

Representation - Draft Modification Report UNC 0606S

National Grid Gas plc and National Grid Gas Distribution Limited transitional invoicing arrangement post Project Nexus implementation

Responses invited by: **5pm on 06 April 2017**

To: enquiries@gasgovernance.co.uk

Representative:	Charles Ruffell
Organisation:	RWE Supply and Trading GmbH
Date of Representation:	3 rd April 2017
Support or oppose implementation?	Oppose
Relevant Objective:	f) Negative. This change is only needed because a commercial transaction (sale of National Grid's distribution networks) has made the currently functioning invoicing arrangements in Section S unworkable and a solution is required to ensure their efficacy .

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

This proposal does not correct an existing defect in the UNC; rather it is required to rectify a problem that is a direct consequence of the sale of National Grid's distribution networks. Following the sale, National Grid Gas Distribution Limited (NGGDL) and National Grid Gas plc (NGG) are unable to issue invoices for certain transportation charges. Although we understand the potential impact on Project Nexus delivery from implementing fully separated transportation invoicing arrangements, it is our view that, in principle, this is a matter for the affected network businesses to resolve, rather than impose a solution on shippers.

It is misleading to suggest that this is a transitional solution, as the priorities for change to the UK Link System under the Data Services Contract (DSC) Change Management Committee is as yet unknown. As such it is an open-ended solution.

Self-Governance Statement: *Please provide your views on the self-governance statement.*

We do not think that this is suitable for self-governance and should be subject to Ofgem scrutiny. There clearly would be a material impact on the commercial activities of certain gas transporters, as they would be unable to raise invoices absent this modification.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

We do not think that this proposal should be implemented.

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

The facility to process, validate and pay multiple invoices. Shippers would face additional costs with the only benefits accruing to the transporters.

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

N/A

Modification Panel Members have requested that the following questions are addressed:

Q1: In order to inform consideration of the governance, please provide views on the materiality of the impacts of the proposal.

It is difficult to assess materiality, as the duration of the “transitional” period is unknown. However, it is clear that processing multiple, rather than single invoices adds costs and risks to the settlement process.

Q2: Respondents to identify the extent of the impacts on their systems.

N/A

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.*

An impact assessment of the additional costs to shippers should be included and the affected transporters should consider compensating the affected shippers.

The affected transporters should also bring forward a workable and genuinely transitional proposal that does not rely upon smearing the problem across the shipping community.

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

None.