

**Tim Davis**  
Joint Office of Gas Transporters  
[industrycodes@ofgem.gov.uk](mailto:industrycodes@ofgem.gov.uk)

26 March 2012

Dear Tim

**Re: Gas Storage Operators Group response to Consultation on UNC Modification Proposal 0373 “Governance of NTS Connections”**

The Gas Storage Operators Group (GSOG) welcomes the opportunity to provide views on UNC Modification Proposal 0373. The response is non confidential and therefore can be placed in the public domain.

GSOG is a trade association which was formed in May 2006 within SBGI. The Group has sixteen members and comprises of almost all the active participants in the GB Gas Storage Market, and as such represents a wide range of interests. The Group includes both established operators and developers of new storage projects, large multinational companies and smaller private ventures. The current members of the Group and signatories to this submission are detailed in Appendix A.

GSOG supports the implementation of Mod 373, since we believe that it positively addresses the lack of formal governance for user’s applications of new NTS physical connections. Nevertheless, it should be noted that the solution proposed represents only the first step toward the implementation of a sustainable governance framework within the UNC that deals with all aspects of the connection process.

The outstanding issues regarding the governance of NTS connections are:

1. The development of a physical connection should be strictly **linked with the release of commercial capacity**. Key milestones during the connection process should ensure that the release of capacity proceeds in parallel, as per the initial plan. When any process is delayed, the other should accommodate such delay, so that capacity and connection will be made available on the same day (or period) designated for starting the operations. This would avoid circumstances where the developer has to bear the cost of any element (connection or capacity) without having the chance to start the operations, because the other key element has been delayed for any reason.
2. Physical connection and capacity release processes should also be **linked to other third-party processes** (e.g. IPC, licencing) that are relevant for the success of the connecting project. Key milestones during the connection process should check the current status of the various processes, ensuring they all proceed as initially planned. The need to run the processes in parallel is due to the time length required to secure a new connection (up to 10

years<sup>1</sup>). If the building of the physical connection as well as the release of commercial capacity would require no more than a couple of years overall, it may be sensible to trigger such processes after the developer has solved all planning issues and start building the facility.

We understand that these issues will be developed in a dedicated UNC workgroup, whose first meeting held on 31<sup>st</sup> January 2012.

GSOG has been collaborating on this matter since 2010 and we are keen to continue providing our support.

I hope UNC Panel finds GSOG's comments helpful and if you would like to discuss any of the points raised in more detail, please do not hesitate to get in contact.

Your sincerely,

Roddy Monroe  
Chair – Gas Storage Operators Group

---

<sup>1</sup> as reported in NGG Gas Transmission Detailed Business Plan, §57, pag. 19

## APPENDIX 1

### **SBGI GSOG MEMBERS**

Centrica Storage Ltd

Cheshire Cavity Storage Group Ltd

E.ON Gas Storage UK Ltd

EDF Trading Gas Storage Ltd

Eni UK Ltd

Gateway Gas Storage Company Ltd

Halite Energy Group

Humbly Grove Energy Ltd

INEOS Enterprises Ltd

Infrastrata Plc

King Street Energy

Scottish Power Energy Management Ltd

SSE Hornsea Ltd

Statoil (UK) Ltd

Storengy UK Ltd

WINGAS Storage UK Ltd

## **APPENDIX 1**

### **SBGI GSOG MEMBERS**

Centrica Storage Ltd  
Cheshire Cavity Storage Group Ltd  
E.ON Gas Storage UK Ltd  
EDF Trading Gas Storage Ltd  
Eni UK Ltd  
Gateway Gas Storage Company Ltd  
Halite Energy Group  
INEOS Enterprises Ltd  
Infrastrata Plc  
Scottish Power Energy Management Ltd  
SSE Hornsea Ltd  
Star Energy Group plc  
Statoil (UK) Ltd  
Storengy UK Ltd  
WINGAS Storage UK Ltd