

## Representation

### Draft Modification Report

#### 0476S – Alignment of DN Charging Methodology with RIIO-GD1 Arrangements

**Consultation close out date:** 06 February 2014  
**Respond to:** enquiries@gasgovernance.co.uk  
**Organisation:** National Grid Gas Distribution  
**Representative:** Steve Armstrong  
**Date of Representation:** 05 February 2014

#### Do you support or oppose implementation?

Support

#### Please summarise (in one paragraph) the key reason(s) for your support/opposition.

We support the modification since it clarifies the charging methodology with respect to the setting of the ECN charges and ensures that its interpretation is consistent with the changed arrangements under the RIIO-GD1 Licence for the pass-through of NTS Exit capacity costs and the two year lagging of K from 2015/16. We also support the modification because it cleans up the methodology in respect of interruptible transportation, which ceased from 1st October 2011, and so improves clarity and reduces the risk of misinterpretation.

#### Are there any new or additional issues that you believe should be recorded in the Modification Report?

No

#### Self Governance Statement:

*Do you agree with the Modification Panel's decision that this should be a self-governance modification?*

Yes

#### Relevant Objectives:

*How would implementation of this modification impact the relevant objectives?*

Relevant Objective: That the charging methodology results in charges which reflect the costs incurred

No impact.

Relevant Objective: That the charging methodology takes account of developments in the transportation business

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We consider that the modification will have a positive impact on this objective. The modification will ensure that the charging methodology takes account of, and is consistent with, the latest Gas Transporter Licences. In particular it takes account of the changed manner in which cost pass-through of the NTS exit costs incurred by DNs is passed through to the DN allowed revenue and the way in which K is handled. It also takes account of the cessation of interruptible transportation arrangements since October 2011 by removing redundant methodology references.

Relevant Objective: That the charging methodology facilitates effective competition between gas shippers and between gas suppliers

No impact.

### Impacts and Costs:

*What analysis, development and ongoing costs would you face if this modification were implemented?*

There would be no additional costs if the modification were implemented. Our gas distribution transportation charges which have been published for implementation from 1<sup>st</sup> April 2014 have been derived using a charging methodology consistent with the implementation of this modification.

### Implementation:

*What lead-time would you wish to see prior to this modification being implemented, and why?*

We consider that it would be appropriate for the modification to be implemented from 1<sup>st</sup> April 2014.

### Legal Text:

*Are you satisfied that the legal text will deliver the intent of the modification?*

Yes

### Is there anything further you wish to be taken into account?

*Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.*

No