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9th May 2024

Wales & West Utilities (WWU) response to Department of Energy Security and Net Zero Statutory consultation on National Energy System Operator licences and other impacted licences

Thank you for the opportunity to respond to this consultation. WWU is a gas transporter serving 2.5 million supply points in Wales and south-west England.

We only wish to comment on the Gas System Planner licence and the changes to the Gas Transporter licence. This response is not confidential and may be published in full.

Gas System Planner Licence

We have the following comments of which C10.12 is the major one.

Condition C10 Future Energy Pathways

C10.12 requires that the Future Energy Pathways Methodology must amongst other things include ... (d) how each pathway meets legally binding carbon reduction targets.

If the UK's progress to net zero slows and we become at risk of not meeting the targets, this licence obligation on the Gas System Planner (GSP) could lead to the ridiculous position whereby the GSP had to produce a pathway that met the carbon reduction targets but which was not achievable. Gas Transporters have licence obligations to meet peak demand and they should make the final decision and they would expect the regulator to fund those investments. This requirement for pathways to meet the carbon reduction targets and regulator's emerging expectations that price control business plans will be consistent with one pathway whilst at the same time complying with the network's other licence obligations on meeting demands are not consistent and Ofgem needs to think again to resolve these contradictory positions.

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The duties in the Climate Change Act 2008 relating to meeting targets and making policy to meet the targets (see sections 1 and 4(1)b) apply to the secretary of state; Ofgem has a new climate change duty, which requires it to consider the interests of current and future consumers in relation to the Secretary of State's compliance with the duties in sections 1 and 4(1)b of the Climate Change Act. The Gas System Planner is independent of DESNZ and Ofgem and therefore it does not follow that its licence should have the obligation in C10.12 (d).

We also have comments on C5 (Critical National Infrastructure) and C6 (Energy resilience and resilience reporting). These are electricity-centric sections which do not make sense in a Gas System Planner licence. They also give the impression that the gas system is regarded as of secondary importance despite it transporting significantly more energy than the electricity system.

C5 (Critical National Infrastructure)

C5 is written entirely from an electricity point of view and requires the Gas System Planner to consider the impacts of policies on specific electricity systems but not on specific gas systems. Either specific gas systems such as gas transmission, gas distribution and beach terminals should be listed or the condition should be written in general terms applicable to both energy vectors.

We propose amending C5.2 and C5.4 by either adding in specific references to gas systems after (d); or deleting (a) to (d) and amending (e) to read "any part of the whole energy system that the licensee considers would be appropriate to provide reasoned opinion and comment". In addition, "whole energy system" should be a defined term.

C6 (Energy resilience and resilience reporting)

The following comments apply to C6.7, C6.10, C6.13.

As with C5, C6 is written from an electricity point of view and makes specific references to electricity systems but not to gas systems. The above clauses are all written slightly differently but they all contain the same basic drafting. We propose the same solution as described above for C5.2 and C5.4.

Gas Transporter Licence Standard Conditions and Standard Special Conditions

We note that both Standard Special Condition A11 (SSC A11) and Standard Condition 9 (SC 9) are being amended with the same changes. As SC 9 is turned off in our licence the changes to SC 9 will, in practice, only apply to IGTs.

Under SSC A11 we note that the ISOP will be able to propose modifications to the UNC (and individual network codes) as provided for in A11 10 a(iv). This includes charging modifications as provided for by A11 10 (ab). We question why the ISOP has the right, or need, to raise charging modifications as it is only responsible for gas system planning and it does not have an interest in how gas transportation charges are set. A11 6d provides that the ISOP will have a seat on the UNC modification panel but will not have a vote.

Our understanding is that NESO, as the ISOP, will only be able to use its rights in regard to the UNC for ISOP purposes and will not be able to use its ISOP rights to raise modifications pursuant to any other function that NESO may have or acquire. This approach is appropriate.

We will engage with the drafting of the UNC modification required to implement these changes.

We note that the Standard Special Conditions do not show all the changes in mark-up; for example, in SSC A11 6d the reference to 6d (iii) is not shown as mark-up when in fact it has been changed from 6d (ii) to 6d (iii). We therefore welcome Ofgem sharing a version with a complete set of mark ups/changes for review.

Gas Transporter Licence Special Conditions

We note from the appendix to the consultation that there are no changes to the Special Conditions for WWU and therefore we have no comments.

Yours faithfully,



Richard Pomroy
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Wales & West Utilities