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29th September 2014

Dear Vanessa

**Consultation on the modification of relevant United Kingdom (“UK”) legislation and licence conditions to ensure Great Britain’s (“GB’s”) compliance with the European legislative definition of gas day
July 2014**

We welcome the opportunity to respond to this consultation. The comments are provided on behalf of RWE Supply and Trading GmbH, RWE Generation UK plc and RWE Npower Group.

While we are relatively satisfied that the changes set out in the consultation will allow the GB downstream gas industry to comply with EU requirements, we remain concerned of the very real possibility that, absent a change in the upstream gas day, the industry will need to operate under two different gas days from October 2015.

This will create physical and commercial mismatches between gas flows that could impact system safety and undermine the commercial integrity of allocations and nominations. Shippers will face the risk of invalidated claims and the costs arising from misallocations.

Of equal concern is the potential impact on NBP liquidity should more transactions be undertaken at the beach to reduce the commercial risks. This would undermine the NBP and could impact security of supply if it reduced GB’s ability to attract un-contracted supplies.

Although a number of possible solutions have been put forward to address these issues, little progress has been made to date. Indeed, it appears that none can be delivered by October 2015. In the meantime, NGG is implementing the list of UNC time changes set out in 0461¹, together with consequential systems changes, that shippers will need to comply with. It is our view that Ofgem needs to facilitate development of a pragmatic, possibly interim, solution ahead of October 2015.

If you require any additional information or wish to discuss any aspects further, please do not hesitate to contact me.

Yours sincerely

By email so unsigned

Charles Ruffell
RWE Supply & Trading GmbH
Commercial Asset Optimisation UK

¹ Changing the UNC Gas Day to Align with the Gas Day in EU Network Codes

We offer the following comments on the questions raised in the consultation:

Question 1: Do you agree that the identified legislative amendment to the definition of gas day in the GB Regulations is sufficient to align GB legislation with the EU legislative definition of gas day?

We agree. The amendments are consistent with the minimal change approach that has been generally adopted to implement the revised definition of the gas day.

Question 2: Do you agree that amending the Directions is necessary following any change to the definition of gas day in the GB Regulations?

We agree. As set out in the extract from the Letters of Direction, the amendment aligns references to gas day to the new definition in GB Regulations.

Question 3: Do you consider that any other GB legislative amendments are necessary to comply with the EU definition of gas day?

We are not able to provide a definitive view but, based upon the minimum change approach, it is not obvious that other legislative amendments are necessary.

Question 4: Do you agree that the identified modification to the gas shipper licence is sufficient to comply with the EU legislative definition of gas day?

We agree.

Question 5: Do you agree that the identified modifications to the gas transporter licence are sufficient to comply with the EU legislative definition of gas day?

It is for Gas Transporters to comment.

Question 5(a): With regard to the identified changes to the definition of “Formula Year”/“formula year” and associated time periods in SSC A3(1) and Special Condition 1A.4 of the gas transporter licence, do you agree with the changes proposed to remain consistent with the CAM/BAL gas day definition?

We agree that the proposed changes, while not strictly required, do add clarity to the definitions.

Question 5(b): With regard to Special Conditions 3D.35 and 3D.36 of the gas transporter licence, do you agree with our reasons for not proposing any changes?

We agree.

Question 6: Do you agree that no modifications to the gas interconnector licence are necessary to comply with the EU legislative definition of gas day?

As there appears to be no explicit reference to day in the context of gas day within the gas interconnector licence, we agree that no modification is necessary.

Question 7: Do you agree that no modifications to the gas supplier licence are necessary to comply with the EU legislative definition of gas day?

As there appears to be no explicit reference to day in the context of gas day within the gas supplier licence, we agree that no modification is necessary.

Question 8: Do you consider that any additional licence modifications are appropriate to comply with the EU legislative definition of gas day, eg any references to “working day” or “business day”? Please include any additional changes you have identified in your response.

We have not identified any additional licence modifications.