Representation - Draft Modification Report 0587

Seasonal Energy Balancing Credit Cover

Responses invited by: 5pm on 06 October 2016

To: enquiries@gasgovernance.co.uk

Representative:	Gemma Truran
Organisation:	RWE npower
Date of Representation:	6th October 2016
Support or oppose implementation?	Support
Relevant Objective:	d) Positive

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

This Modification Proposal would allow the option of a more risk-reflective collateral requirement (and therefore potential for lower associated costs), without compromising protection for the wider gas shipper community against exposure to credit default. The optionality also allows shippers who would not benefit to the same extent to continue with the current arrangements and therefore there should be no adverse impact.

Self-Governance Statement: *Please provide your views on the self-governance statement.*

We agree with the view expressed in the Workgroup Report that this Modification Proposal is not suitable for self-governance procedures as it could have a material (positive) impact on competition by allowing a shipper's credit cover to be set at a level equivalent to the seasonal risk profile, and therefore reducing the associated cost of credit.

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

If possible it would be preferable if the modification was implemented by May 2017, enabling shippers to exercise the option provided by this change of reducing their credit cover for summer 2017. Failing that then the change should be implemented as soon as possible thereafter.

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

None

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

n/a

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

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

n/a