

Representation - Draft Modification Report

UNC 0636 0636A 0636B 0636C 0636D

Updating the parameters for the NTS Optional Commodity Charge

Responses invited by: **5pm on 14 June 2018**

To: enquiries@gasgovernance.co.uk

Representative:	Wenche Tobiasson
Organisation:	InterGen
Date of Representation:	14 June 2018
Support or oppose implementation?	0636 - Oppose 0636A - Oppose 0636B - Oppose 0636C - Oppose 0636D - Oppose
Expression of preference:	<i>If either 0636, 0636A, 0636B, 0636C or 0636D were to be implemented, which would be your preference?</i> None
Relevant Objectives:	0636: g) Negative 0636A: g) Negative 0636B: g) Negative 0636C: g) Negative 0636D: g) Negative

Relevant Charging Methodology Objectives:	<p>0636: a) Negative b) Negative c) Negative e) Negative</p> <p>0636A: a) Negative b) Negative c) Negative e) Negative</p> <p>0636B: a) Negative b) Negative c) Negative e) Negative</p> <p>0636C: a) Negative b) Negative c) Negative e) Negative</p> <p>0636D: a) Negative b) Negative c) Negative e) Negative</p>
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Reason for support/opposition/preference: Please summarise (in one paragraph) the key reason(s)

Although a review of the NTS Optional Commodity Charge may be appropriate, given the lack of consideration in nearly 20 years, the timing is somewhat impractical, particularly considering another modification proposal currently under consideration – 0621. This raises the question about the value of introducing changes for potentially only a short period.

Furthermore, InterGen do not consider any of the proposals to further or address compliance with EU Regulations. Whilst 0636, 0636A, and 0636B fail to consider EU Regulation 2017/460 (TAR code), 0636C and 0636D may lead to non-compliance with Regulation 715/2009, which requires non-discriminatory access to networks and tariffs. However, despite the work group’s endeavour, insufficient analysis is included in the modification report to allow for a full assessment of potential impacts following implementation.

We would encourage Ofgem to perform an extensive impact assessment of implementing 0636, fully considering interaction with other modification proposals, particularly 0621.

Implementation: *What lead-time do you wish to see prior to implementation and why? Please specify which Modification any issues relate to.*

We do not support implementation of any of the modification proposals. Nevertheless, if any of the options were implemented, as with any material changes, it is essential to give market participants sufficient notice. We do not believe that this is the case for 0636. Due to commercial arrangements and forward looking activities we believe that a minimum of 6 months from decision to implementation is reasonable.

Impacts and Costs: *What analysis, development and ongoing costs would you face? Please specify which Modification any issues relate to.*

We have been unable to perform a full assessment of impacts of a potential implementation of 0636 due to the lack of information as well as the interaction with modification proposal 0621. However, all proposals would increase ongoing costs and would incur a cost in terms of reassessing existing commercial contracts. We believe these costs will be disproportionate given the expected short period that 0636 would be in place, following a potential implementation of 0621.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution? Please specify which Modification any issues relate to.*

We have not fully reviewed the legal text.

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 comment at this point.

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

No comment at this point.