

## Representation - Draft Modification Report UNC 0687V

### Creation of new charge to recover Last Resort Supply Payments

Responses invited by: **5pm on 30 December 2021**

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

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

<b>Representative:</b>	Harry Hailwood
<b>Organisation:</b>	Brook Green Trading Ltd
<b>Date of Representation:</b>	21.12.2021
<b>Support or oppose implementation?</b>	Support
<b>Relevant Charging Methodology Objective:</b>	a) Positive c) Positive

*The consultation is aimed at establishing if the content/effect of the variation have caused you to change a view that you previously expressed, or to take a view that you had not previously considered. Please note any representation received in respect of Modification 0687 will be carried forward should parties not wish to change their original representation.*

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

We supported the original modification from 2019 and continue to support this revised modification and the idea of aligning the gas market with the electricity market for SoLR costs. We support the concept of SoLR costs being recovered from the market sector that they originate from and we believe that UNC 0687V is a pragmatic solution.

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

It is important that the solution is delivered by the end of January 2022 to give time for the GDNs to take account of it when setting transportation charges.

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

We don't expect any significant costs to come from the changes being implemented.

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

We haven't reviewed the legal text

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

*Q1: What are the impacts for industry if the mandatory timeframes for changes to DN tariffs are not met?*

We would not be in favour of changes to the current timescale for DN charges. The current system provides certainty for us to determine transportation charges for customers. Any modification should be implemented in time in order to avoid this disruption.

*Q2: Based on the estimated SOLR levy costs published by DNs on 01 November 2021 which total approx. £900m (available in indicative charging statements, albeit with uncertainty, here: <https://www.gasgovernance.co.uk/indic/2022>, and an indicated split between domestic (80%) and non-domestic (20%) based on 0687, do Parties have any comments on the methodology proposed in 0687V?*

With the £900mn worth of LRSP costs being recovered from April 2022 in accordance with Ofgem's initial claims process, modification 0687 is essential in aligning the gas market with the electricity market prior to April 2022. If the modification is not approved in time, hundreds of millions of domestic costs will be passed onto non-domestic suppliers and ultimately non-domestic customers.

*Q3: What is the impact on markets and industry of the inclusion of wholesale costs in the varied Modification 0687V?*

Including wholesale costs in 0687V will improve cost targeting and help meet the objectives of this modification.

*Q4. Do parties have any comments regarding the technical delivery of the Code solution proposed by the CDSP and under discussion at DSC Change Management Committee as detailed here: <https://www.xoserve.com/change/change-proposals/xrn-4992-modification-0687-creation-of-new-charge-to-recover-last-resort-supply-payments/>*

*(Note this has been progressing under the standard process through the DSC Change Management Committee since 2019, so more up to date information is available - Option 4 – interim for 01 April 2022 implementation and Option 1 enduring for future implementation).*

Although we have not reviewed the full system solution, we don't believe implementation should be postponed to allow time for a full system solution to be delivered. If required there should be a temporary solution implemented, reflecting this modification, whilst the full system solution is being prepared.

*Q5: What is the impact on industry of the timeline of this Modification?*

*Consultation close out 5pm  
FMR to Panel for reading*

*30/12/21  
05/1/22*

<i>Panel consideration</i>	<i>12/1/22</i>
<i>FMR to Ofgem</i>	<i>12/1/22</i>
<i>Ofgem decision expected</i>	<i>20/1/22</i>
<i>Deadline for publication of DN charges</i>	<i>31/1/22</i>

We can accommodate this timeline and believe industry will too.

**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.*

N/A

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

N/A