

Representation - Modification UNC 0791 (Urgent)

Contingency Gas Procurement Arrangements when a Supplier acts under a Deed of Undertaking

Responses invited by: **Midday on 24 December 2021**

To: enquiries@gasgovernance.co.uk

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

Representative:	Dan Fittock
Organisation:	Corona Energy
Date of Representation:	21 December 2021
Support or oppose implementation?	Support
Relevant Objective:	<p>a) Positive</p> <p>c) Positive</p> <p>d) Positive</p>

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

We support the implementation of 0791 as this would ensure that any Suppliers acting under a Deed of Undertaking will have their demand entered into the system by National Grid Gas in their role of Contingency Procurer of Supplier Demand, with cost managed in a ringfenced and expedited manner. This approach ensures that other Shippers operating in difficult market conditions are not required to take on the extra risk as proposed in UNC 0789 and supports competition.

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

We welcome the clarificatory note provided by National Grid Gas on the implementation timescale and we welcome an implementation date ASAP following Authority approval.

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

N/A

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

We are satisfied that the legal text delivers the intent of the solution.

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

Q1: CPoSD role start trigger:

Do you believe the trigger of 10,000,000 kWh for commencement of the CPoSD role is appropriate? This figure of 10,000,000 kWh is considered to be a reasonable threshold for action to be taken separately to residual balancing, given that the average absolute shipper imbalance on days when no residual balancing trades were undertaken by National Grid NTS over the period 01/10/20 to 30/09/21 was 13.3GWh/day and was 13.1 GWh/day over the same period when the system was short of gas. If not, please justify your answer - do you have an alternative figure and why is this more appropriate?

We believe that the logic behind the 10,000,000 kWh trigger is sound and that this trigger volume for the initiation of National Grid Gas' role of Contingency Procurer of Supplier Demand is reasonable.

Q2: CPoSD role end trigger:

Do you believe the trigger of 100,000 kWh for ending of the role of the CPoSD is appropriate? A minimum volume of 100,000 kWh is proposed because this is approximately the minimum trade quantity available on the OCM. If not, please justify your answer.

We believe that the logic behind the 100,000 kWh trigger is sound and that this trigger volume for the cessation of National Grid Gas' role of Contingency Procurer of Supplier Demand is reasonable. We believe that any remaining imbalance under this threshold can be managed by National Grid Gas' role as Residual Balancer.

Q3: CPoSD role performance

Considering the new role for National Grid NTS of CPoSD and the need for economic and efficiency in decision making, do you believe that the wording in the commentary (see below) relating to UNC Section D 6.3.4 "on an economic basis"

<i>New paragraph 6.3.4</i>	<i>And when purchasing gas under paragraph 6 National Grid NTS will aim to do so on an economic basis.</i>
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- i) has a legal definition,*
- ii) provides sufficient protection to industry or not and*
- iii) could have any unintended consequences or not?*

Please provide an explanation for each response.

- i) We have not procured a legal opinion on this matter, but do not believe that this would have a material impact on the solution of 0791.
- ii) We believe that this provides sufficient protection for the industry, as the role of Contingency Procurer of Supplier Demand is a time-bound role that National Grid Gas would only undertake under specific market conditions.
- iii) We do not foresee any unintended consequences.

Q4. CPoSD monitoring and audit

Do you have any views on an appropriate monitoring and audit process for this new CPoSD role?

We do not have a view on the monitoring and auditing arrangements for this role.

Ofgem have requested that the following questions are addressed:

Q5. What is the likely impact on consumers, industry and the market if the status quo for shipperless sites was maintained this winter (the status quo being National Grid NTS procuring the gas for shipperless sites through Residual Balancing)? Please justify if you think it is necessary to have an alternative solution in place.

We would expect that the impact on the industry if the status quo was maintained would be an insufficient cash flow for National Grid Gas, resulting in changes to their charging methodologies and a material increase of costs to Shippers and subsequently to consumers to cover the risk in this area.

Q6. What is the likely impact – both positive benefits and negative consequences/risk - of UNC0791 and the Contingency Gas Procurement Arrangements on consumers, industry and the market?

We foresee an increase in National Grid Gas' costs due to their trading activities as part of their role as Contingency Procurer of Supplier Demand, however as this role would be time bound until such a time as Suppliers acting under a Deed of Undertaking have successfully appointed a new Shipper – a process in itself already expedited by the implementation of UNC 0788.

Q7. What do you see as the costs and/or risks of National Grid NTS operating in markets outside of the OCM in this manner?

We are not in a position to provide a view at this time.

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.*

N/A

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

N/A