

Representation - Draft Modification Report UNC 0765

New retrospective debit and credit charges to reflect changes to the treatment of Entry Capacity Revenue between October and December 2020

Responses invited by: **5pm on 20 September 2021***
extended to 5pm on 24 September 2021

To: enquiries@gasgovernance.co.uk

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

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| Representative: | Anna Shrigley |
| Organisation: | Eni Global Energy Markets SpA |
| Date of Representation: | 20/09/2021 |
| Support or oppose implementation? | Oppose |
| Relevant Objective: | c) Negative d) Negative g) Negative |
| Relevant Charging Methodology Objective: | a) Negative b) Negative c) Negative |

Reason for opposition:

We oppose the UNC Mod 765 because the retrospective changes proposed by this mod cannot be sufficiently justified. This is because:

- End users are not likely to see any benefit from this retrospective change because all contracts for the Gas Year 2020/21 have already settled. Any retrospective changes are likely to undermine market confidence.
- The proposed changes do not impact on NGG's revenue because a RRC was used to resolve the problem of a revenue under-recovery. The market traded and settled invoices based on the level of an RRC that was applicable in Gas Year 2020/21. Any retrospective changes are likely to affect only shippers and are likely to increase the insecurity and bring instability to the market.
- NGG issued the original capacity invoices for Gas Year 2020/21 in accordance with the legitimate rules at the time, including the prospective changes introduced by UNC Mod 748. Therefore, legitimate invoices were issued by NGG and settled in accordance to legitimate rules at the time.
- In a large meshed gas network, such as NTS, the retrospective changes would result in one set of cross-subsidies to be replaced by another set of cross-subsidies on a retrospective basis. That will do more harm than good to the industry and the gas market. It is unreasonable to expect that the market can include retrospective changes in its forecasting and trading activities.

- Both NGG and the industry identified in the past that revenues from certain short-term auctions fed into neutrality arrangements and it was reasonably foreseen how the charges worked in the absence of any changes. NGG did not make any changes that affected neutrality arrangements before January 2021. Hence, a retrospective adjustment cannot be justified.