

Representation - Draft Modification Report UNC 0729

Applying a discount to the Revenue Recovery Charge at Storage Points

Responses invited by: **5pm on 11 September 2020**

To: enquiries@gasgovernance.co.uk

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

Representative:	Gerry Hoggan
Organisation:	ScottishPower Energy Management Limited
Date of Representation:	11 September 2020
Support or oppose implementation?	Support
Relevant Objective:	<p>a) Positive</p> <p>b) Positive</p> <p>c) None</p> <p>d) Positive</p> <p>e) Positive</p> <p>f) None</p> <p>g) Positive</p>
Relevant Charging Methodology Objectives	<p>a) Positive</p> <p>b) Positive</p> <p>c) Positive</p> <p>d) None</p> <p>e) Positive</p>

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

We support implementation of this proposal. The Revenue Recovery Charge (RRC) is a capacity based charge and as such we believe that application of a discount to the RRC, that is aligned with the discount afforded against other transmission capacity charges, is compliant with the EU Tariff Network Code. It is also consistent for an equivalent level of discount to be applied to the RRC, as in an ideal world the RRC would be zero with all charges having been recovered via the standard transmission charges, where a discount is otherwise applicable to storage.

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

We believe that implementation should be contemporaneous with the implementation of the revised Charging Methodology i.e. 1st October 2020, with any increased and aligned discount due as a result of a positive determination of MOD 0727 (Increasing the Storage Transmission Capacity Charge Discount to 80%) likewise being effective as from that date.

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

None.

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

We are comfortable that the legal text will deliver the intent of the Solution although we have not conducted a full legal review.

Modification Panel Members have requested that the following questions are addressed:

Q1. Respondents are requested to provide a view as to whether Article 9(1) TAR NC requires that a discount must be applied to the capacity reserve prices only or whether the discount must also be applied to the Transmission Services Revenue Recovery Charges (see section 'EU Code Impacts' of the Workgroup Report).

Article 9(1) of TAR NC states "A discount of at least 50 % shall be applied to capacity-based transmission tariffs.." It is not restricted or limited in its application and therefore as the RRC is a capacity based tariff then it likewise should be subject to the applicable discount.

Q2. Respondents are requested to provide views on the proposed implementation date.

See above.

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 that we are aware of.

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

None