

Representation – Modification UNC 0658 (Urgent)

CDSP to identify and develop improvements to LDZ settlement processes

Responses invited by: 5pm on 18 June 2018

To: enquiries@gasgovernance.co.uk

Representative:	Kirsty Dudley
Organisation:	E.ON
Date of Representation:	18/06/18
Support or oppose implementation?	Comments
Relevant Objective:	<p>d) Positive/Negative/None* <i>delete as appropriate</i></p> <p>or other Relevant Objectives) Positive/Negative/None* <i>delete as appropriate</i></p>

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

Although we support the intention of the Modification we are unsure if this is urgent or even a modification. The current pressures associated with UIG mean that work by the CDSP is required but we are unsure what legal text and requirements or business rules would be applied into the UNC to deliver the solution provided. The service line addition would be in our view for the DSC agreement rather than a modification.

Under the DSC arrangements XRN 4695 was approved into the change process by the ChMC on 13/06/18, this allows the CDSP to begin the work required and either this XRN or subsequent ones could be used to deliver the same outcome as this modification.

We are in total support of getting into the detail of UIG and really understanding how it is caused and what the associated issues are, however, we are not sure this urgent modification is necessary but we support any activity the CDSP does which limits the impacts to Shippers.

Nexus was implemented just over a year ago and the UIG issue as we currently see it has been evident since then, although it was not a new issue at the point of Nexus the transparency as it is today is. We are concerned that it has taken this amount of time to mobilise such a task force and although the CDSP have been working hard during this time, we are sadly no further forward with any of the modifications or XRN, which is why we understand the approach taken in raising this urgent modification.

The CDSP does have requirements through DESC to conduct the task force recommended activities, so, to have to establish a task force shows the intensity of the issues, however, what compounds the issues are the system constraints which the CDSP has, it doesn't appear to allow for agile changes in this area, even though the DESC remit allows for it.

The task force created (albeit via a modification or via the DSC process) needs to not only thoroughly understand what causes UIG (is it volatility, is it theft, is it correction factors or is it something else) it also needs to ensure a systemised approach which is flexible and agile enough for change. Futureproofing is key.

Currently discussions look at the start gas year 2019 as the implementation date, meaning that this issue will have rumbled on for over 2 years (if it is that date), this is neither great for the CDSP nor its customers, and although clearly not the aspiration of either the CDSP or its customers, it is becoming more and more likely this will be the case.

What we would like to see from this change (with via the modification or via the DSC) is the clear CDSP commitments, firm milestones and a plan on how we get to where we are going and need to be. This needs to be done collaboratively to achieve success. There will always be some form of volatility due to the nature of the market, but, the current situation we all find ourselves in is just not sustainable and needs something, modification or XRN.

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

If robust legal text can be developed and is approved by the authority we support the mobilisation ASAP.

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

We are continuing to see UIG costs and we would see additional CDSP costs to deliver the 'task force' activities. We are unsure what costs may follow as it will all be determined on the outcome of the work conducted by the CDSP.

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

NA as no UNC text was provided, but we agree with the service line wording.

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

NA

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

NA