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Our Reference GCD 09/CT
Your Reference

Dear Richard,

NTS GCD 09, NTS Enduring Exit Capacity Charge Setting

Thank you for providing SGN with the opportunity to comment on the above consultation document. SGN has the following comments to make on the specific questions:

Demand Data

Q1. For each offtake type, which data source do respondents consider to be the most appropriate source of demand data for modelling flows within the Transport section of Transportation Model?

- DN offtakes
- DC offtakes
- Storage offtakes
- Bi-directional Interconnectors
- Exit only Interconnectors (Moffat)

SGN Response:

For all the offtake types listed above the most appropriate data source should be the Enduring and Annual Exit (Flat) Capacity Bookings. Using this data source would reflect confirmed capacity flows on the system.

Q2: Do respondents consider alternative sources of demand data to be more appropriate?

SGN Response:

No.

Supply Data

Q3: For Beach/UKCS, which data source do respondents consider to be most appropriate to use for exit capacity charge setting purposes?

- Obligated Entry Capacity
- Ten Year Statement

SGN Response:

Consistent with GCM 05 discussions, the Ten Year Statement is more appropriate.

Q4: Do respondents consider averaging supply data from a number of Ten Year Statements to be an appropriate approach to dampening exit price volatility?

SGN Response:

Yes, the use of several TYS would help to reduce the volatility but this option may require some further discussion to understand fully the implications on the price and the avoidance of any major step changes.

Q5: Do respondents consider using data from the Ten Year Statement at the time of the first (Y+4) Enduring Annual NTS Exit (Flat) Capacity application for the relevant gas year to be appropriate?

SGN Response:

This proposal needs more consideration and there needs to be more discussion of the alternatives. The danger is that relative exit charges are based on out-of-date supply and demand patterns and in particular that changing supply flows are not reflected in charges as soon as they could be.

Q6: Do respondents consider alternative sources of supply data to be more appropriate?

SGN Response:

No.

General

Q7: Do respondents support either a target implementation date of 1st May 2011 (ahead of the next exit application window) or an alternate implementation date?

SGN Response:

The implementation date seems a little tight given the approval process. A more achievable date may be 1st October 2011.

Q8: What further analysis would respondents like to be included with any future consultation?

SGN Response:

In the interest of obtaining a fuller understanding of the proposed changes it would be helpful to describe how the Supply and Demand inputs to the Transportation model are determined at the moment. This would provide help in evaluating the changes which are being proposed.



Should you require any further information please do not hesitate to contact me.

Yours sincerely

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