

Joint Office

Enquiries@gasgovernance.co.uk

23rd August 2019

Dear Sir or Madam,

Re: 0687 Creation of new charge to recover Last Resort Supply Payments

Thank you for the opportunity to provide representation on the above noted Modification Proposal. Please find below Northern Gas Network's (NGN) comments in respect of this change.

NGN supports this Modification Proposal.

Reason for Support/Opposition:

We support this Modification Proposal as the introduction of a new Supplier of Last Resort (SoLR) Customer Charge should provide a fairer distribution of recovery of allowed costs associated with a SoLR event.

We believe that removing the domestic credit balance charge from non-domestic meter points, whilst leaving the remaining charges split evenly across all meter points, furthers the following Relevant Charging Objectives:

- a) *Save in so far as paragraphs (aa) or (d) apply, that compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business*
- c) *That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers.*

Implementation:

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

We believe that this modification proposal could be implemented as soon as directed by Authority, with the caveat that it would be of benefit if the implementation date could be before mid-January 2020 to allow for any amendments to the following years charging statement to be carried out before the relevant notice period. Implementation will also need to be dependent on changes to Xoserve's system and creation of a new charge code, allowing for the relevant associated notice period .

Impacts and Costs:

What analysis, development and ongoing costs would you face?

Dependent on delivery of the solution there may be an impact on resource, however at this time the delivery solution is still under review and therefore the possible impact is unknown.

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Legal Text:

Are you satisfied that the legal text will deliver the intent of the Solution?

We have identified a few minor discrepancies in the provided legal text:

- TPD B1.7.11, TPD Y11.1 and TPD Y11.2(c) should be corrected to say 'Last Resort Supply Payment' instead of 'last resort payment' to align them with the defined term.
- TPD Y11.4 (a) & (b), 'Supply Meter Point' is used in (a) whilst in (b) 'Supply Point' is used. These should be consistent. Both are defined terms with slightly different meanings we would therefore ask that the correct term is clarified by the legal text provider and is used throughout the proposed legal text as appropriate.
- TPD 1.8.1 (c) should have the superfluous bracket removed after 'Methodology']'.

Aside from the minor discrepancies identified above, we agree that the legal text provided should deliver the solution set out in the modification.

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

Include details of any impacts/costs to your organisation that are directly related to this.

None identified

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

No further comments at this time.

I hope these comments will be of assistance and please contact me should you require any further information in respect of this response.

Yours sincerely,

Tracey Saunders (via email)
Market Services Manager (Industry Codes)
Mobile: 07580 215743

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