

## Representation

### Draft Modification Report

#### **0501 0501A 0501B 0501C – Treatment of Existing Entry Capacity Rights at the Bacton ASEP to comply with EU Capacity Regulations**

0501 – Treatment of existing Entry Capacity Rights at the Bacton ASEP

0501A – including capacity return option

0501B – including a restricted capacity return option

0501C – including a capped capacity return option and an aggregate overrun regime

*Please note that if you wish your representation to be treated as strictly confidential please clearly mark it as such.*

**Consultation close out date:** 12 February 2015

**Respond to:** enquiries@gasgovernance.co.uk

**Organisation:** Hess Energy

**Representative:** David Hutchinson

**Date of Representation:** 12<sup>th</sup> Feb 2015

#### **Do you support or oppose implementation?**

0501 - Oppose

0501A - Support

0501B - Oppose

0501C - Support

#### **If either 0501, 0501A, 0501B or 0501C were to be implemented, which would be your preference?**

Prefer 0501A/0501C

#### **Please summarise (in one paragraph) the key reason(s) for your support/opposition.**

The original mod creates the possibility of being allocated capacity at a terminal with no gas flows, yet expects payment at the original value. As the rules and therefore value of this capacity has changed, users must be able to decide if this change reflects the value they put on the capacity and if not, have the ability to unwind and therefore return the capacity at that pre-agreed price.

#### **Modification Panel Members have indicated that it would be particularly helpful if the following questions could be addressed in responses:**

*Q1: Do you agree Modification 0501C should be considered a User Pays Modification; if so do you agree with the proposed split for recovering costs?*

Users should not have to pay for changes that give them the same rights that they have already paid for

*Q2: Do you have any specific views on the optionality to flow (as proposed by 0501C) following the proposed creation of the Bacton and IP ASEPs?*

*Q3: 0501C proposes that shippers with Bacton UKCS Residual Capacity, and that need to buy Bacton IP bundled capacity in order to flow via an interconnector, should receive a rebate for the additional Bacton capacity that was purchased. What are your views on whether the shipper should offer one of the elements of the Bacton capacity back to the market in advance of the particular gas day in order to receive the rebate? Conversely, what are your views on providing a rebate if the shipper retains the optionality to flow via both routes (whether or not they actually choose to do so)?*

*Q4: What do you think the impact will be on the TO entry commodity charge of the possibility to hand-back capacity in each of the alternatives 0501A, 0501B and 0501C?*

**Are there any new or additional issues that you believe should be recorded in the Modification Report (please specify by each modification)?**

### **Self Governance Statement**

*Do you agree with the Modification Panel's decision that these modifications should not be self-governance modifications?*

### **Relevant Objectives:**

*How would implementation of one of these modifications impact the relevant objectives (please specify by each modification)?*

### **Impacts and Costs:**

*What analysis, development and ongoing costs would you face if one of these modifications were implemented (please specify by each modification)?*

### **Implementation:**

*What lead-time would you wish to see prior to one of these modifications being implemented, and why (please specify by each modification)?*

**Legal Text:**

*Are you satisfied that the legal text will deliver the intent of each of these modifications?*

**Is there anything further you wish to be taken into account?**

*Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise (please specify by each modification).*