

Reference
CA-UNC0705R/1103

Date
28 November 2019

Cadent Gas Limited
Brick Kiln Street, Hinckley
Leicestershire LE10 0NA
cadentgas.com

Dave Adlam
Mobile: +44 (0)7833 245530
Email:
David.adlam@cadentgas.com

Jennifer Randall
Jennifer.randall@nationalgrid.com

Cadent
Your Gas Network

Dear Jennifer

Action 1103

At the UNC 0705R Workgroup in November, the following action was created:

New Action 1103: All to provide Jennifer Randall (JR) with details and specifics on what issues are caused by the short-term problems, ie; what pain do they cause, how do they impact consumers? Also what alternative 'principles' could the capacity access regime be built on to ensure that the required functions are delivered? By 22 November to allow analysis prior the December Transmission Workgroup Meeting on 05 December 2019.

Jennifer.Randall@nationalgrid.com

Response

Please see below our response to each of the areas highlighted.

Substitution

We are in favour of the current substitution process and believe that this results in the correct customer outcome as it mitigates against the need for further investment on the NTS system.

We would not though, be supportive of any shortening of substitution lead times as the ability of Cadent to respond to changes in Peak Day forecasts would be severely hampered, with a potential risk to Cadent's ability to match booked capacity to an increase in peak day demand with the associated risk to customers supply.

Zonal

This is an area that Cadent is open to exploring, but any changes should include detailed analysis that would demonstrate the potential impact and benefit to our customers.

Overrun Charges

We recognise and appreciate the views raised by the Shipper community that Overrun charges can be penal in nature. UNC Modification 0665 (Changes to Ratchet Regime) was recently



implemented to allow for a more targeted approach to the application of ratchets and to remove the penal affect at an LDZ level. We endorse the view that all NTS Users should be able to closely match their capacity bookings to their flows throughout the year.

PARCA

We believe that the PARCA Application Fee should be proportionate to the work required.

Cadent has previously highlighted that there exists an inconsistency between how the Substitution process is managed and how the PARCA process is implemented through UNC:

- During the Annual Application Window, if Substitution is required, it takes place without any recourse for the affected User to respond or challenge
- Outside of the Annual Application Window, if Substitution is required, then a PARCA Notice is issued allowing interested parties to asses and respond accordingly.

We feel it would be beneficial for affected Users to be allowed to respond to any potential Substitution considered during the Annual Application Window.

Location

In the interests of supporting efficient capacity bookings Cadent would also support a review of the PARCA process where Users are notified of an impending PARCA, greater certainty around potential Donor Offtakes would minimise the submission of unnecessary PARCA Applications, which has the potential to sterilise capacity.

User Commitment

Whilst Cadent acknowledges the application of User Commitment when there is a clear requirement for NTS to invest to support the additional capacity, we do not support the current methodology that applies a blanket approach to applying User Commitment to every enduring capacity increase as this is potentially not cost reflective in compliance with GT licence requirements.

This would mitigate against the sterilisation of capacity and underpin a more efficient capacity booking and allocation process with the clear cost benefit that provides for consumers.

Capacity Products

As previously mentioned, Cadent would be supportive of a regime that allows all NTS Users to closely match their capacity bookings to actual flows throughout the year. This would help to ensure that costs are more targeted, resulting in a better outcome for customer's and we would welcome this consideration to form part of the review of the different short and long-term capacity products.

Auctions/Applications

There are associated processes linked to the Annual Application Window which currently present difficulties in a Distribution Network being able to apply for the all the required products, the timing of which could be reviewed to allow for a more efficient outcome.

Flex

Cadent recognises that Within Day behaviour has changed over time. To enable a Whole System approach, we have put forward a Flex Proposal as an area of development in the Business Plan for our RII02 Submission and suggest that NTS consider this proposal as an integral part of its RII02 deliberations.



Cadent appreciates the importance of this review and looks forward to aiding in the development of a gas capacity regime that results in the best customer outcome. If progress could be made in these areas, then it would help underpin the whole system approach and produce a more cost reflective entry/exit capacity regime with clear benefits to our customers.

Yours sincerely

Dave Adlam
DNCC Control Room Manager