

Representation - Draft Modification Report 0531

Provision of an Industry User Test System

Responses invited by: **5pm 09 September 2016**

To: enquiries@gasgovernance.co.uk

Representative:	Phil Lucas
Organisation:	National Grid NTS
Date of Representation:	8 th September 2016
Support or oppose implementation?	Comments
Relevant Objective:	d) Potentially None f) Potentially None

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

National Grid NTS offers comments in respect of this Proposal in terms of questioning the level of assurance this UNC obligation would provide for Users over and above that obtained via the extent of testing available to Users for such changes and systems releases under prevailing arrangements. For instance, the industry planning approach adopted for Project Nexus sought views from all industry stakeholders in respect of the period required to complete sufficient systems testing ('Market Trials') before identifying the appropriate duration of such testing. For any future changes, we would expect this collaborative approach to testing arrangements to continue notwithstanding this proposed UNC change.

On the basis of the above, we are unclear as to whether there will be any impact (either positive or negative) on the identified code relevant objectives. Further, in absence of a view as to the usage levels of the proposed Industry User Test Systems, it is also difficult to draw a conclusion on the overall cost benefit in light of the potentially material implementation costs.

Self-Governance Statement:

National Grid NTS concurs with the view of the UNC Modification Panel that this Proposal is not a self-governance modification as implementation would entail Users incurring additional 'User Pays' costs which in aggregate are expected to exceed £2 million for development of the service. We believe that this would potentially constitute a

material impact upon “*Competition in, or commercial activities related to, the shipping, transportation or supply of gas*”.

Implementation:

We would note that the High Level Cost Estimate (HLC) provided by Xoserve assesses that the lead time for delivery of the Industry User Test System as greater than 12 months.

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

Whilst the Users Pays approach advocated in the Proposal would ultimately target all development costs at Users, we note that the HLC provided by Xoserve suggests that typically such costs are initially met by Transporters with subsequent cost recovery from Users via User Pays charges.

If such an approach is adopted in this case, National Grid may incur a proportion of the development costs for a transitional period pending subsequent recovery from Users.

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

National Grid NTS is satisfied that the legal text delivers the intent of the solution advocated by this Modification Proposal.

Are there any errors or omissions in this Modification Report that you think should be taken into account?

National Grid NTS has not identified any such errors or omissions.

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

N/A