

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

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

Representative:	Richard Fairholme
Organisation:	Uniper
Date of Representation:	9 July 2020
Support or oppose implementation?	0716 - Oppose 0716A – Support
Expression of preference:	<i>If either 0716 or 0716A were to be implemented, which would be your preference?</i> 0716A
Relevant Objective:	0716 a) Negative d) Negative 0716A a) Positive d) Positive

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

0716

We do not support implementation of this proposal as we disagree with the logic behind it, which is to seek to maintain historical levels of revenue from overrun charges, rather than considering objectively the behavioural incentives and disincentives that a specific multiplier could have. We do not believe that historical capacity booking patterns and behaviour are appropriate to rely on, given the implementation of a fundamentally

different charging regime which will drive new behaviours and approaches. Therefore, we have no confidence that the overrun charges would be reflective of the costs incurred by NGG. An excessively penal overrun charge will also result in instability of general transmission charges, if it incentivises significant over-buying of capacity to help mitigate the risk of overruns (i.e. inconsistent with FCC values) or results in large penalty charges which feed back into transmission charges.

0716A

We support implementation of this proposal. If no change is made, the implementation of UNC 0678 will result in overrun charges which are disproportionate to the impact they are having on the operation of the network and therefore would fail to reflect the costs incurred. The proposed multiplier of 1.1 is consistent with multipliers used elsewhere in the UNC, such as Constraint Management. In our view, 0716A furthers relevant objective d), by providing proportionate incentives on Shippers to avoid overruns whilst avoiding excessively penal overrun charges, which would have negative impacts on competition.

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

0716

We do not support implementation

0716A

1 October 2020 - or as soon as possible thereafter

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

0716

Minor administrative and IT costs

0716A

Minor administrative and IT costs

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

0716

Yes

0716A

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.*

0716

No

0716A

No

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

We have nothing further to add