

Representation - Draft Modification Report UNC 0753

Removal of Pricing Disincentives for Secondary Trading of Fixed Price NTS System Entry Capacity

Responses invited by: 5pm on 11 June 2021

To: enquiries@gasgovernance.co.uk

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

Representative:	Carlos Aguirre
Organisation:	Pavilion Energy Spain S.A.U. ("PESSA")
Date of Representation:	11 June 2021
Support or oppose implementation?	Support
Relevant Objective:	<p>c) Positive</p> <p>d) Positive</p> <p>g) Positive</p>
Relevant Charging Methodology Objective:	<p>c) Positive</p> <p>e) Positive</p>

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

PESSA supports the implementation of this Modification seeking to correct the dual regime that is now given to the transfer of the Existing Available Capacity simply because of the fact of when such transfer could have been made (i.e., before or after the 6th of April 2017).

Amongst other things, we consider that this distinction was made by the regulation without obeying any market condition and that it has created a different treatment between agents that affects the free competition between them.

In other words, allowing a transfer of the same Existing Available Capacity having different charging regimes, creates at least inefficiencies in the market and does not create a level-playing field between agents.

Finally, not only do the current arrangements inhibit capacity trading but the application of the RRC on transferred Existing Available Capacity also incorrectly assigns the rights to the capacity holder rather than the capacity product.

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

The Modification should be implemented as soon as possible.

A prenotification of at least 30 days prior to its implementation is needed, so that agents can act accordingly.

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

Although the impact cannot be precisely estimated as the RRC is too volatile and difficult to predict, PESSA does not foresee incurring any additional costs resulting from implementation of this Modification.

Moreover, we consider that this implementation will have a favourable impact for the entire gas system, as private agents will always operate more efficiently if they are driven by the market competition than driven by a decision forced by the regulation.

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

Yes

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.*

We consider that there could also be arguments that should allow for Existing Available Capacity transfers to be made for longer periods while respecting such Existing Available Capacity's original rights and obligations.

In any event, we do not have further comments at this stage in respect of this Modification.

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

N/A