

Representation

Draft Modification Report

0418 and 0418A - Review of LDZ Customer Charges

Consultation close out date: 02 August 2013
Respond to: enquiries@gasgovernance.co.uk
Organisation: RWE npower
Representative: Dimuthu Wijetunga
Date of Representation: 02 August 2013

Do you support or oppose implementation?

0418 - Not in Support

0418A - Support

If either 0418 or 0418A were to be implemented, which would be your preference?

Prefer 0418A

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

We welcome the fact that through either of these modifications LDZ customer charges will be basing on DN specific costs rather than national cost as we believe by this way charges will better reflect DN costs.

We support Mod 0418A as we believe it is a fairer and more cost reflective way of distributing the said DN specific cost across all customer segments compared to Mod418 where vast majority of the costs recovery will be through domestic consumers. Even though, the proposer of Mod 0418 has stated there is no correlation between Supply Point Emergency Service Costs/Service Replacement Costs and size of the supply point no evidence has been provided so far to prove this is the case and to justify a pence per supply point charge. We would like to suggest presenting this evidence to the industry prior to making a decision.

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

No

Relevant Objectives:

How would implementation of each modification impact the relevant 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;

The new charging structure is based on latest data which is specific to the DN hence will be more reflective of the costs incurred by the licensee

aa) that, in so far as prices in respect of transportation arrangements are established by auction

Not applicable.

b) that, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business;

The new methodology is based on an up to date model of the transportation networks

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 ...

The proposed new charging structure around LDZ customer charges as per Mod418A will help to simplify the customer pricing process compared to the current SOQ based structure hence will facilitate competition.

d) that the charging methodology reflects any alternative arrangements put in place in accordance with a determination made by the Secretary of State under paragraph 2A(a) of Standard Special Condition A27 (Disposal of Assets).

No impact.

e) compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators.

No impact.

Impacts and Costs:

We believe some changes may be required to implement this modification. Therefore, it is important that we get at least 15 months notice prior to the target implementation date, so that it would give us sufficient time to accommodate the changes.

Implementation:

Due to the reasons mentioned above and to ensure changes to the customer prices can be implemented in time we will need at least a minimum of 15 months notice period. An implementation date outside the beginning of a charging year (i.e. 1st April) would result in considerable additional costs.

Legal Text:

No changes necessary

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

No