

Representation - Draft Modification Report 0572

Amendment to the definition of AUG Year within UNC TPD Section E

Responses invited by: 5pm 11 April 2016

To: enquiries@gasgovernance.co.uk

Representative:	Graham Wood
Organisation:	British Gas
Date of Representation:	11 April 2016
Support or oppose implementation?	Support
Relevant Objective:	d) Positive

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

Modification 0473 arrangements introduce a period of 9 months between 1st July (publication of the populated AUG Table) and 1st April (commencement of the next AUG Year and effective date of the new AUG Table published on 1st July).

Under the existing AUGE arrangements, introduced by Modification Proposal 0229, the period of time between publication of the final populated AUG Table (1st February) and its effective date (1st April) is only 2 months. These arrangements have been successfully utilised since the implementation of 0229 in 2010.

When compared to the existing AUGE arrangements, the new Modification 0473 arrangements introduce a delay of an additional 7 months (from final AUG Table publication to implementation/effective date).

Delaying implementation of the output from the independent AUG Expert, is not in the interests of consumers and does not improve the incumbent process.

Instead, arrangements should be such that any changes to the allocation of unidentified gas, that are affected by the introduction of a new or revised AUG Statement/Table, should be implemented at the earliest possible opportunity.

Within the Work Group discussions and report, some participants considered the impact of the proposed date changes would have a negative impact on Shippers and Suppliers, as they would have a reduced timeframe to reflect the impacts of changes to the AUG Table in their prices, which would be detrimental to competition. As detailed earlier, shippers currently only have a period of 2 months between AUG Table publication and

effective date. This proposal will extend that period to 3 months, providing more time for shippers to reflect values within their prices rather than less.

On the assumption that the implementation of Project Nexus will take place on 1st October 2016, this proposal would introduce the first output from the new AUG Expert from 1st October 2017. This would reduce the amount of time that the 0473 transitional AUG arrangements would be in place by 6 months.

It should be noted that the most recent AUGE output went live on 1st April 2015, the delay to the implementation of Project Nexus preventing an updated AUG Statement from being introduced in either April 2016 or April 2017.

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

We agree with the Modification Panel determination that this proposal is not a self-governance modification because it is likely to have material effect on gas consumers and competition.

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

We would expect to see implementation of this modification in line with the implementation of Modification Proposal 0473, which is currently set as 01 October 2016 (aligned with the Project Nexus Implementation Date).

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

We would not face any analysis, development or ongoing costs.

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

It should be noted that implementation of this proposal would not have any impact to the work currently being undertaken to appoint the new Allocation of Unidentified Gas Expert.