

Joint Office
enquiries@gasgovernance.co.uk

20th October 2021

Dear Sir or Madam,

Re: 0788U Minimising the market impacts of 'Supplier Undertaking' operation

Thank you for the opportunity to provide representation on the above noted Modification Proposal. Please find below Northern Gas Network's (NGN) comments in respect of this change.

NGN supports this Modification Proposal.

Reason for support/opposition:

Please summarise (in one paragraph) the key reason(s)

We are aware that the gas market is in unprecedented times with the impacts of cost of wholesale gas and the resulting failure of a large number of suppliers. These scenarios also increase the risk of failure of shippers, as also seen. A shipper who ships for multiple suppliers who fails would usually result in 'stranded' suppliers who are still trading, but no longer have an associated shipper. All suppliers therefore have to sign up to a Deed of Undertaking in accordance with supplier licence condition 18.

Recent announcements have shown that failure of such a shipper is a possibility, and therefore this places a large burden onto National Grid NTS (NTS) to ensure that the system remains balanced. As NTS are limited to only having ability to purchase within day from the On Day Commodity Market, this is likely to result in high costs, which would then result in higher costs to the suppliers as well as any shippers who were ending the day 'short'. This in turn places additional financial impacts to businesses that may already be stretched, risking further supplier or shipper failures.

The amendment of code and the Deed of Undertaking should facilitate this additional option to minimise cost they pay for the price of balancing the gas offtaken.

Based on the above comments we believe that this proposal should further Relevant Objective
a) *Efficient and economic operation of the pipe-line system.*

Self-Governance Statement:

Please provide your views on the self-governance statement.

As this proposal has been granted urgency status, self governance is not applicable or appropriate.

Smell gas?

Call the National Gas Emergency
Service on 0800 111 999

 1100 Century Way
Thorpe Park Business Park
Colton, Leeds LS15 8TU

 0113 397 5300
 northerngasnetworks.co.uk

Implementation:

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

This proposal could be implemented as soon as the authority directs.

Impacts and Costs:

What analysis, development and ongoing costs would you face?

NGN has identified no analysis or development required and no ongoing costs incurred as a result of this proposal.

Legal Text:

Are you satisfied that the legal text will deliver the intent of the Solution?

The legal text should deliver the intent of the Solution

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.

None identified.

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

Northern Gas Networks also support the changes to the Deed of Undertaking, whilst not formally part of this modification, we recognise that these changes are required to enable the modification changes to be effectively enacted.

I hope these comments will be of assistance and please contact me should you require any further information in respect of this response.

Yours sincerely,

Tracey Saunders (via email)
Market Services Manager (Industry Codes)
Mobile: 07580 215 743

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