

## Representation - Workgroup Report

### UNC 0642 (Urgent) 0642A (Urgent) - Changes to settlement regime to address Unidentified Gas issues

### UNC 0643 (Urgent) - Changes to settlement regime to address Unidentified Gas issues including retrospective correction

**Responses invited by: 5pm on 08 February 2018**

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

<b>Representative:</b>	Joshua Phelps
<b>Organisation:</b>	The Renewable Energy Company (Ecotricity)
<b>Date of Representation:</b>	08 February 2018
<b>Support or oppose implementation?</b>	0642 - Oppose 0642A - Oppose 0643 - Qualified Support
<b>Alternate preference:</b>	<i>If either 0642, 0642A or 0643 were to be implemented, which would be your preference?</i>  0643* <i>delete as appropriate</i>
<b>Relevant Objective:</b>	<b>d)</b> No comment * <i>delete as appropriate</i>

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

We don't believe that any of these modifications resolve the UIG volatility. Each modification just moves the UIG charges around in a different manner – the volatility still remains. While we agree with the urgency of resolving the volatility, the industry needs to ensure that it correctly resolves this.

Where further work is required or where Xoserve's lengthy implementation schedule can't be shortened, interim measures should be taken to prevent shippers from experiencing any further detrimental financial impact while these actions take place. We speak more about this in the 'Implementation' section.

Where no suitable alternative proposal is raised to effectively combat the volatility, we believe that modification 0643 would be the most suitable modification out of this suite to be implemented. This is because 0643 offers backdating, which the other modifications lack. This is the only way to correct any over/undercharging which has taken place.

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

Due to the significant volatility witnessed, any successful solution must be implemented as soon as possible and reflect the urgency which has been awarded to these modifications. At the same time, we don't wish to be in the same boat in 12 months' time where a rushed implementation has resulted in defects which have caused further issues.

While we would like to see a quick implementation turnaround, we would feel happier allowing Xoserve to be afforded enough time to perform the most robust implementation – only where interim measures are taken to ensure shippers don't experience any further detrimental financial impact.

We would consider that an appropriate measure to take between decision and implementation of 0642 or 0643 is for shippers to be issued credits to represent the 1.1% value. This will ensure that shippers aren't subjected to the detrimental financial impact during the long build time. We don't know the feasibility of such an approach however and would appreciate comments on whether this could be considered.

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

Due to the urgent timeframes associated with this consultation, we haven't been afforded the time to perform the impact assessments required. From a high-level, the main impact associated with 0642 and 0643 will be the higher frequency of meter readings required to avoid unreconciled volumes contributing to settlement risks. The main impact of 0642A is the uncertainty resultant from the balancing factor, as while UIG is initially fixed, should any volatility remain post-implementation, it shall still be swept up by the industry via the balancing factor.

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

We have no comments to provide on the legal text.

**Are there any errors or omissions in this Workgroup Report that you think should be taken into account?** *Include details of any impacts/costs to your organisation that are directly related to this.*

None as far as we are aware.

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

We have no additional analysis to provide.