

# Mod 358 - I&C Compensation for Emergency Interruption



**CORONA  
ENERGY**  
A Macquarie Group Company

# CE View of SoS Background

- Significant concerns raised by customers and National Grid Transmission over Security of Supply (SoS)
- Government pledge to tackle SoS concerns
- Ofgem SCR considers options for gas deficit emergencies
  - Only national supply/demand imbalances being considered
  - Link made between VoLL and firm load shedding costs
  - Ofgem considering other forms of compensation
- Customer Concerns over Firm Load Shedding
  - Two previous winters mass interruption required in certain networks
  - Many sites will become firm in October
  - Perception that the Risk of Firm Load Shedding is higher
- Current Transporter SoS compensation seen by I&C customers as unsatisfactory.
- Ofgem SCR not covering GT SoS arrangements



# CE SoS Solution



- Customers generally unconcerned about the reason for the interruption
- Customer feedback has been repeatedly that they want one solution for all interruption events
- CE intent is therefore to adjust this modification to match the supplier obligations/arrangements from the SCR
- Costs from these arrangements would impact GT bottom line (i.e. not rechargeable) and would therefore incentivise SoS
- CE see no relevant arguments why customer compensation should be different between supplier/GT responsible interruption events
- Open to discuss other viable options

# Why raise a modification?

- Responding to our customers valid concerns
- Concerns that SCR solution would be seen to have solved SoS issues without addressing GT events
- Provided Ofgem the opportunity to enlarge the SCR to cover all SoS issues
- Raising the modification allows time to discuss consequences but makes clear the intent of CE to address the issue
- Complex area of code



# Where are we now?

- Too early to tell what SoS options will be implemented
- Ofgem considering all options from SCR and expected to provide initial views imminently
- CE View: Not likely to be VoLL but may be some form of compensation
  - Could be different between I&C and Domestic
  - Discussion suggest that Ofgem may consider I&C bands



# Questions

- Determination of the reason for a Gas Supply Emergency would become key.
- Current code arrangements would require a determination and appeal process
- Does/Would Section Q require a significant rewrite?
- Assume some caps on liability would be necessary. How should/could this be calculated?

"To address this mistake we must use root-cause analysis. I'll begin by saying it's not my fault." - Royston