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Questions

1. What does offtake reform need to achieve

Although the CC quashed both the 0116V and 0116A decisions it did not direct implementation of 0116A. 0116A was remitted to Ofgem for 're-decision'. Technically the quashing order means the current UNC should not contain any 0116V text. However, until 0116A or another enduring offtake modification proposal is approved the sunset clause remains in the code.

The Review Group therefore needs to develop enduring offtake proposals that will allow for the removal of the regulatory uncertainty arising from the inclusion of this sunset clause in the code.

2. What are the key problems and issues that the stakeholder group face at the moment?

(Responding in the capacity as a shipper, end-user, storage user, interconnector user and future storage operator).

- Lack of regulatory certainty with respect to the appropriate duration of user commitments.
- Concerns of NGG that revenue might be disallowed without an appropriate user commitment.
- Advance purchase of incremental capacity beyond 6 months is not currently allowed other than through an ARCA and this is currently only offered where NGG require a user commitment to partially underwrite investment.
- A perception by Ofgem that users of the current interruptible service are being cross-subsidised by firm users.

Regards

Peter