

## Representation

### Draft Modification Report

#### 0356/0356A: Demand Data for the NTS Exit (Flat) Capacity Charges Methodology

**Consultation close out date:** 06 January 2012

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

**Organisation:** Scotland & Southern Gas Networks

**Representative:** Erika Melén

**Date of Representation:** 05 January 2012

#### Do you support or oppose implementation?

**0356** - Support/Qualified Support/Neutral/Not in Support/Comments\* *delete as appropriate*

**0356A** - Support/Qualified Support/Neutral/Not in Support/Comments\* *delete as appropriate*

#### If either 0356 or 0356A were to be implemented, which would be your preference?

SGN support both modification proposals but prefer MOD 0356A as capacity bookings should closer reflect actual demand than forecasts.

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

##### 0356

This modification proposes to utilise the 1-in-20 peak demands from the Ten Year Statement for setting Exit Capacity prices. This approach may allow for users to more accurately predict future prices than MOD 0356A but the inherent assumptions behind the forecasts also mean that the charging may lack transparency.

0356/0356A

Representation

05 January 2012

Version 1.0

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## 0356A

This Alternative modification proposes to instead use the enduring and annual capacity bookings to set prices. This method should ensure that the data used is as close to actual demand as possible, although it is not taking into account daily or off-peak bookings. This approach may also provide additional transparency for users as prices will be based on booking data and not forecasts containing assumptions.

### **Are there any new or additional issues that you believe should be recorded in the Modification Report?**

No

#### **Relevant Objectives:**

*How would implementation of either of these modifications impact the relevant objectives?*

We agree that either modification proposal would better facilitate relevant objectives a, b and c by ensuring further cost-reflectivity and hence facilitating effective competition between gas shippers and between gas suppliers.

#### **Impacts and Costs:**

*What analysis, development and ongoing costs would you face if either of these modifications were implemented?*

To be established

#### **Implementation:**

*What lead-time would you wish to see prior to either of these modifications being implemented, and why?*

As soon as possible following the Authority decision

#### **Legal Text:**

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

Yes

#### **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.*

No