

Representation – Modification UNC 0658 (Urgent)

CDSP to identify and develop improvements to LDZ settlement processes

Responses invited by: 5pm on 18 June 2018

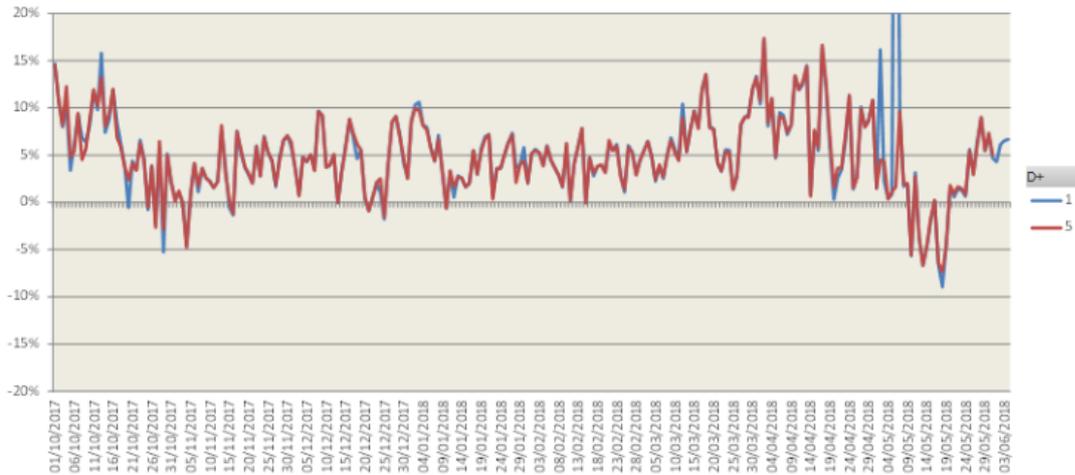
To: enquiries@gasgovernance.co.uk

Representative:	Gareth Evans
Organisation:	ICoSS
Date of Representation:	18 June 2018
Support or oppose implementation?	Support
Relevant Objective:	d) Positive or other Relevant Objectives) None

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

Unidentified Gas (UIG) is a pressing industry problem for all shippers representing a significant collective cost running into the millions each month. The volatility of UIG allocations on the day is currently impossible to predict and shippers are required to continually adjust their positions in the market to try and counter unpredictable swings in their wholesale allocations. This adds considerable costs to all shippers and impacts smaller organisations particularly who are unable to be out of balance as that will impact their credit positions. Despite being over a year from Project Nexus being implemented, the level of volatility of UIG has not decreased, as indicated by Xoserve’s latest UIG calculation:

UiG % by Gas Day (D+1 vs D+5) - 13 LDZs



We therefore support this modification as it provides a clear mandate to Xoserve to undertake this work using its unique knowledge and understanding of the market to get to the heart of the issue and to propose clear and effective changes that will materially improve the current situation. In particular we think that clear targets will ensure that Xoserve fully concentrates on determining how to achieve the greatest reduction in UIG volatility and materiality in the shortest possible time and so support their inclusion in any service requirement. We also believe it is appropriate that Xoserve conduct this work independently so that it can fully concentrate on determining an appropriate solution without having to address shipper concerns.

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

In order to ensure that there is no further delay in commencing this critical piece of work, we believe it should commence immediately and hence this modification should be implemented as soon as possible.

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

Our members will experience little direct cost from this modification as it simply directs the CDSP to undertake the work required.

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

We have not reviewed the legal text.

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.*

None.

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

NA