

Representation - Draft Modification Report UNC 0739

Aggregate overrun regime for Original Capacity held at the Bacton ASEPs

Responses invited by: **5pm on 11 February 2021**

To: enquiries@gasgovernance.co.uk

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

Representative:	Ricky Hill
Organisation:	Centrica Energy Limited
Date of Representation:	11 February 2021
Support or oppose implementation?	Support
Relevant Objective:	d) Positive

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

When the Bacton ASEP was split into the Bacton IP and Bacton UKCS ASEPs on 1st November 2015, Entry Capacity acquired by Shippers prior to this date was forcefully allocated to each of the newly formed Bacton ASEPs. Therefore, Shippers which had acquired capacity for the purposes of delivering gas into the NTS via interconnectors or non-interconnectors pipelines lost the flexibility associated with the more generic nature of the original Bacton ASEP Entry Capacity product. We believe this loss of flexibility has had a negative impact on the efficient functioning of the gas transportation network and reduced competition between shippers. As such, we believe UNC 739 represents a significant improvement on the status quo and should be implemented. We also believe it is possible that UNC 739 could result in marginal reductions in the NBP price. Enabling Shippers to use capacity across both Bacton ASEPs at no additional cost will reduce the cost of delivering gas into the NTS via connected UKCS sources and interconnectors. Where either of these sources is the marginal source of gas, then the daily gas prices at the NBP should reduce accordingly.

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

We agree with the proposals that the Modification should be implemented at the earliest opportunity upon the direction of the Authority.

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

We believe the broad impact on CEL from this modification, and that of the market, would be positive for the reasons outlined in the first paragraph. It is a relatively simple modification and as such we do not envisage any analytical, development or ongoing costs from a systems perspective.

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

We believe the legal text meets the intent of the Solution.

Modification Panel Members have requested that the following questions are addressed:

Q1: Consider the risk of displacement of shorter-term capacity sales, extent and likely impacts on the consumer.

It is unclear as to whether this Modification would result in capacity replacement, but in the event that it does, the impact is likely to be negligible. In any case, to the extent that any displacement is viewed as being negative, this should be weighed against the positives from greater efficiency in capacity utilisation (in particular from Existing Contracted Capacity) and the potential for lower costs for marginal supplies and lower NBP prices that could result from this modification.

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

No

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

No further comments