

Representation - Draft Modification Report UNC 0817 (Urgent)

Treatment of Existing Capacity Holding at Easington on creation of the new Rough Storage ASEP

Responses invited by: **12pm on 06 September 2022**

To: enquiries@gasgovernance.co.uk

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

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|---|--------------------------------|
| Representative: | Ricky Hill |
| Organisation: | Centrica Energy Limited |
| Date of Representation: | 5 th September 2022 |
| Support or oppose implementation? | Support |
| Relevant Objective: | a) Positive d) Positive |
| Relevant Charging Methodology Objective: | Not Applicable |

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

As proposers of this modification, we support it. The current anomaly in the rules means that the Existing Entry Capacity held by Centrica at the Easington ASEP could not be used for the purpose it was acquired in any resumption of storage activities at Rough. This must be rectified. If this change to the UNC is not made, the resumption of storage activities at Rough would result in the removal of Centrica's right to use Entry Capacity at the Easington ASEP for the purposes for which it was originally acquired, and the additional cost of acquiring new capacity could feed through to the wholesale price of gas to the detriment of the GB gas market and consumers. It is entirely inappropriate that these additional costs could be placed on the market, purely because of the technical complications arising out of the redesignation of Rough as a Storage Facility for the purposes of the UNC. The Modification will be positive for all consumers, as respecting Centrica's entitlement under its Existing Capacity Holding will enhance security of supply and reduce the cost of both withdrawing gas from the Rough storage facility and the overall cost of balancing the system.

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

We wish to see implementation as soon as possible. Centrica will need Entry Capacity to support withdrawals from Rough Storage from 01 October 2022, so a decision on the Modification Proposal is required by early September to allow time for development of the proposed nomination process in time for Centrica to rededicate its existing Entry Capacity at Easington ASEP for use at the new Rough Storage ASEP from 01 October onwards.

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

As noted above and in the draft modification report, if Centrica is unable to rededicate its Existing Entry Capacity at Easington ASEP, that capacity will no longer be available for the purpose for which it was originally acquired. Instead, Centrica will have to acquire new capacity at the Rough Entry Point at additional cost. This would inflate the overall cost of storage which would filter through to the costs of withdrawing gas, balancing overall the system, and the wholesale gas price more generally.

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.*

No

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

Please refer to the draft modification report for the full analysis