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21 November

Dear Julian

**Re. Modification Proposal UNC 090 – Draft Modification Report**

energywatch welcomes the opportunity to comment on the Draft Modification Report compiled for UNC 090. This response is non-confidential and we are happy for it to be made publicly available alongside other responses.

Energywatch is neutral regarding whether UNC 090 is a better solution for dealing with interruptions on DNs compared to the current baseline. However, it is unclear to us how UNC 090 will interact with other outstanding modifications such as UNC 116 and its variants on the reform of NTS Offtake Arrangements. We are concerned that the interaction of the two regimes may lead to an inefficient approach to the operation of, and investment in, the respective networks, transmission and distribution, and that this may ultimately create additional costs for all consumers.

An enduring DN interruptions regime which is tendered for based on published requirements and which is transparent, to the extent that there is an approved, published charging methodology, appears attractive. However, we share concerns that the limited availability of interruptible services may mean that the value of interruption will not always be easy to discover, particularly if there is a poor response to requests by the DNs for users to provide interruption. Additionally, we have concerns that the over- or under-statement of interruption levels may influence investment by the DNs in their networks which lead to inefficiency and stranded assets.

We do support an interruptions regime which is intended to apply uniformly across all DNs and which prevents a fragmented approach towards interruptions across the different DN areas.

**Extent to which implementation of the proposed modification would better facilitate the relevant objectives**

We have some concerns that if the revised interruptions regime does not work effectively, some of the issues highlighted by large consumer and shipper work group members may arise, including potentially adverse impacts on security of supply. It is also not particularly clear from the draft modification report whether the costs of implementing UNC 090 will outweigh the benefits of a potentially more suitable approach to providing for orderly interruptions on the DNs. If the costs rise because the process becomes more complex, without sufficient transparency regarding why the costs arise, we would be concerned about the additional burden on consumers which may occur. There needs to be an appropriate balance between introducing interruption arrangements which allow some flexibility and innovation in the provision of interruptions products, and the potential for inherent complexity which reduces overall transparency of how costs have been arrived at.

We have no other specific comments about the effect on the relevant UNC objectives. We have no comments on the draft legal text provided with the draft modification report.

If you do wish to discuss our response further please do not hesitate to contact me on 0191 2212072.

Yours sincerely

Carole Pitkeathley  
Head of Regulatory Affairs