

Representation - Draft Modification Report UNC 0667

Inclusion and Amendment of Entry Incremental Capacity Release NPV test in UNC

Responses invited by: 5pm on 21 May 2019

To: enquiries@gasgovernance.co.uk

Representative:	Graham Jack
Organisation:	Centrica
Date of Representation:	10 th May 2019
Support or oppose implementation?	Support
Alternate preference:	
Relevant Objective:	<p>a) None</p> <p>d) Positive</p>

The consultation is aimed at establishing if the content/effect of the variation have caused you to change a view that you previously expressed, or to take a view that you had not previously considered. Please note any representation received in respect of Modification 0xxx will be carried forward should parties not wish to change their original representation.

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

The current NPV test for the release of funded incremental capacity is clearly not fit for purpose when applied to existing entry points as it results in disproportionately high user commitments. If allowed to continue, this will delay or discourage additional entry capacity from being released and therefore will have an adverse impact on attracting additional gas supplies to the GB market. Implementation of this Modification will provide a more proportionate user commitment solution and can be expected to positively impact competition in supply by supporting a more liquid and accessible market.

This Modification has highlighted the tension between change governance of the UNC and the Entry Capacity Release Methodology Statement (ECR) where the current NPV test resides. If the Modification is implemented, then the ECR should be subsequently modified to reference the NPV test incorporated in the UNC.

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

Given the likely material impact on user commitment arrangements, Authority Direction is appropriate.

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

Implementation should be as soon as reasonably practicable and not be contingent on any changes required to the ECR.

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

None identified.

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.*

None identified.

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