

Representation - Modification UNC 0724 (Urgent)

Amendment to Ratchet charges during COVID-19 period

Responses invited by: **1pm on 27 April 2020**

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Nigel Bradbury
Organisation:	Energy Intensive Users Group
Date of Representation:	27/4/2020
Support or oppose implementation?	Support
Relevant Objective:	a) Positive

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

The impact of COVID 19 has created uncertainty in gas demands for many customers. Additional social distancing protocols will cause issues with access to properties for meter reading purposes.

This proposal will reduce the ratchet charges for LDZ connected DM sites where their consumption has increased as a result of increasing production to help combat the COVID19 pandemic.

However, although the intention of the modification is correct, EIUG believes that the modification should be extended to ensure:

- 1) the ratchet charges are removed completely (not reduced)
- 2) the modification should be extended to protect include NTS connected sites from capacity overrun charges
- 3) more should be done to protect DM customers from fixed/capacity charges.

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

ASAP

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

N/A

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

Yes, but ratchet charges should be removed from NTS and LDZ connected sites (not reduced),

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.*

The proposed solution will help reduce ratchet charges for LDZ connected sites, but it will not eliminate them. The modification should be extended to remove the ratchet charges (not reduce) for LDZ connected sites and remove any capacity overrun charges from NTS connected sites.

Additionally, more help should be provided in helping DM customers with fixed/capacity charges and ensuring that DM sites do not change load bands (and therefore exposed to higher unit charges in the following charging periods) as an unintended consequence of any changes.

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

Within the current health & economic climate, many DM 'industrial and commercial' consumers have reduced (or completely ceased) their levels of gas consumption due to falling product demands. Many do not know when normal operations will resume.

However, despite no product demand and therefore no income, they are still exposed to the fixed/capacity charges of the charging regime. This mod (or similar) should explore how to offer DM sites temporary relief of the fixed/capacity charges in a similar way that Mod 275 offered protection during the economic crisis in 2008/09.