

Representation - Draft Modification Report UNC 0753

Removal of Pricing Disincentives for Secondary Trading of Fixed Price NTS System Entry Capacity

Responses invited by: **5pm on 11 June 2021**

To: enquiries@gasgovernance.co.uk

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

Representative:	Chris Wright
Organisation:	ExxonMobil Gas Marketing Europe Limited
Date of Representation:	11 June 2021
Support or oppose implementation?	Support
Relevant Objective:	c) Positive d) Positive g) Positive
Relevant Charging Methodology Objective:	c) Positive e) Positive

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

Purchasing long term capacity can be a significant financial commitment for a gas shipper. Careful thought will therefore be given to the amount of capacity required. Nevertheless, given the extended timescales over which capacity can be bought, and the uncertainties around its utilisation, a shipper's precise capacity requirement will not be known until the gas day.

It is therefore not only efficient but indeed essential that a shipper is free to trade on any surplus capacity, unencumbered. The current rules, which dictate that RRC protection is forfeited upon transfer to a new holder, act as a real barrier to swift and efficient secondary capacity transfer and utilisation. We therefore support this modification in seeking to tackle this barrier by allowing the retention of RRC protection upon transfer.

Indeed, it is our preference to see this concept extended to include transfers of shorter duration capacity as well.

In addition to our support for the principle of this modification, we share concerns expressed in the workgroup development phase regarding the extent to which the current rules comply with TAR NC. It is a firmly established concept that the Existing

Contracted holding is protected from any price change – including both to the underlying contract price and any RRC - charge whilst held by the original purchaser. It is less clear why only part of that price protection is retained upon transfer to a new holder and we question whether allowing an RRC charge to be applied fully complies with the letter and spirit of TAR NC's price protection requirement, when in all other respects the capacity is treated as unchanged from that which was originally purchased.

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

As soon as possible.

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

None.

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

N/A.