

Representation - Draft Modification Report UNC 0755

Enhancement of Exit Capacity Assignments

Responses invited by: **5pm on 09 July 2021**

To: enquiries@gasgovernance.co.uk

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

Representative:	Lauren Jauss
Organisation:	RWE Supply & Trading GmbH
Date of Representation:	8 July 2021
Support or oppose implementation?	Support
Relevant Objective:	d) Positive

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

We support this proposal because we agree that capacity assignments are often a much better alternative to trading secondary capacity because they end the need for a third-party agreement and the costs associated with administering contract settlement, third party credit risk and potential legal costs, and because the assignee will receive all the rights and obligations conferred to primary capacity holders. We agree that this additional flexibility will remove some of the current disincentive to book long term capacity as there will be more opportunity to transfer capacity if it is subsequently no longer needed. We believe that in future this much needed flexibility should be further enhanced to allow for the assignment of capacity for a limited period with defined start and end dates which may fall wholly within the duration of the initial contract, rather than for the full remaining term of a contract only. This would further reduce the disincentive for long term capacity bookings because even subsequent to implementation of this modification there will still be very limited opportunity for Users to manage, optimise and profile their capacity to meet their needs other than using the more inefficient secondary capacity trading process or delaying their bookings to participate in short term auctions.

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

We believe implementation should take place for April 2022 because greater flexibility is very important in helping Users to optimise their capacity holdings under the new "Postage Stamp" regime.

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

We would not face any analysis, development or ongoing costs associated with implementation of this modification.

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

We agree that the legal text will deliver the intent of the Solution. However, we note that section 6.2.2. of the proposed legal text specifies that “A proposed System Capacity Assignment must be notified to National Grid NTS by not later than the fifth Business Day prior to the first Day of the Assignment Period.” We believe this notice period is unnecessarily long and should be reduced, ideally to within-day or at worst day-ahead. We understand that this notice period is designed to allow National Grid time to perform administrative checks which could actually be completed very quickly or even automated. The more the notice period can be reduced, the more Users will be able to utilise much needed flexibility in order to profile their capacity holdings to their requirements.

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

Q1: Respondents to provide a view as to whether or not this modification should be redesignated as self-governance.

We agree that this modification should be subject to self-governance because it is an enhancement to current arrangements and implementation costs are minimal.

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 are not aware of any errors or omissions in this Modification Report that should be taken into account.

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

We do not have any further comments.