

## 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](mailto:enquiries@gasgovernance.co.uk)

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

<b>Representative:</b>	James Jackson
<b>Organisation:</b>	Sembcorp Energy UK
<b>Date of Representation:</b>	26/06/2020
<b>Support or oppose implementation?</b>	<p>0728 - Support</p> <p>0728A - Support</p> <p>0728B - Support</p> <p>0728C - Support</p> <p>0728D - Support</p>
<b>Expression of preference:</b>	<p><i>If either 0728, 0728A, 0728B, 0728C or 0728D were to be implemented, which would be your preference?</i></p> <p>0728D</p>
<b>Relevant Objective:</b>	<p>0728:</p> <p><b>c)</b> Positive</p> <p><b>d)</b> Positive</p>

	<p>0728A:  <b>c)</b> Positive  <b>d)</b> Positive</p> <p>0728B:  <b>c)</b> Positive  <b>d)</b> Positive</p> <p>0728C:  <b>c)</b> Positive  <b>d)</b> Positive</p> <p>0728D:  <b>c)</b> Positive  <b>d)</b> Positive</p>
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<p><b>Relevant Charging Methodology Objectives:</b></p>	<p>0728:  <b>a)</b> Positive  <b>aa)</b> Positive  <b>b)</b> Positive  <b>c)</b> Positive  <b>e)</b> Positive</p> <p>0728A:  <b>a)</b> Positive  <b>aa)</b> Positive  <b>b)</b> Positive  <b>c)</b> Positive  <b>e)</b> Positive</p> <p>0728B:  <b>a)</b> Positive  <b>aa)</b> Positive  <b>b)</b> Positive  <b>c)</b> Positive  <b>e)</b> Positive</p> <p>0728C:  <b>a)</b> Positive  <b>aa)</b> Positive  <b>b)</b> Positive  <b>c)</b> Positive  <b>e)</b> Positive</p> <p>0728D:  <b>a)</b> Positive  <b>aa)</b> Positive  <b>b)</b> Positive  <b>c)</b> Positive  <b>e)</b> Positive</p>
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**Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)**

Given that each of the proposals seek to avoid the inefficient bypass of the NTS, Sembcorp would support the implementation of any option.

We would also emphasise that from a network perspective, some form of solution – with appropriate level of discount – must be found in order to act in the best interests of consumers. If not, a number of parties will simply disconnect from the network and build private pipelines to nearby entry points, leaving the system itself underutilised. As a result, other network users will pick up the costs of the ineffective usage. We do not consider this to be efficient for the system or GB PLC.

With regards to individual modifications, Sembcorp considers UNC0728D to be the most suitable of those suggested. The short distance cap will ensure that only those who pose a credible risk of network bypass will be able to access the discount. Furthermore, the discount is set at a level that reflects the clustered nature of the GB gas system.

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

Sembcorp supports a pragmatic approach on lead-time, with an emphasis placed on timely delivery for the start of the 2020 gas charging year.

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

Each of the proposals provide a positive impact on costs when compared to the baseline scenario detailed in Ofgem's minded-to decision. Were UNC678A to be implemented in its entirety, without an OCC product being in place, Sembcorp would face a significant increase to gas costs per annum.

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

Yes, we believe the respective legal texts provided for each proposal raised under UNC0728 deliver the intent of each.

**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).*

Having reviewed Articles 28-32 of the Tariff Network Code, Sembcorp is not aware of any stipulations that would cause the proposals raised under UNC0728 to be non-compliant.

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

Sembcorp supports an October 2020 implementation date.

**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.*

No comment.

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

No comment.