

Representation - Draft Modification Report UNC 0687

Creation of new charge to recover Last Resort Supply Payments

Responses invited by: **5pm on 06 September 2019**

To: enquiries@gasgovernance.co.uk

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

Representative:	Gareth Evans
Organisation:	Total Gas & Power
Date of Representation:	6 September 2019
Support or oppose implementation?	Support
Relevant Objective:	a) Positive c) Positive

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

As proposer of the modification this change addresses the issues which we originally identified:

- This proposal removes the cross-subsidy between market sector when Last Resort Supply Payments (LRSP) are recovered, so that domestic customers no longer pay for non-domestic suppliers failures and non-domestic customers do not pay to safeguard domestic credit balances.
- In addition to removing this cross-subsidy, separating out the LRSP costs will reduce the volatility of system capacity charges. It will also mean that Distribution capacity and commodity charges will be truly reflective of the cost of delivering gas to customers, rather than be distorted by LRSP costs.

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

There are currently a number of LRSP claims that are outstanding that will need to be recovered during the 2020/2021 charging year. If this modification is not implemented in the UNC by November 2019 then the transportation charging statements for that year cannot take into account this new charge. We note the system changes for this solution does not have to be in place until April 2020.

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

There will be a very minor administrative cost to take account of the new charge.

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

As proposer we are happy with the legal text.

Are there any errors or omissions in this Modification Report that you think should be taken into account?

No.