

Representation – Modification

UNC 0728/A/B/C/D (Urgent)

Introduction of a Conditional Discount for Avoiding Inefficient Bypass of the NTS

0728	Introduction of a Conditional Discount for Avoiding Inefficient Bypass of the NTS
0728A	Introduction of Conditional Discounts for Avoiding Inefficient Bypass of the NTS
0728B	Introduction of Conditional Discount for Avoiding Inefficient Bypass of the NTS with 28km distance cap
0728C	Introduction of a Capacity Discount to Avoid Inefficient Bypass of the NTS
0728D	Introduction of Conditional Discounts for Avoiding Inefficient Bypass of the NTS

Responses invited by: 5pm on 26 June 2020

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Stephen Parle
Organisation:	PETRONAS Energy Trading Ltd
Date of Representation:	26 th June 2020
Support or oppose implementation?	<p>Support/Oppose/Qualified Support/Comments * <i>delete as appropriate</i></p> <p>0728 - Qualified Support</p> <p>0728A - Support</p> <p>0728B - Qualified Support</p> <p>0728C - Qualified Support</p> <p>0728D - Qualified Support</p>
Expression of preference:	<p><i>If either 0728, 0728A, 0728B, 0728C or 0728D were to be implemented, which would be your preference?</i></p> <p>0728A</p>

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

We are ultimately supportive of any measure taken to introduce a product that will discourage inefficient bypass of the NTS. We strongly believe that the lack of a Conditional Product will result in the development and construction of several pipelines the aim of which will be to bypass the NTS and reduce transmission costs over the lifetime of their operation. It is therefore essential that the charging regime includes such a product to support the efficient and economic operation of the NTS.

We believe that Modification 0678A is best suited to minimise the risks of such bypass projects being undertaken. The decision as to whether to proceed with such projects will be based on the full set of charges that affected Shippers/Consumers will face, i.e. Transmission and Non-Transmission charges. The inclusion of the proposed discount to the Non-Transmission charge as part of 0678A is therefore an essential part of the incentive required to prevent such occurrences. The overall level of charges that would be faced should be the primary consideration as opposed to the level of socialisation if the avoidance of bypass is the objective.

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

Implementation should occur as soon as possible to allow Shippers to renegotiate existing arrangements and to formulate and align strategy according to the new arrangements.

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

Renegotiation of existing contracts will be required. Costs of non-implementation would be far more significant due to the costs associated with the development of a by-pass pipeline.

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

No comment

Respondents are requested to provide views on the following points:

Q1: Respondents are requested to provide a view as to whether the solution provided within the Modification(s) is fully compliant with the relevant legislation (including, but not limited to, Articles 28-32 of the Tariff Network Code).

Q2: Respondents are requested to provide views on the proposed implementation date(s).

In line with implementation of Modification 0678A or as soon as possible thereafter.

Are there any errors or omissions in this Modification that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

N/A

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