

David Reilly  
Gas Systems  
Ofgem  
9 Millbank  
London SW19 3GE

6 November 2017

Dear David,

**RE: Consultation on proposals to implement aspects of TAR NC**

South Hook Gas (SHG) is grateful for the opportunity to respond to the consultation on Ofgem's proposals to implement TAR NC, which is of critical importance to industry. We hope this engagement with stakeholders will allow industry to collaborate with Ofgem to implement a robust and compliant charging regime, minimising any inadvertent consequences.

**Our responses to specific questions:**

**1. Our views on Ofgem's proposal to make NGG responsible for undertaking certain tasks arising under TAR NC and to direct a timetable for their completion.**

We support Ofgem's proposal to make NGG responsible for undertaking the cost allocation assessment as referred to in Art 5(1). NGG have been developing the CWD models and providing complementary analysis during the GCR process and are therefore well positioned to ensure any subsequent analysis is done consistently.

**2. Our views on Ofgem's proposal to align and extend the scope of the consultations required under TAR NC and industry procedures;**

We are concerned with the practicality of the arrangements proposed by Ofgem. Although we understand Ofgem's concerns regarding the difficulty of fulfilling the UNC process and meeting the TAR NC timelines, we believe UNC process timetable will be very constrained if both consultations take place concurrently, particularly if a number of alternate proposals are raised. In terms of administration, the numbers of checks which must be undertaken by ACER in accordance with Article 26 (1) will rise exponentially, putting pressure on ACER's limited resources to carry out a full and proper assessment. Notwithstanding the potential enormity of the task, ACER will also be disadvantaged by the fact that it is remote from the GB UNC development process and will not be conversant with the unique structural characteristics of the GB market. ACER is also required to review proposals from all member states, it seems impractical for GB to heighten the burden of this

EU-wide review by submitting all proposals to ACER. We are concerned this would result in further delays as it's likely ACER would require further consulting on the intricacies of each GB proposal.

Based on this we would like to propose that Ofgem reconsiders its position on presenting a "minded to" decision to ACER, based on their view of which proposal best meets the GCR charging objectives whilst maintaining EU compliance. This approach does not denigrate the role of ACER in this process, but ensures that it focuses its resources on a single solution which has gained the approval of the NRA.

**3. Our views on Ofgem's proposal to change the licence**

No comments

**4. our proposed direction to NGG, detailed in Annex 3.**

No comments

We believe each proposal should be assessed by Ofgem, as it required, by law, to determine which regime is best suited to GB prior to submitting the decision for Final Consultation. As outlined in Article 27(2), ACER's role will be to simply ensure all information required in Article 26(1) is published and to comment on TAR NC compliance.

We hope that these responses are of assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read "S. Obeng", written over a horizontal line.

Sinead Obeng

South Hook Gas Company Ltd