

# Ofgem Minded to Decision and Impact Assessment – UNC0728/A/B/C/D (introduction of a conditional discount for avoiding inefficient bypass of the NTS)

**18 February 2021**

## About Energy UK

Energy UK is the trade association for the energy industry with over 100 members spanning every aspect of the energy sector – from established FTSE 100 companies right through to new, growing suppliers and generators, which now make up over half of our membership. We represent the diverse nature of the UK's energy industry with our members delivering over 80% of both the UK's power generation and energy supply for the 28 million UK homes as well as businesses.

The energy industry invests £13bn annually, delivers £31bn in gross value added on top of the £95bn in economic activity through its supply chain and interaction with other sectors, and supports 738,000 jobs in every corner of the country.

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Energy UK welcomes the opportunity to comment on this consultation. We support the minded to decision in favour of 0728B, which is also broadly supported by Energy UK members.

Energy UK recognises that Ofgem has supported a 'shorthaul' type of arrangement in principle through the development of charging reforms under UNC modifications 0621 and 0678. The challenge was to find a solution that is compliant with the TAR NC rules and balances the impact on consumers of the discount provided whilst finding an appropriate level of discount to dis-incentivise bypass where there is a realistic chance this could occur. We also recognise that Ofgem can only make decisions on proposals that are presented to it.

This minded to decision is pragmatic and appropriate in that it recognises some of the particular issues arising from the configuration of the NTS, and identifies that setting a shorter distance limit would exclude some sites with a relatively high probability of bypass upto the 28km limit. The level of discount applied for short distances has no bearing on whether these sites would opt to bypass the NTS, if they did, the remaining customers would have faced higher charges, which would not have been in consumers interests overall.

We request that Ofgem confirms its minded to decision to approve 0728B as soon as possible to ensure National Grid and industry can prepare for the new arrangements.

For further information contact:

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