

## Representation - Draft Modification Report 0539 Removal of NTS Exit Commodity Charges for Distributed Gas

Responses invited by: **08 October 2015**

To: [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

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<b>Organisation:</b>	National Grid NTS
<b>Date of Representation:</b>	07/10/2015
<b>Support or oppose implementation?</b>	Comments
<b>Relevant Charging Methodology Objectives:</b>	a) None b) None c) None

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

National Grid NTS attended the first modification workgroup to understand the proposer's intention with regards to the Modification proposal. From this it is our understanding that the proposer wants to implement a Distribution Network (DN) level solution and therefore there was no requirement or request for National Grid NTS to attend further meetings.

As such we have not been party to all the discussions but offer some comments that we believe may be of use in considering the decision regarding UNC 0539.

- Gas directly entering a DN utilises the NTS as Gas can be traded at the NBP for onward transmission to any other point on the system.
- Shippers can enter Gas in the DN but offtake the gas elsewhere meaning that the gas being offtaken has utilised the NTS as it is not the gas entered directly to the DN.

We believe that these are fundamental principles that underpin the commercial regime that is in place.

The only scenario where we believe the above two bullets may not apply is where a shipper (Shipper A for the purpose of the examples below) brings gas directly into a DN and offtakes that gas in the same DN. However, to accurately measure this could potentially be both complex and costly (as was outlined by National Grid Distribution when they withdrew UNC 0508). It is unclear how this particular scenario differs fundamentally from the examples below. All the examples require a Shipper to move gas

over similar distances utilising same services and IS systems, and benefit from the flexibility the commercial regime offers in the same way. Therefore it is unclear to us why a Shipper at an embedded entry point should not pay the same amount as is currently done via the postalised Commodity charge.

- 1) Shipper B only enters gas in a DN but only offtakes in a neighbouring DN (same distance as shipper A);
- 2) Shipper C ships gas the same distance as shipper A & B but from a normal NTS entry point to another NTS exit point;
- 3) Shipper D ships the same distance as shipper A, B & C but from an NTS entry point to a DN customer close to the entry point.

We believe any measurement against the relevant objectives should take into account the points above.

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

N/A

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

N/A

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

N/A

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

*Q1: Please provide clear views and supporting evidence on the self-governance status of this modification focusing, in particular, on whether this proposal is likely to have a material impact upon competition in the shipping, transportation or supply of gas.*

We have not been involved in the development of the legal text as the proposer's modification and solution does not interact with the NTS or the part of Section Y that covers the NTS Charging Methodology.

However we do not believe that Self-governance should apply simply because the values involved are currently so small that the material impact on shippers would also be considered small. Should it be approved, UNC0539 would put in place a lasting modification to the UNC. Therefore should volumes of distributed gas as outlined in the modification increase there would be a corresponding increase to the materiality.

**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.*

N/A

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

N/A