

Representation - Draft Modification Report UNC 0846

Use of Entry Capacity Holdings at Easington at the Rough Storage ASEP in Winter 2023/2024

Responses invited by: 5pm on 10 August 2023

To: enquiries@gasgovernance.co.uk

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

Representative:	Ricky Hill
Organisation:	Centrica Energy Limited
Date of Representation:	
Support or oppose implementation?	Support
Relevant Objective:	<ul style="list-style-type: none"> a) Positive c) Positive d) Positive
Relevant Charging Methodology Objective:	Not Applicable

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

The justification for implementation of this proposal is consistent with that stipulated in UNC0817, which was implemented prior to winter 22/23. Further, as the mod explains, alternative “longer term” solutions were sought post implementation of UNC0817, but due to a combination of time constraints and the uncertainty around the future of Rough as a gas storage facility, none were achievable and/or appropriate. For these reasons, we believe that permitting CSL the ability to redesignate entry capacity for the coming winter is the most efficient and fairest solution following the creation of the Rough ASEP, necessitated as a result of implementation of UNC 0678A.

Following comments provided by Ofgem in its UNC0817 decision letter, this proposal has built on UNC0817, extending redesignation rights to all Users in the event that they acquire capacity in the Rough facility. We believe that this enhancement will result in wider benefits to industry, in particular reducing the costs of delivering storage gas to the GB market.

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

As soon as is reasonably practicable, to ensure that the overall costs of using Rough storage are minimised, noting that injection volumes will be incentivised at higher prices if the cost of delivery back into the NTS is reduced.

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

No additional costs as the process for designation was operated last winter. Of course, if the proposal was not implemented Centrica, and other Users of Rough with access to Existing Capacity would be required to acquire new capacity at the Rough Entry Point at additional cost. Any additional costs would shift the economics of injecting and delivering gas into/from Rough. This in turn is likely to shift the GB supply stack unfavourably towards higher gas prices.

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

Yes

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.*

No

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

The draft modification report captures all of the salient points relevant to this proposal.