

27th September 2018

Mod 0665 Ratchet Charges

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Impacts of proposal

- Significant workload to analyse:
 - Significant number of sites in isolation and in combination, need to look at impact throughout the pressure tiers
 - For network constraints that could be anywhere from the NTS offtake to the main outside the site both pipework and governors
 - Assessment would be at 1 in 20 conditions
- Would need to be repeated
 - Each year to reflect new demand forecasts and
 - Potentially during year to take account of new connections requests received during year that may mean that site then became ratchetable
- How would we assess capacity increase that might occur?
 - Maximum possible flow rate through existing meter?

Key issues

- Our view is that if capacity used exceeds PMSOQ then the charges should be based on the capacity used.
- Appeal to UNC Committee is not appropriate as they do not have the relevant knowledge to make a judgement

Option keeping general principle of proposal

- Rather than DNs doing work on all sites should this be a chargeable service provided following a request by a Shipper?

Option around ratchet charge

- Would it be better to make the ratchet charge reflective of the cost of restoration in the event of an issue but how do we assess this?
- Or do we remove ratchet charges and make Shipper is liable for cost (for example restoration of supply, compensation payments, over-run charges) but challenges in establishing fault
- However, our safety case and hence our analysis is based on people being responsible / prudent and providing good data in the first place so the above approaches somewhat contradict this philosophy.
- Speeding fines analogy – speed limit 70 but “everyone drives at 80” so that makes it okay

Other approaches 1

- Do we remove ratchet charges and charge sites directly for any costs?
 - This would require all such sites to have NExAs and UNC to be modified to allow NExAs to contain charging provisions
 - Similar challenges to making Shippers liable

Other approaches 2

- Could we say ratchet charges apply only when the demand on the network (LDZ or part of it) exceeds [90%] of a 1 in 20 day?
 - The frequency will vary by network
 - NTS use the issuing of a System Flexibility Restriction Notice to make Users aware that Rules have been turned 'on' – could the DNs use something similar?
 - Need to consider Large Seasonal Loads
 - Mod 0655 approach is that ratchets should only apply for sites where a ratchet could affect system operation on 1 in 20 Day but they could apply on every Day; this approach is that ratchets apply for all DMs but only when a network is close to a 1 in 20 Day