

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: **Tynagh Energy Limited**
Representative: Tracy Matthews
Date of Representation: 06 January 2012

Do you support or oppose implementation?

0356 – Support

0356A - Not in Support

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

Prefer 0356

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

0356

Cost-reflective pricing and greater price certainty would be achieved through the use of reliable and transparent forecast data. Mod. 0356 also uses consistent forecast data for all types of exit point, thereby avoiding undue discrimination.

0356A

The use of capacity booking data will lead to unrealistically high or low peak day flow assumptions at certain exit points, giving rise to cross-subsidy between shippers.

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

None

Relevant Objectives:

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

Reflecting the costs incurred by the licensee in its transportation business

Cost-reflective pricing will not be achieved where capacity bookings (which in many cases do not reflect peak day flows) are used. Use of forecast data under Mod. 0356 offers a more reliable method of calculating prices.

Interaction with reformed exit regime

Pricing needs to be cost-reflective and not dependent on booking behaviour. Mod. 0356A gives rise to less accurate investment signals.

Cross-Subsidy

Cross-subsidies would reduce under Mod. 0356, thereby further facilitating competition.

Undue Discrimination

Exit points should be treated the same and Mod. 0356 avoids undue discrimination through the use of consistent forecast data for all types of exit point.

Transparency, predictability and stability of charges

While some transparency benefits can be realised through Mod. 0356A, Mod. 0356 offers cost-reflectivity, non-discrimination and avoids cross-subsidy.

Impacts and Costs:

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

None

Implementation:

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

The modification should be implemented in Q1 2012 to allow calculation of prices for the 2012 application window and the 2012/2013 gas year.

Legal Text:

Are you satisfied that the legal text will deliver the intent of either 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.

A suggestion would be to use the Joint Gas Capacity Statements (as issued by the Commission for Energy Regulation and the Utility Regulator) for calculating the forecast at Moffat.