

David Reilly,
Gas Systems,
Ofgem,
9 Millbank
London SW1P 3GE

20 October 2017

Dear David,

Consultation on proposals to implement aspects of Regulation (EU) 2017/4601, the European Network Code on harmonised transmission tariff structures for gas (TAR NC)

Thank you for the opportunity to comment on the proposals in relation to the implementation of the European Network Code on harmonised transmission tariff structures for gas (TAR NC) in Great Britain (GB). Our response is non-confidential.

The magnitude of envisaged change in the GB charging framework as a result of the current Gas Transmission Charging Review and the implementation of the TAR NC requires clearly defined responsibilities and mapped milestones. We welcome the Ofgem's intent to formally assign certain tasks to the industry party best placed to undertake them and to articulate the respective timeframe in order to ensure that GB is compliant with legally binding deadlines set by the European Commission (EC).

We therefore broadly agree with Ofgem's proposed allocation of responsibilities arising from the TAR NC to National Grid Gas (NGG). The alignment of the UNC and European consultation processes and the extension of the scope of the TAR NC final article 26 consultation to include the TAR NC article 28(1) matters also appears to be a rational proposal aimed at minimising the duplication of work. We do not have any specific comments on the draft Direction to NGG.

In regard to the proposed Licence change it is worth noting that in addition to the obligations arising from Paragraphs 9(i) and 9(j) of the Standard Special Condition (SSC) A11 of the Gas Transporter (GT) Licence network companies are also legally bound by the terms of Paragraph 5(e) of the SSC

A5 of the GT Licence to ensure compliance with the decisions of the EC and/or the Agency for the Co-operation of the Energy Regulators.

We are conscious that as part of the SSC A5 of the GT Licence this Licence change may affect licensed gas transporters on both the transmission and distribution networks. We note that the Direction detailed in Annex 3 of the Consultation is specifically addressed to NGG and we assume that such a Direction is unlikely to be addressed to distribution Licensees in the future.

However, in our view the GT Licence should be as streamlined as possible and should not contain superfluous conditions that are not supposed to be invoked at present or in the future. Therefore we suggest that Ofgem considers moving the proposed Licence change to the SSCs Part B of the GT Licence which is applicable to NTS Licensees only.

Another minor remark would be that the word "Agency" in Paragraph 7b of the proposed Licence change should be explicitly specified as the "Agency for the Co-operation of the Energy Regulators" to avoid any possible misinterpretation.

Please do not hesitate to contact myself (vzuevskiy@northerngas.co.uk) if you wish to discuss any aspect of our response.

Yours sincerely,



Vladislav Zuevskiy
Regulation Policy Manager