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BT2 7AF

Graham Craig,  
Utility Regulator,  
Queens Street,  
14 Queen Street,  
Belfast,  
BT1 6ED

30th October 2017

Dear Graham,

**Consultation on proposed modification of Gas Conveyance Licences – Postalised Transmission Tariff**

Thank you for the opportunity to respond to the above consultation. SGN Natural Gas understand the proposed modifications will facilitate compliance with the EU Tariff Network Code (EU 2017/460).

The Tariff Network Code requires that from 2019 onwards the Reserve Prices for transmission entry capacity to be allocated by auction must be published on or before 31 May each year. The current arrangements mean that network users would not have this information until the end of August each year. SGN Natural Gas agree the changes proposed by the Utility Regulator will benefit network users as they will gain certainty on the price they will pay for annual entry capacity in the following gas year.

The proposed changes require changes to both the Transmission Operator Licences and Distribution Operator Licences. In this response SGN Natural Gas limit comments to the changes which impact on the Distribution Network Operator (DNO) Licences. Currently Distribution Operator Licences require that each company publish a draft statement of its best estimate of Forecast Network Capacity Requirement for the following gas year no later than 21<sup>st</sup> February each year and a final statement no later than 21<sup>st</sup> March each year. The Utility Regulator is proposing to change this requirement so that the draft statement is required no later than 21<sup>st</sup> January and the final statement no later than 21<sup>st</sup> February.

While we appreciate the requirement to facilitate these changes by modifying the Gas Conveyance Licences, the requirement on DNO's to provide this information so far in advance of the gas year may impact on the accuracy, particularly where the network is in a growth phase such as the Gas to the West network. Many variables need to be considered when developing a draft Forecast Network Capacity Requirement and the further in advance this process is carried the more uncertainty there is around each variable.

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While SGN Natural Gas will endeavour to provide the Forecast Network Capacity Requirement in an accurate and timely manner, the licence requirement will put further pressure on DNOs at a point in the year when there are already significant regulatory requirements, such as preparation and submission of price control reporting requirements, Annual Development Plan preparation and the annual REMM submission which are required at the same time of the year.

SGN Natural Gas confirm the necessary arrangements will be in place to facilitate the requirements set out in the proposed licence modifications and that a modification to the SGN Natural Gas Distribution Network Code would not be required to do so.

Yours sincerely,

*Chris Shine*

Chris Shine  
Head of Finance and Regulation  
SGN Natural Gas