

## Representation - Draft Modification Report

UNC 0716 0716A

### Revision of Overrun Charge Multiplier

Responses invited by: **5pm on 09 July 2020**

To: [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

*Please note submission of your representation confirms your consent for publication/circulation.*

<b>Representative:</b>	Terry Burke
<b>Organisation:</b>	Equinor
<b>Date of Representation:</b>	9 <sup>th</sup> July 2020
<b>Support or oppose implementation?</b>	0716 - Comments 0716A - Support
<b>Expression of preference:</b>	<i>If either 0716 or 0716A were to be implemented, which would be your preference?</i>  0716A
<b>Relevant Objective:</b>	<b>0716</b>  a) Positive  d) None  <b>0716A</b>  a) Positive  d) Positive

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

#### 0716

Equinor agrees that it is long overdue to review and amend the overrun charge regime following implementation of 0678A. Equinor feels 716A is the more appropriate for implementation of the 2 proposals because the multipliers proposed in 716 would still represent high penal charges in the event of a capacity overrun. The modification seeks to maintain the existing level of revenue collected that currently exists based on the 8x methodology which we don't feel is appropriate under the new charging regime from October 2020.

Overruns are usually incurred because of errors and do not accurately reflect the impact on the system. It is for this reason that while we welcome the reduction in multipliers, we feel that overruns will still be too high under this proposal.

### 0716A

716A is more appropriate considering the other charges being made to the tariff regime which should still provide an incentive to accurately book required capacity without overruns being unduly penal.

716A would also be consistent with the cost of managing the NTS during a constraint.

The level of 1.1 for overrun Multiplier should be reviewed periodically based on experience with the new system.

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

0716A should be implemented by October 2020

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

716 Although better than the existing arrangements this modification would still see excessively high levels of penalties.

0716A This modification looks to bring penalties in line with constraint costs while providing a clear incentive to avoid and minimise any overruns

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

Yes

**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.*

N/A

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

N/A