

## Representation - Draft Modification Report UNC 0619 0619A 0619B

### Application of proportionate ratchet charges to daily read sites

**Responses invited by: 5pm on 01 March 2018**

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

<b>Representative:</b>	Kirsty Dudley
<b>Organisation:</b>	E.ON
<b>Date of Representation:</b>	26/02/2018
<b>Support or oppose implementation?</b>	0619 - Oppose 0619A - Qualified Support 0619B - Comments
<b>Alternate preference:</b>	<i>If either 0619 or 0619A or 0619B were to be implemented, which would be your preference?</i>  0619A
<b>Relevant Objective:</b>	a) <b>0619A</b> Negative b) <b>0619A</b> None c) <b>0619A</b> None d) <b>0619 0619B</b> None

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

Our review has concluded that all three options have differing pros and cons and our view is that none of the option proposed provides an overall positive solution with a deliverable and quantifiable cost/benefit. Although we recognise what all proposers are trying to achieve we don't believe any should be approved.

0619 – This solution in our view is going against the electricity equivalent which is about to be implemented (DCP161), although on occasion gas and electricity may benefit from individual solutions we don't believe in this instance it should, we believe they should have aligned principles even if the lower level solution has some differences. We also feel this solution doesn't provide any incentive to get things right but instead lives it open to allow under allocation to avoid costs. The modelling could possibly lead to more ratchets being created in the future because there is no incentive not to trigger them; it is also likely to result in increased processing/operational costs with little encouragement to

avoid this. The increase in costs may result in increased customer charges (possibly pass through – possible not). We therefore do not support implementation of this modification as there is no quantifiable benefits to demonstrate it would introduce a positive result with the regime compared to today.

0619A – Of the options proposed this has the potential to be a suitable solution, however we believe there are still some elements of the solution which may require further consideration and possibly incorporating into the solution. We believe that customers with AQs <73,200 would benefit from having a system set SOQ, this in our opinion would increase the appetite to move to class 2 and would simplify the process to move a customer. If AQs <73,200 are expected to provide the same level of information it is possible customers would prefer to stay in class 3/4 which reduces the benefits of this proposal.

We have also considered read performance risks; although limited when related to a single supply, however, collectively these customers could cause further stability issues with UIG which under the circumstances we would prefer not to add to the mounting issues.

0619B – Similarly to 0619 we have concerns with 0619B, although there is an incentive of 10% which goes towards our earlier point of ‘getting it right’ we are not sure that 10% is a % which will change or instil behaviours – but it is a starting point. Ongoing review of this % would be required with a view to vary it depending on the previous ratchet period. Although this could cause additional work it could have benefits on behaviours.

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

We support this not being self-governance and being sent to the Authority for decision as the alternates have different customer impacts including commercial and financial depending on the option chosen (if any are chosen).

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

We would implementation of a minimum of 6 months’ notice due to system changes and the modification aligned with any the DSC release date, preferably it would be aligned with the ratchet commencement timings rather than having different regimes. Therefore we would suggest Feb 2019 as an achievable target date.

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

Based on the known information for this consultation we anticipate a medium sized project dependent on the option chosen (if any are). This covers project costs, system changes, testing, training etc.

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

We have no comments.

**Modification Panel Members have requested that the following questions are addressed:**

*Q1: Please provide clear views and supporting evidence on the self-governance status of this modification focusing, in particular, on whether this proposal is likely to have a material impact upon competition in the shipping, transportation or supply of gas.*

See standard self-governance question.

*Q2: Respondents to provide a view as to whether or not this modification should be [re]designated as self-governance.*

See standard self-governance question.

*Q3: Please provide your views on the self-governance status.*

See standard self-governance question.

**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 comments.

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

No comments.