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Joint Office of Gas Transporters

FAO Workgroup 0844

Please find below a summary of discussions held at EBCC 24 May 2023 regarding Modification 0844:

P Hobbins presented an overview of Modification 0844 to EBCC Members 24 May 2023 seeking a view from EBCC regarding the Modification. The slides presented can be found here: <https://www.gasgovernance.co.uk/EBCC/240523>

There is some concern among some EBCC Members that the Modification 0844 proposal does not currently include securitisation for direct consumers.

The basis for this approach is the use of balancing neutrality as the mechanism for funding DSR and the use of bilateral contracts between National Gas Transmission and direct consumers will mean that the risk of non-payment, in the unlikely event that a direct consumer does not reduce their demand, is being borne by neither National Gas Transmission nor the direct consumers.

When National Gas Transmission noted it has concerns that introducing securitisation may be seen as a barrier to consumers participating in DSR, there was further concern that if this is true then those customers may be more likely to be a potential credit risk.

Some Members noted that whilst the level of risk may be low initially, the scheme value is currently c. £5m, the potential for the use of DSR to increase may argue for robust securitisation within the bilateral arrangements.

Yours sincerely,

Rebecca Hailes
Chair of EBCC
Joint Office of Gas Transporters

Response by email.