

## Representation

### Draft Modification Report

#### **0410 and 0410A: Responsibility for gas off-taken at Unregistered Sites following New Network Connections**

**Consultation close out date:** 07 June 2013  
**Respond to:** enquiries@gasgovernance.co.uk  
**Organisation:** Corona Energy  
**Representative:** Tim Hammond  
**Date of Representation:** 07 June 2013

#### **Do you support or oppose implementation?**

**0410 – Support**

**0410A - Support**

#### **If either 0410 or 0410A were to be implemented, which would be your preference?**

These modifications are not alternates of each other and so this question is not applicable.

#### **If either 0410 or 0410A or both were to be implemented, which would be your preference?**

Both. As we stated above these modifications should not be considered as alternates as they both can be implemented simultaneously.

#### **Please summarise (in one paragraph) the key reason(s) for your support/opposition.**

We support both modifications as they will reduce the number of Unregistered Sites on the system. UNC Modification 0410, by ensuring that a company creating the MPRN compensates the industry for unallocated gas used by the site when unregistered, creates clear incentives for such organisations to put in place processes (via agreements with the connection party or the customer) to ensure that gas is not used whilst unregistered.

Complementing UNC Modification 0410, UNC Modification 0410A puts in place a clear process to resolve sites that are unregistered. Though the new framework is beneficial to the industry, UNC Modification 0410A has several defects which we have highlighted during its development. In particular there are several dead-ends

0410/0410A  
Representation

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07 June 2013

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Version 1.0

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Page 1 of 3

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to the process where a site will still be permitted to burn gas whilst unregistered (specifically where a customer has been found to offtaking gas and there is no evidence of any supply contract). Therefore some process to encourage the prevention of such sites in the first place, namely UNC Modification 0410, is needed.

**Modification Panel Members have indicated that it would be particularly helpful if the following question could be addressed in responses:**

*Q1: Do you believe that both Modifications could be implemented, such that both the 0410 and 0410A requirements are introduced to the UNC?*

Yes. When first raised, UNC Modification 0410A should properly be considered an alternate of UNC Modification 0410 as it overlapped the solution of the original modification. During workstream development however, these modifications diverged and no longer impact the same areas of the code. Specifically UNC Modification 0410 seeks to recover, from the relevant code party, compensation for the gas used by MPRNs when they are not registered. UNC Modification 0410A provides a process for identifying such sites. A thorough examination of both solutions demonstrates that there is no risk of “double jeopardy” (i.e. a transporters or shipper charged twice) or inconsistency of the process. According to the workstream report, UNC Modification 0410 is triggered only in accordance with business rule 2.1 “*The process is triggered when a site that has been assigned an MPRN is registered to a Shipper from the Supply Point Confirmation date and Xoserve cannot allocate all of the energy consumed to a particular Shipper*”. Where a site’s consumption is backdated, Section 7 of the business rules specifically caters for this event.

By contrast, UNC Modification 0410A provides a mechanism to ensure sites are registered – it does not create any processes for backdating consumption, beyond that already laid out in the UNC (TPD G7.3.7). It therefore will only be utilised whilst the site is unregistered.

So in summary, rather than overlapping, UNC Modifications 0410/0410A actually complement each other; the latter providing a mechanism to increase registration, the latter to seek compensation for gas used by the unregistered site after it is registered.

**Are there any new or additional issues that you believe should be recorded in the Modification Report?**

We believe that the alternate modification process needs to be re-examined in light of the confusion caused by these modifications being inaccurately termed alternate modifications. The current alternate modification process seems to provide little in value and adds complexity and confusion as to whether two modifications can be implemented side by side.

**Relevant Objectives:**

*How would implementation of either of these modifications impact the relevant objectives?*

0410/0410A  
Representation

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07 June 2013

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Version 1.0

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Page 2 of 3

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Both modifications will reduce the number of Unregistered Sites present on the network, whose gas use is currently classified as Unidentified Gas. This will improve cost targeting and so improve competition between shippers.

We disagree that relevant objective c) will be impacted by UNC Modification 0410. Under this proposal, gas will not be allocated to either transporters or shippers and the title of the gas is not changed– the modification seeks only to ensure compensation is paid to the SSP shippers who have the gas allocated to them.

### **Impacts and Costs:**

*What analysis, development and ongoing costs would you face if either of these modifications were implemented?*

Modification 0410 will have little impact on our processes as we do not provide MPRNs for new connections without a signed supply contract in place. Modification 0410A will also have little impact for the same reason.

### **Implementation:**

*What lead-time would you wish to see prior to either of these modifications being implemented, and why?*

Both of these modifications attempt to resolve a pressing problem in the retail market and so should be implemented as soon as possible. With that in mind, the timetable for implementing UNC Modification 0410 seems to give industry parties enough time to adjust their processes and contracts to take it into account the new framework. We note with concern the lack of any implementation timetable for UNC Modification 0410A which undermines its credibility; were Ofgem to direct its implementation we would expect the new process to be in place by the end of 2013.

### **Legal Text:**

*Are you satisfied that the legal text and the proposed ACS (see [www.gasgovernance.co.uk/proposedACS](http://www.gasgovernance.co.uk/proposedACS)) will deliver the intent of these modifications?*

We have not reviewed the legal text or the proposed ACS changes.

### **Is there anything further you wish to be taken into account?**

*Please provide any additional comments, supporting analysis, or other information that you believe should be taken into account or that you wish to emphasise.*

No.