

## 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:** **Wales & West Utilities**  
**Representative:** Robert Cameron-Higgs  
**Date of Representation:** 04 January 2012

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

**0356** – Support

**0356A** – Support

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

No preference at this stage

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

WWU view both proposals as being an improvement on the current charging methodology. Any final preference for one proposal over the other will be considered once all representations have been considered.

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

No

## Relevant Objectives:

Promoting transparency of the charging methodology is consistent with the facilitation of competition between gas shippers. National Grid NTS will produce a version of the charge setting Transportation Model, allowing the application of the proposed methodology.

Ensuring that the charging methodology is cost reflective should ensure that shippers face the costs resulting from their connection decisions and hence cross subsidies are avoided (this being consistent with the facilitation of competition between gas shippers).

Basing charges on booked capacity would be expected to provide more stability than using forecast data since bookings are not susceptible to assumptions, and it is unlikely that exit capacity bookings will alter significantly once the enduring exit regime has been implemented. This is consistent with the principle behind the development and implementation of GCM16 which sought to move away from forecast data for certain supply points which could be variable, and so create instability and unpredictable exit charges. Increasing the stability and predictability of charges would reduce the risk for Shippers and facilitate the development of effective competition.

## Impacts and Costs:

No significant industry implementation costs have been identified. The wider impact identified suggested that where possible, forecasts should be avoided to avoid any unwanted element of discretion.

## Implementation:

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

Implementation in sufficient time, that allows for the July 2012 application window to use the agreed charging methodology.

## 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.*