

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

Representative:	Richard Pomroy
Organisation:	Wales & West Utilities Ltd
Date of Representation:	10 th September 2015
Support or oppose implementation?	Oppose
Relevant Objective:	a) None d) None

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

This modification proposal is related to the 0501 series of which there were three alternates to 0501. We note that Ofgem has directed implementation of 0501 which was the simplest of the options with the minimum of adjustment opportunities for the Users utilising the Bacton ASEPs.

WWU supported 0501A which gave some ability for Shippers to adjust their bookings at the split Bacton ASEPs. We note that this proposal is both enduring and applies to both existing and future Users of the Bacton ASEPs. The purpose of the modification is to assist current users of the Bacton ASEP with the financial impact on the NTS Optional Commodity Tariff at Bacton of the splitting of the Bacton ASEP. We have sympathy with the position that some Shippers find themselves in, however we believe:

* That any relief should only apply to current users of the short haul tariff, given that it is these users who are directly affected; and

* Consistent with our view on 0501series, that any relief should be limited in duration. This will enable transitional relief to be given to existing users of the NTS Optional Commodity Tariff at Bacton while minimising any competition issues between these existing users and future potential users, however we recognise that this provision itself may set a precedent that may be undesirable.

More widely we are concerned that this modification introduces unwelcome precedents including charges depending on geographical distance, an issue that we acknowledge also exists with the NTS Optional Commodity Tariff itself. We therefore oppose this modification but would be more likely to favourably consider a modification that was more limited in scope and which carefully considered the wider implications of any special arrangements that were proposed.

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

Consistent with our view at the March 2015 modification panel, WWU believes that this is not self-governance. It clearly has an effect on competition in as much as the implementation of 0501 has an adverse effect on some Shippers which this modification proposal seeks to reverse. While we accept that the proposer believes that this modification proposal seeks to restore the current position its effect is clearly to change the competitive position of some Shippers from what they would be without this modification proposal.

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

Ideally on the same date as the separation of the Bacton ASEPs but we recognise that this may not be possible.

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

WWU would not face any costs as this only affects the NTS

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

Yes, however we believe that modifying TPD section Y 3.5 to allow multiple entry points to be associated with one exit point would have been more transparent. This would have meant that the modification was a transportation charging methodology change which we think would have been appropriate.

This would have changed the relevant objectives used to assess the proposal.

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?

This modification creates a User Pays service which should be funded by the users of the Combined Bacton ASEP NTS Optional Commodity Tariff.

The effect of 0501 is to create separate ASEPs at Bacton and this Modification Proposal changes this for the benefit of Shippers currently using the NTS Optional Commodity Tariff at Bacton, therefore the User Pays costs should be funded by those Shippers benefiting from the change.

We therefore agree with National Grid NTS and disagree with the proposer.

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.*

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