

Representation - Modification UNC 0724 (Urgent)

Amendment to Ratchet charges during COVID-19 period

Responses invited by: 1pm on 27 April 2020

To: enquiries@gasgovernance.co.uk

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

Representative:	Paul Youngman
Organisation:	Drax
Date of Representation:	27/04/2020
Support or oppose implementation?	Qualified Support
Relevant Objective:	a) Positive

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

We offer qualified support for this modification on the basis that we agree with the intent of this modification and believe that the relevant objective of efficient economic operation of the pipeline system is met by disapplication of the ratchet charge, not least because in our view the ratchet charge does not reflect actual costs incurred on the network. However, the legal text will need to be adjusted to better reflect the intent of the modification, as under current legal drafting a ratchet charge would still be applied on a yearly basis. Therefore, it may be necessary to raise a supplementary urgent modification to align the legal text with the intent of the modification.

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

We think this should be as soon as reasonably practical.

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

None. The modification report highlights there are no extra costs on networks or other parties.

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

No. As discussed at the workgroup the intent of the modification is not reflected in the drafting as parties that have been ordered to produce more - thereby incurring a ratchet charge - would still be paying excessive charges applied on a yearly basis. This will need rectifying, and in our opinion, it would be more efficient to remove the ratchet charge altogether.

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.*

As highlighted above, changes to the legal text are necessary to ensure the modification executes what is intended. As with the other COVID19 related modifications we would expect the Panel and PAB to monitor the outcome of these modifications to ensure that the provisions are used appropriately and that any unintended consequences are mitigated.

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

No further comment.