

Representation - Draft Modification Report UNC 0818

Releasing of unused capacity under a specific set of circumstances

Responses invited by: **5pm on 24 February 2023**

To: enquiries@gasgovernance.co.uk

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

Representative:	David Mitchell
Organisation:	Scotland Gas Networks Ltd & Southern Gas Networks Ltd
Date of Representation:	24 th February 2023
Support or oppose implementation?	Comments
Relevant Objective:	<p>a) None</p> <p>c) /None</p> <p>d) /None</p>
Relevant Charging Methodology Objective:	Not Applicable

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

SGN understands why this modification has been raised by the proposer and we can sympathise with the arguments for and against this modification.

One area of the modification that may need further consideration are those instances where the sites have a fixed term contract in place with its Shipper for capacity which could be interrupted by this modification. The modification as drafted is silent on how a situation where the site has a contract for the capacity is managed therefore, we believe that further clarity is needed as this will no doubt help deliver the intent of the proposal.

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

As this is an Authority direction modification it could be implemented as soon as directed by the Authority subject to any considerations relating to the annual capacity reduction process so that it doesn't create any unintended consequences.

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

SGN does not expect any notable additional costs to its business.

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

We are satisfied that the legal text will deliver the intent of this solution.

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

Q1: Do you have comments on the Modification's impact on sites that may be identified in the future?

No comments we could only guess what might happen when a site is identified we suspect that sites may resist surrendering capacity therefore it is likely a dispute may arise.

Q2: Is the magnitude of the change proportionate to the need?

We believe that raising a change to address an issue that is limited to a small number of sites does seem excessive however the proposer on balance probably has no other alternative. If the non-release of capacity results in the need for excessive reinforcement and expenditure to add the necessary capacity to the network then this change becomes a logical step to try and address such a situation however, we would encourage parties to enter into a dialogue to try and come to an agreeable compromise so that the most efficient mechanism is used to address this situation.

Q3: Do you have comments on the mechanism by which the capacity of an end-user consumer could be reduced?

We have some concerns about the proposed mechanism for releasing the capacity we believe that further consideration needs to be given to any valid contracts between the end user and the Shipper for the booked capacity. We are also mindful that the disputes process may need further work to ensure that parties are able to satisfactorily raise disputes and have them appropriately addressed.

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.*

Please see our comments in the opening paragraph of this response.

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

None identified.