

Representation

Draft Modification Report

0374 - Interruptible to Firm – Supply Point Transition

Consultation close out date: 12 August 2011
Respond to: enquiries@gasgovernance.co.uk
Organisation: Shell Gas Direct
Representative: Lisa Harris
Date of Representation: 08 August 2011

Do you support or oppose implementation?

Support

Please summarise (in one paragraph) the key reason(s) for your support/opposition.

SGD have kept customers impacted by the revised interruption arrangements informed of the changes order to minimise issues post October 2011. We have made customers fully aware of the implications of failing to book an SOQ that accurately reflects their business requirements.

SGD support the proposal of a soft landing approach to ratchet charges for customers forced to change from Interruptible to Firm as it provides a transitional period in which customers are protected. Although informed, some customers will not fully appreciate the severity of ratchet charges until a ratchet occurs and SGD feel that it is fair to provide the customer with the opportunity to amend their requirements appropriately without being subject to penal charges.

SGD believe that as ratchet charges will be levied and reimbursed at a later date, suppliers will be incentivised to ensure that customers booked SOQs are accurate in order to minimize exposure to these charges.

Are there any new or additional issues that you believe should be recorded in the Modification Report?

No

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

SGD agree with the proposer that implementation of this proposal is consistent with efficient discharge of the licensee's obligations, as it allows time to establish appropriate SOQ levels without the risk of suffering penal charges.

0374

Representation

08 August 2011

Version 1

Page 1 of 2

© 2011 all rights reserved

Impacts and Costs:

What analysis, development and ongoing costs would you face if this modification were implemented?

We would not face any analysis or development costs if this modification were implemented.

SGD would be exposed (until the charges reimbursed) to the cost of ratchet charges. We do however support this solution and in the event that one of our customers ratcheted, we would highlight these charges and work with them to amend their requirements appropriately.

Implementation:

What lead-time would you wish to see prior to this modification being implemented, and why?

If implemented, we would wish to inform our customers of the decision immediately. Customers require confirmation on whether charges will be applied in advance of the ratchet period which starts 1st October 2011.

Legal Text:

Are you satisfied that the legal text will deliver the intent of the modification?

Yes

Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.

No