays and funded by shippers, the cost recovery period should be extended. With current long term capacity bookings, made to secure financing of the interconnectors and that expire in a few years, costs would be borne by a relatively small number of shippers. The arrangements will benefit the wider shipper community in the long run and the cost recovery period needs to reflect this.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

We would welcome additional information on how the cost of the interim (£100k) and enduring solution (£400 k) have been estimated, particularly if charges are to be apportioned to shippers as User pays charges. The estimate strikes us as relatively high. We note that a fuller cost estimate from Xoserve is still pending.

Please provide below any additional analysis or information to support your representation