

IGT UNC
IGTUNC@gemserv.com

12 May 2020

Dear Sir or Madam,

Re: IGT141 Pipeline User submitted AQ Corrections during COVID-19

Thank you for the opportunity to provide representation on the above noted Modification Proposal. Please find below Northern Gas Network's (NGN) comments in respect of this change.

NGN opposes this Modification Proposal.

Whilst we agree that there may be a benefit to Pipeline Users in the short-term associated with energy allocation, there is a potential long-term impact associated with there being no clear requirement to re-correct the AQ in a timely manner. We believe that this, together with impacts on Transportation charges that would be felt by the implementation of this solution outweighs the short-term benefits.

As stated in our Uniform Network Code (UNC) [consultation response](#) for 0721U 'Shipper submitted AQ Corrections during COVID-19', the reduction in Annual Quantity (AQ) would have an impact on Transportation Charges, which are governed by our Gas Transporter Licence, including requirements to collect revenue as closely as possible to our allowed amount each year. To avoid breach of these Licence conditions our Transportation Charges may need to be amended, which could trigger a request for a 'within year' price change, having an impact on all Pipeline Users by creating more volatile and less predictable charges. There is also the risk of atypical usage flowing through to the Formula Year AQ (FYAQ) which would need to be corrected back to normal consumption levels promptly after the COVID-19 period ends. This would have a negative impact on Large Transporter revenue while the temporary AQ is in place. We therefore feel that overall this modification has a negative effect on the Relevant Objectives by being neutral against Relevant Objective d) *Securing of effective competition*, and negative against Relevant Objective c) *Efficient discharge of the licensee's obligations*.

I hope these comments will be of assistance and please contact me should you require any further information in respect of this response.

Yours sincerely,

Tracey Saunders (via email)
Market Services Manager (Industry Codes)
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