

Response received via email:

Dear Danielle, Graham,

British Gas Trading Ltd welcome the opportunity to reply to the recently updated consultations and make the following observations:

Implicit Allocation

- We broadly support your proposal to introduce an Implicit Allocation product. We would not anticipate that there will be much interest from the market but in terms of having such a product available then we would view it more as a nice-to have.
- We do not believe that the proposal undermines the CAM auctions.
- The publication of the actual pricing multiplier being only at D-1 would likely further reduce the take-up by Shippers and the timing of the product availability/marketing and interaction with CAM auctions appears overcomplicated.
- We question how strong the linkage is between the capacity and the allocation of gas through the brokered transaction.

Charging Methodology

- Shippers require greater certainty in terms of the tariffs and applicable multiplier, not as is currently being proposed. Whilst we appreciate that IUK carries full market exposure, has limited capacity bookings post 1/10/18 and has uncertainty in terms of Shipper booking behaviour after this date, Shippers do need a clear and certain view of the A/Q/M/D/WID pricing far in advance of the annual auction so as to determine their trading strategies. IUK need to address this and offer the market with certain prices for each product.
- Shippers will value IUK capacity products against forward market prices and alternative routes to access capacity, not on historic pricing.
- With IUK proposing such a magnitude of flexibility in its approach to pricing publications it may well force Shippers to look at alternative routes to access capacity due to the lack of transparency in terms of actual prices and the subsequent pricing risk that Shippers will be forced to absorb.

As a general comment we understand the limitations that IUK as a merchant interconnector is facing in the CAM world and we fully support a derogation from the CAM NWC to enable Shippers to have access to more flexible and innovative products and services that reflect the needs of the market.

Best regards,
Claire



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