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Dear Clement

**Next steps for Great Britain's (GB's) implementation of the European Union's guidelines and network codes for gas**

Thank you for the opportunity to comment on the implementation of the gas network codes and guidelines to be annexed to the Gas Regulation 715/2009, and in particular how the change to the gas day could impact the GB gas system.

**Changing the GB Gas Day**

Centrica supports an appropriate level of harmonisation of transmission access terms and conditions, where this would make it easier for market participants to trade across the EU gas system. We recognise that the introduction of a standard European gas day will support other elements of the EU network codes, in particular on capacity allocation and balancing.

Changing the GB gas day will involve a significant financial cost and administrative burden to many market participants throughout the gas chain. National Grid has identified possible areas of impact in its 1 November 2012 presentation to the UNC Transmission Work group i.e. industry contractual terms, metering validation, demand forecasting, data flows, timing of business transactions and consequential changes to the National Grid IT systems. The timings of various day-ahead processes may also need to be adjusted to accommodate the earlier start of the gas day. Many of these areas will also require changes to individual market participants' contracts, processes and IT systems.

In our own business these are some of the potential impacts we have identified:

- Amendment to the terms and conditions of the gas systems we use, including NEXAs.
- Amendment of individual commodity and other commercial contracts e.g. sale and purchase agreements, tolling agreements etc.
- Consequential impact on distribution networks, affecting us as a network user
- Change to our IT trading and back-office systems

- Adjustment of metering equipment and other instrumentation which has been hard coded for a 06:00 start/end of the gas day
- Changes to the Claims Validation Services Agreement (CVSA) and the Claims Validation Information Agreement (CVIA).

We would like to highlight a potential problem with the latter. Gas production activities in the UKCS do not fall within the scope of the CAM Network Code. There could be problems in persuading smaller and non-EU producers that are not GB shippers to implement the gas day change, if they see no benefit for the costs involved.

### **Planning other aspects of CAM implementation**

With the CAM Network Code agreed by Member States, we would welcome early consultation of market participants on how it will be implemented in GB. It is important to identify problems early and to allow both infrastructure operators and market participants time to prepare for what will be significant changes to systems and commercial processes. We are pleased that Ofgem has already asked National Grid to identify cross-border capacity at Bacton for the purposes of bundling. This will be a challenging process, with potential implications for GB security of supply and liquidity. We are keen to avoid bundling at complex interconnection points, like Bacton, creating fixed contractual paths that prevent shippers from responding efficiently to changes in market fundamentals.

Please contact me if you have any questions.

Yours sincerely

Helen Stack  
Commercial Manager