

## Representation - Draft Modification Report 0551

### Protecting consumers who are disaggregated under Modification 0428 from Ratchet charges for Winter 2015

Responses invited by: **05 November 2015**

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

<b>Representative:</b>	Tim Hammond
<b>Organisation:</b>	Corona Energy
<b>Date of Representation:</b>	5 November 2015
<b>Support or oppose implementation?</b>	Support
<b>Relevant Objective:</b>	d) Positive

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

Supply Points that have been recently disaggregated as a result of Modification 428 will, unless they have kept detailed daily meter reading information for each meter, have very little information on which to base their new peak capacity requirements. Without this information customer's will either submit a peak capacity value which will be too high (resulting in sterilised capacity and causing errors in demand forecasting) or set it too low and exposed to ratchet charges.

Furthermore with the difficulties of splitting expected demand among disaggregated meters, we feel it is unfair to penalise customers by levying ratchet charges during a period where the focus should be on establishing new/revised offtake patterns for new individual meter points.

Considering that many of these sites will have been aggregated for a considerable period, it is reasonable to allow these customers to have sufficient time to gain a comprehensive set of meter readings to allow an accurate SOQ to be derived without paying crippling penalty charges. As a minimum, ratchet charges should not apply to such sites for winter 15/16 and consideration should also be given for a longer period, possibly into winter 16/17 to ensure an accurate picture of site consumption can be gained.

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

This modification should apply to all sites that may incur ratchet charges this winter as a result of disaggregation, and so we agree with the proposer that this modification should apply from 1 October 2015.

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

This modification will remove the risk of a customer incurring a ratchet charge and not being able to pay it (by going into administration for example) and so reduce the risk our business faces from bad debt. In addition, this modification will reduce our operating costs, as firstly it will reduce the amount of work that each SOQ submission for a customer entails and secondly will reduce the likelihood of a ratchet charge being incurred and so reduce the resulting administration of such a breach .

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

We have not reviewed the legal text.

**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.*

There has been no mention of when ratchet charges would be refunded – clarification on whether this would be reconciled at the end of the winter period or otherwise would be appreciated.

A single year is unlikely to be sufficient time for a customer or their shipper to properly assess its likely consumption for the medium-long term. Consideration should be given to extending the proposed relief from ratchet charges for disaggregated sites to 2016/17 and beyond.

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

N/A