

## Representation - Draft Modification Report UNC 0687V

### Creation of new charge to recover Last Resort Supply Payments

Responses invited by: **5pm on 30 December 2021**

To: [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

*Please note submission of your representation confirms your consent for publication/circulation.*

<b>Representative:</b>	Robert Johnstone
<b>Organisation:</b>	Utilita
<b>Date of Representation:</b>	05/01/2022
<b>Support or oppose implementation?</b>	Oppose
<b>Relevant Charging Methodology Objective:</b>	a) None b) None

*The consultation is aimed at establishing if the content/effect of the variation have caused you to change a view that you previously expressed, or to take a view that you had not previously considered. Please note any representation received in respect of Modification 0687 will be carried forward should parties not wish to change their original representation.*

#### Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

We do not approve of the modification intention. This sort of modification to separate out industry-wide costs is usually to apply commercial incentives to rectify issues (by introducing a polluter pays style model). In this case focussing costs on to remaining domestic suppliers does not create commercial incentives nor a polluter pays model. We see no justification for a move to separating out domestic and commercial suppliers in the way proposed. Failed suppliers are a byproduct of current market conditions which this mod doesn't address.

#### Implementation: What lead-time do you wish to see prior to implementation and why?

N/A

#### Impacts and Costs: What analysis, development and ongoing costs would you face?

N/A

#### Legal Text: Are you satisfied that the legal text will deliver the intent of the Solution?

N/A

**Modification Panel Members have requested that the following questions are addressed:**

*Q1: What are the impacts for industry if the mandatory timeframes for changes to DN tariffs are not met?*

Insert Text Here

*Q2: Based on the estimated SOLR levy costs published by DNs on 01 November 2021 which total approx. £900m (available in indicative charging statements, albeit with uncertainty, here: <https://www.gasgovernance.co.uk/indic/2022>, and an indicated split between domestic (80%) and non-domestic (20%) based on 0687, do Parties have any comments on the methodology proposed in 0687V?*

Insert Text Here

*Q3: What is the impact on markets and industry of the inclusion of wholesale costs in the varied Modification 0687V?*

Insert Text Here

*Q4. Do parties have any comments regarding the technical delivery of the Code solution proposed by the CDSP and under discussion at DSC Change Management Committee as detailed here: <https://www.xoserve.com/change/change-proposals/xrn-4992-modification-0687-creation-of-new-charge-to-recover-last-resort-supply-payments/>*

*(Note this has been progressing under the standard process through the DSC Change Management Committee since 2019, so more up to date information is available - Option 4 – interim for 01 April 2022 implementation and Option 1 enduring for future implementation).*

Insert Text Here

*Q5: What is the impact on industry of the timeline of this Modification?*

<i>Consultation close out 5pm</i>	<i>30/12/21</i>
<i>FMR to Panel for reading</i>	<i>05/1/22</i>
<i>Panel consideration</i>	<i>12/1/22</i>
<i>FMR to Ofgem</i>	<i>12/1/22</i>
<i>Ofgem decision expected</i>	<i>20/1/22</i>
<i>Deadline for publication of DN charges</i>	<i>31/1/22</i>

Insert Text Here

**Are there any errors or omissions in this Modification Report that you think should be taken into account?** *Include details of any impacts/costs to your organisation that are directly related to this.*

N/A

**Please provide below any additional analysis or information to support your representation**

N/A