

Representation – Urgent Workgroup Report 0560 Addressing under-allocation of flows from BBL arising from misalignment of reference conditions

Responses invited by: **17 November 2015**

To: enquiries@gasgovernance.co.uk

Representative:	Richard Fairholme
Organisation:	E.ON UK
Date of Representation:	16 November 2015
Support or oppose implementation?	Support
Relevant Objective:	d) Positive g) Positive

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

E.ON UK supports this proposal, which aims to avoid BBL Shippers becoming adversely impacted by the under-allocation of flows on the BBL pipeline, resulting in an increased energy imbalance exposure, as a direct result (in our view) of TSOs failing to fully co-ordinate implementation of European Network Code obligations. We do not believe it is appropriate that BBL Shippers bear the brunt of this misalignment of implementation, over which they have no direct control.

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

We agree with the proposer's statement.

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

As soon as possible, to minimise the period of retrospection and to minimise the impact of these unavoidable costs on BBL Shippers.

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

None associated with implementation, but BBL Shippers can expect to see an increase in costs (in terms of increased imbalance exposure), if this Mod is not implemented.

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

Yes.

Additional Workgroup Question for this Consultation:

Are any of the Ofgem conditions for retrospectivity satisfied? (see the Appendix in the Workgroup Report for details)

Our general view on the principle of retrospection is that it is an unwelcome aspect of any Modification Proposal, as it has the potential to “open the floodgates” with regards to re-visiting past costs incurred and decisions made, introducing significant uncertainty for all market participants.

Notwithstanding these concerns, we note that Ofgem has recently approved UNC Modification Proposal 0534 – “*Maintaining the efficacy of the NTS Optional Commodity ('shorthaul') tariff at Bacton entry points*”, which includes a retrospective element and, therefore, we would not expect Ofgem to reject this Modification on the grounds of retrospection.

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.*

No.

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

This proposal clearly raises the challenges of implementing single market rules at cross-border points and further points to the need for Ofgem to have a greater role in co-ordinating the practical implementation of European-level market rule change with its fellow Regulators.