

Action update provided by Email

FGO Workgroup - Charging

Date: 02 August 2016

Organisation:

G Howard on behalf of Independent Gas Transporters

Abstract:

As per the action for discussion on 22nd August, I attach an extract from an email sent to the FGO programme on behalf of the IGT community in January following the GDN submission to Ofgem outlining our concerns with approach and content of the treatment of investment and change costs.

The concerns the IGT community from January were and are as follows:

- *UK Link Programme – an allocation to IGTs would suggest that IGTs are now required to contribute to the build costs of Project NEXUS. This was not what was agreed with Ofgem when developing and setting out Single Service Provision for IGTs and we cannot support these arrangements being changed.*
- *UK Link Programme: Business debt – as above.*
- *Change Pot 2 - there has been no explanation as to what this is for. It may be the case that IGTs should contribute to this pot but there has been no formal discussion as to what the pot is and how funding should be allocation.*
- *Change Pot 3 – as above.*
- *Project Resources – resourcing for various projects should be paid for by the beneficiaries of the project and not smeared across all users as a whole: there should be no cross subsidisation between parties in this area. Again this is an area which we have not discussed.*

There is now the additional issue since the above was submitted that should NEXUS be implemented after FGO, IGT allowances will be reduced due to the GDN allowances being reduced to reflect FGO arrangements. IGTs however will still be required to provide full services to Shippers utilising our own systems at the same cost as pre FGO funding arrangements but will not be receiving the “full” associated allowance as per today.