

Lorna Dupont
UNC Modification Panel Secretary
Joint Office of Transporters
31 Homer Road
Solihull
B91 3LT

Date: 13 October 2015

Dear Lorna

Response to Joint Office regarding potential issues with Uniform Network Code Modification Proposal 0557 (UNC557)

Thank you for your letter of 21 September 2015 seeking a formal view from the Authority regarding whether the change proposed by UNC0557 falls within the remit of the UNC. I note one of the gas distribution networks (GDNs) has suggested that the proposal could be in conflict with the arrangements set out in Special Condition (SpC) 3F of the gas transporter licence. I further note that the UNC Panel has discussed the issue and identified the points raised in your letter.

We have considered these issues and confirm our agreement that there is a conflict between the implementation timetable this modification proposes to impose on the recovery of the GDNs' uncertain costs and the timetable set out in SpC 3F.2. In addition, the proposed change would represent a departure from the policy decision taken under the new price control arrangements (RIIO) on the recovery of uncertain costs.¹

Therefore, our view is that UNC557 is not capable of being implemented, due to the conflict with the gas transporter licence.

Should you have any further questions, please contact Mick Watson on 020 7901 7416 or at Mick.Watson@ofgem.gov.uk.

Paul Branston
Associate Partner, Gas Networks

Signed on behalf of the Authority and authorised for that purpose

¹ Finance and Uncertainty supporting document:
https://www.ofgem.gov.uk/sites/default/files/docs/2012/12/3_riioqd1_fp_finance_and_uncertainty_0.pdf