

Representation - Draft Modification Report UNC 0779 0779A

0779 - Introduction of Entry Capacity Assignments 0779A - Introduction of Entry Capacity Assignments with Defined End Date

Responses invited by: 5pm on 11 February 2022

To: enquiries@gasgovernance.co.uk

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

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| Representative: | Chris Wright |
| Organisation: | ExxonMobil Gas Marketing Europe Limited (EMGME) |
| Date of Representation: | 11 February 2022 |
| Support or oppose implementation? | 0779 - Support 0779A - Support |
| Alternate preference: | <i>If either 0779 or 0799A were to be implemented, which would be your preference?</i> 0779A |
| Relevant Objective: | 0779 a) Positive 0779A a) Positive d) Positive |
| Relevant Charging Methodology Objective: | Not Applicable |

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

We agree that either of these modification proposals would facilitate more efficient capacity holding and utilisation for the reasons outlined in the Draft Modification Report. In particular we would cite greater ability to apply capacity discounts e.g. shorthaul, greater flexibility to acquire and utilise capacity in the secondary capacity market, and more efficient utilisation of booked capacity.

It's impossible to know with any level of certainty what impact, if any, either of these proposals would have on prevailing reserve prices, as this is ultimately dependent upon utilisation of the assignment process and any resulting increase in the application of capacity discounts. On balance, however, we believe that the benefits of increased flexibility brought about by the ability to assign capacity are likely to outweigh any increase in underlying reserve prices.

Our preference is for 0779A due to the greater flexibility it is likely to offer vs 0779.

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

We would like the benefits of either of these two proposals to flow through to network users as soon as possible.

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

We wouldn't be faced with any direct additional costs if either of these two proposals were implemented.

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

The legal text appears to deliver the intention of these proposals although we haven't conducted a thorough legal review.

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

Q1. What are the merits of the alternative Modification 0779A Capacity exclusion aspects?

0779A would appear to offer additional flexibility vs 0779.

Q2. Do you have any views around redistribution of costs and likelihood of under recovery of costs for National Grid?

No.

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

N/A.