

Representation - Draft Modification Report 0563S

Moving the NTS Optional Commodity Charge Formula into the UNC

Responses invited by: **15 January 2016**

To: enquiries@gasgovernance.co.uk

Representative:	Alex Ross-Shaw
Organisation:	Northern Gas Networks
Date of Representation:	15 January 2016
Support or oppose implementation?	Comments
Relevant Objective:	b) Impacted e) None – methodologies are already transparent as there is a significant pricing window already in existence that allows scrutiny of any pricing changes

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

While we can see the benefits of introducing methodology into the UNC, the approach of this Modification Proposal would mean any future changes to the charges would also require a UNC Modification.

Notice periods already exist when the charges are updated and we believe this is a more efficient way of providing accountability and transparency than the UNC process, which is not best practice for updating charges and would be a cumbersome way of providing additional governance and oversight.

Including all the formula in the UNC is inconsistent with other parts of the UNC, which focus on including methodologies and we have concerns about the principle potentially established through this proposal.

Self-Governance Statement: *Please provide your views on the self-governance statement.*

Although implementation of this proposal would not have a direct impact on consumers, future UNC Modification Proposals raised as a consequence of implementation could do. As it would make it harder for charges to be cost reflective (by introducing a

cumbersome governance process around it) this could impact consumers and therefore we believe there is an argument that this should not qualify for self-governance.

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

If implemented as a Self-Governance modification it could be 16 business days after the Mod Panel decision to implement. If the Mod is determined to not be Self-Governance implementation should be as soon as possible after the Ofgem decision.

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?*

Yes.

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.*

No.

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

N/A