

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:	Bill Reed
Organisation:	RWE Supply & Trading GmbH
Date of Representation:	9 th 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) Oppose d) Oppose 0716A a) Positive d) Positive

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

0716

The proposal is better than the baseline since it seeks to revise the overrun charges in the light of the implementation of UNC0678A (Postage Stamp) from 1st October 2020. However, the underlying rationale of overrun charges in this proposal remains flawed particularly in relation to the potential impact of overrun on an unconstrained gas network. The overrun charges that are proposed are unduly penal and are not compliant with EU Gas Regulation 715/2009 (Article 13) and the TAR Network Code 2017/460 (Article 7) in relation to cost reflectivity. The proposal refers to historic overrun performance and does not attempt to assess overrun in the context of the new capacity charges that are being applied from October 2020. We expect that capacity booking behaviour will change significantly under the new charging regime. We do not support implementation of this modification.

0716A

The proposal is better than the baseline since it seeks to revise the overrun charges in the light of the implementation of UNC0678A (Postage Stamp) from 1st October. The proposal better reflects the potential impact of overrun on an unconstrained gas network where the actual costs of overrun are limited. The 10% premium for access to the network as a result of overrun is a proportionate charge that is appropriately targeted. On this basis, the proposal is compliant with the EU Gas Regulation 715/2009 (Article 13) and the TAR Network Code 2017/460 (Article 7). The proposal is better than the base line and better than the than the original proposal. Consequently, we support implementation.

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

0716

Note that we do not support implementation but that If approved, the modification should be implemented from 1st October 2020 alongside application of the new capacity-based charges under UNC0678A (postage Stamp).

0716A

The modification should be implemented from 1st October 2020 alongside application of the new capacity-based charges under UNC0678A (postage Stamp).

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

0716

Since the modification is a change to the existing parameters, we do not envisage that there would be any analysis, development or ongoing costs.

0716A

Since the modification is a change to the existing parameters, we do not envisage that there would be any analysis, development or ongoing costs. We note that overrun charges should be subject to review in relation to cost reflectivity and to ensure ongoing compliance with EU Gas Regulation 715/2009 (Article 13) and the TAR Network Code 2017/460 (Article 7).

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

0716

We do not have any comments on the legal text.

0716A

We do not have any comments on the legal text.

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

We have not identified any errors or omissions in the modification which we think should be taken into account.

0716A

We have not identified any errors or omissions in the modification which we think should be taken into account.

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

0716

We have no additional analysis or information in relation to this modification that supports our representation.

0716A

We have no additional analysis or information in relation to this modification that supports our representation.