

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

Representative:	EDDIE PROFFITT
Organisation:	Major Energy Users Council
Date of Representation:	7 th February 2018
Support or oppose implementation?	0642 - Support * <i>delete as appropriate</i> 0642A - Oppose * <i>delete as appropriate</i> 0643 - Support * <i>delete as appropriate</i>
Alternate preference:	<i>If either 0642, 0642A or 0643 were to be implemented, which would be your preference?</i> 0643* <i>delete as appropriate</i>
Relevant Objective:	d) Positive/Negative/None* <i>delete as appropriate</i>

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

0642 & 0643. The industry has employed a gas expert for some years who established a value for unidentified gas that is far less than the new method of allocation delivers. The expert has commented that you cannot combine 100% measured input data with mainly calculated usage data and that this new allocation is a combination of unidentified gas and formula error. Both these mods return us to the original percentage of unidentified gas. I support this view. My support for 0643 is that many members in the commercial and local authority sectors are facing very large retrospective bills from their suppliers without any relief from backdating.

0642A My opposition is one of inventing a number (2.5%, which has been changed during the life of this mod) with no evidence to support why this number is valid other than the percentage has been higher than this since June. In addition, the mod originally had changes to the EUC that have been removed. There is an element of challenging the AUGE in the mod and I do not believe this to be the place to do so.

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

Absolute minimum lead time to reflect the urgent status of these modifications

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

Examples of impacts on a small sample of our members;

Large food retailer (not the biggest) approx. £200,000 per year increase

Telecoms company £250,000 per year increase

One of 5 member organisations who purchase for several local authorities; £600,000 per year increase. This will be mainly schools using gas for heating and cooking school meals.

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

Insert Text Here

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.*

Insert Text Here

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

Insert Text Here