

Representation - Draft Modification Report 0541A/B

Removal of uncontrollable UNC charges at ASEPs which include sub-terminals operating on a 06:00 - 06:00 Gas Day

Responses invited by: **5pm 11 April 2016**

Representative:	Terry Burke
Organisation:	Statoil UK Ltd
Date of Representation:	11 th April 2016
Support or oppose implementation?	0541A - Support 0541B - Support
Alternate preference:	<i>If either 0541A or 0541B were to be implemented, which would be your preference?</i> 0541A
Relevant Objective:	d) Positive g) Positive

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

We are aware of significant impacts on shippers of having to balance their supply & demand positions on the back of the new gas day arrangements since 1st October 2015. We therefore support both proposals which seek to reduce exposures because they're largely outside the control of shippers. If either modification is to be implemented then 541A would provide a simpler solution to the industry due to the removal of charges before invoicing.

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

As soon as is practical although we understand the retrospective element and possible I.T constraints could slow this down.

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

We anticipate some minor costs.

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

Yes

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

Q1: Respondents' views are requested on the applicability of User Pays arrangements, with supporting reasons.

User Pays should not apply as this issue has arisen through no fault of shippers which has penalised those endeavouring to balance their positions. We would however say IF User Pays does apply then this should apply just to 06-06 entry points.

Q2: Respondents' views on the six key areas of impact described in the Impact Assessment, in Section 4, of the Draft Modification Report are also invited.

Compliance with EU Legislation

We are aware of National Grid's concerns with BAL NC and understand the workgroup spent a lot of time on this aspect of the Mods. We do however remain concerned both mods could fail should Ofgem not feel they are compliant with BAL NC. Overall we agree with the workgroup findings that both mods are compliant.

NTS Physical Needs

We see no negative impact on the physical needs of NTS as these are synthetic rather than physical imbalances.

Incentive to balance

As the time shift volumes are uncontrollable this undermines shipper's ability to balance efficiently. We believe these proposals would alleviate these concerns.

Appropriateness of, and impacts on, Scheduling Charges/ Balancing Neutrality

No View

Effect on Competition

No View

Justification for Retrospectivity

We agree there is justification for retrospective application based on the workgroup report.

Are there any errors or omissions in this Modification Report that you think should be taken into account?

I can't see from the report that Ofgem have provided any guidance on compliance with EU Legislation and feel it would have been important to have seen this reflected within the report. This is clearly fundamental to the whole process.

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