

-+Representation - Draft Modification Report UNC 0665

Changes to Ratchet Regime

Responses invited by: **5pm on 14 March 2019**

To: enquiries@gasgovernance.co.uk

Representative:	Kirsty Dudley
Organisation:	E.ON Energy Solutions
Date of Representation:	12/03/2019
Support or oppose implementation?	Qualified Support
Relevant Objective:	a) Positive d) Positive

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

We are supportive of the proposed changes and agree with the proposer's rationale to split out Class 1 & 2 Ratchet charging regimes for the reasons outlined. We feel that the proposed change to the charges will also support consumers taking up settlement class 2. In turn this will support timely and more accurate meter read reconciliation which will also go some way to addressing UIG.

We are concerned with Gas Transporter driven settlement class changes up to 40 working days ahead of the relevant Gas Year Ratchet period., as we feel that this has potential to cross over into the period whereby the largest amount of charge of supplier/shipper events occurs on LSPs, generally switches that occur for 1st October start date.

We feel that the timing could cause additional strains which may lead to settlement class changes that could have been challenged by shippers but are missed due to resource timings. There could be some unexpected costs due to these timing issues such as:

1. Charging differences under both ratchet and UIG allocations or incumbent shippers, as the GT initiated settlement class changes could be combined with shippers effective from start date in this scenario.
2. The meter read service providers, which could be different parties in the future who have different commercial arrangements for class1 and class 2 supply points, if UNC 0647'opening reads to competition' is implemented.

On this basis, we feel that it would be better to set GT driven settlement class changes up to 60 supply point business days, allowing 20 supply point business days for shippers to dispute the settlement class change, with settlement class change implemented by CDSP by Gas Year Ratchet period.

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

We support the proposed implementation date as this will provide an overarching benefit to consumers for the 2019/20 charging year, we feel that CDSP should be able to agree and document the required changes

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

We feel there will be some costs and changes to some internal processes, however it is difficult to gauge what these are at this point as we expect that impacts and costs will largely be driven by UK link changes.

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

We are generally satisfied that the legal text will deliver the proposed solution.

The transitional rules in the legal text set out a '6 month period commencing from the date this paragraph takes effect following implementation of Modification 0665'.

This has not featured in the in the draft modification report and is only apparent in the redline legal text, this would suggest that GT's can invoke settlement class changes within the 2019/20 gas charging year.

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.*

As explained above in relation to the transitional rules

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

No.