

Representation

Draft Modification Report

Modification 0450, 450A & 450B: Monthly revision of erroneous SSP AQs outside the User AQ Review Period

Consultation Close out date: **12th December 2013**

Respond to: enquiries@gasgovernance.co.uk

Organisation: Gazprom Marketing & Trading Retail (GMT&R)
Trading as Gazprom Energy

Representative: Steve Mulinganie
Regulation & Compliance Manager

Date of Representation: **12th December 2013**

Do you support or oppose implementation?

We Support Modification 0450B

We would give qualified Support for 0450

We do not support 0450A

If either 0450, 0450A or 0450B were to be implemented, which would be your preference?

We of course prefer 0450B

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

Having participated in the development of 0450 we became concerned that the original intent of the proposal which recognised the disproportionate impact of erroneous AQ's on small suppliers had been dumbed down. In raising 0450B we sought to re-establish the "spirit" of the original proposal. The current inability of shippers to amend erroneous SSP AQs outside the User AQ Review Period from 1 June to 30 September negatively affects all shippers but this is particularly pronounced in the case of smaller shippers who face an increased and inaccurate level of charges, gas purchase costs and credit requirements for transportation and balancing as a result.

Gazprom Energy Response
2013 Version 1.0

Smaller shippers, who often do not have an approved credit rating, generally have no choice but to post cash as collateral for credit which then ties up working capital and affects their ability to compete. This potentially acts as a barrier to entry and implementation of the proposed solution would reduce this prior to the implementation of Project Nexus.

Are there any new or additional issues that you believe should be recorded in the Modification Report?

No

Self-Governance Statement:

Do you agree with the Modification Panel's decision that this should not be a self-governance modification?

Yes

Relevant Objectives:

(How would implementation of this modification impact the relevant objectives)?

We agree with the justification under Objective (d) and consider implementation of Modification 0450B would facilitate effective competition between shippers and suppliers in line with relevant objective d) as it will result in more appropriate allocation of costs and reduce the disproportionately increased and non-reflective credit and commodity purchase costs which inaccurate SSP AQs and the current inability to amend these outside of the User AQ Review Period result in for smaller shippers.

Impacts and Costs:

What analysis, development and on-going costs would you face if this modification were implemented?

We do not foresee significant costs in implementing this proposal as it simply provides a new appeal route for amending erroneous AQ's.

Implementation:

What lead-time would you wish to see prior to this modification being implemented, and why?

As soon as possible

The facility provided by the modification will potentially be superseded by the functionality delivered through project Nexus which is currently scheduled for October 2015 and therefore implementation in line with the service being available from October 2014 is critical in maximising the benefits arising from its introduction.

Legal Text:

Are you satisfied that the suggested legal text will deliver the intent of the modification?

Yes

Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that you believe should be taken into account or you wish to emphasise.

No