

## Representation - Draft Modification Report 0506 0506A

### Gas Performance Assurance Framework and Governance Arrangements

Responses invited by: **12 November 2015**

<b>Representative:</b>	Jonathan Kiddle
<b>Organisation:</b>	EDF Energy
<b>Date of Representation:</b>	12 November
<b>Support or oppose implementation?</b>	0506 - Support 0506A - Support
<b>Alternate preference:</b>	<i>If either 0506 or 0506A were to be implemented, which would be your preference?</i>  0506
<b>Relevant Objective:</b>	<b>d)</b> Positive for both 0506 and 0506A  <b>f)</b> Positive for 0506, impacted for 0506A

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

EDF Energy believes that both modifications would provide a framework to monitor gas settlements performance and to identify and assess settlement associated risks. It would encourage industry to focus on settlements performance which will be particularly important to ensure that the benefits of Project Nexus are achieved. It will also provide better opportunity for industry actors to improve their performance and to improve overall industry performance.

We believe that these modifications if implemented have the potential to improve Shipper and in the case of UNC 0506 Gas Transporter (GT) and Transporter Agency settlements related performance. It would provide greater transparency of performance and would place pressure on all relevant parties (in the case of 0506) to improve settlement accuracy.

Our preference is for UNC 0506 to be implemented. We believe that the appointment of a Performance Assurance Framework Administrator (PAFA) via a competitive, transparent tender exercise is in the interest of all industry parties. It will introduce an opportunity for there to be a much greater degree of independent oversight of gas settlements performance. In addition, we believe that the requirement for members of the Performance Assurance Committee (PAC) to sign confidentiality agreements will ensure that independent experts are involved in the assurance process.

We recognise that the costs for implementing UNC 0506A are lower than UNC 0506 but UNC 0506A does not involve all industry players. We are not convinced a sunset clause is appropriate; we believe that if the PAF is no longer relevant then any proposer will be in a good position to robustly justify why this framework is no longer required.

We believe that both UNC 0506 and UNC 0506A would better facilitate Relevant Objective (d). We believe that both modifications would also better facilitate Relevant Objective (f) as it would enable all parties to better assess performance against the standards and obligations set out in the UNC (TPD M3.4.1 and M3.4.2). We do not believe that the potential additional processes introduced by UNC 0506 are so complex that it would negatively impact efficiency of the administration of the UNC.

We believe UNC 0506A would not better facilitate Relevant Objective (f). We do not consider the exclusion of GTs and the Transporter Agency from the PAF and governance arrangements to be efficient as gas settlements performance will not be considered holistically. Furthermore, considering the time and cost spent across industry to develop and potentially implement 0506A it does not appear to be efficient for all the provisions to be removed from the UNC after 3 years without due care and consideration on the impact it may have on administration of the UNC.

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

We believe this should be implemented as soon as possible.

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

EDF Energy will incur a proportion of the set up and running costs for the PAF and governance arrangements. However we believe that the benefits of implementing this framework would in the long term, outweigh the costs.

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

No comment

**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.*

No comment

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

No comment