

Representation - Draft Modification Report 0568

Security Requirements and Invoice Payment Settlement Cycle for the Trading System Clearer

Responses invited by: **10 March 2016**

To: enquiries@gasgovernance.co.uk

Representative:	Gareth Davies
Organisation:	National Grid
Date of Representation:	10 th March 2016
Support or oppose implementation?	Support
Relevant Objectives:	d) Positive g) None

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

National Grid NTS supports the implementation of the model as it brings benefits to the market through reducing the credit requirements for shippers (and associated fees) which may help increase participation in and liquidity of the OCM.

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

Agree that this modification should not be self-governance as it is believed this may have a material impact on competition between Shipper Users, or on operation of the pipeline system.

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

Upon Ofgem decision, this modification requires National Grid and Xoserve to make changes to an existing process. Whilst we would endeavour to ensure that these changes are in place to meet usual timeframes this cannot be guaranteed until a change order is raised and the work initiated which will only occur once a decision on implementation is reached.

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

Xoserve have stated that their current processes are able to cover the proposed changes but would require an extra resource (1 FTE) to manage the increased volume. As stated in the Rough Order of Magnitude (ROM) an initial estimation for the cost for this additional resource would be £25,000 per annum but could rise or fall upon implementation. However we accept that in this instance this modification is not a User Pays modification.

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

Yes National Grid NTS is satisfied that the legal text delivers the intent of the solution.

Modification Panel Members have requested that the following questions are addressed:

Q1: *Respondents are asked to comment specifically on compliance with relevant objective (g), with evidence to support.*

We recognise that this modification will facilitate ICE Endex's compliance with EU Financial regulation.

However upon further investigation we note that the definition in the NTS Licence for "Regulation" (as covered under relevant objective (g)) is as follows;

"means Regulation 2009/715/EC of the European Parliament and the Council of 13 July 2009 – "Conditions for access to the natural gas transmission networks...".

Therefore according to this definition it appears that the Financial Services and Markets Act 2000 is not part of this Regulation or part of a decision of the European Commission and/or the Agency for the Co-operation of Energy Regulators. On that basis we do not believe this modification furthers relevant objective g.

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

No