

Representation

Draft Modification Report

0366 - Clarification of legal text for UNC Modification 0229

Consultation close out date: 11 March 2011
Respond to: enquiries@gasgovernance.co.uk
Organisation: Shell Gas Direct Ltd
Representative: Jemma Woolston
Date of Representation: 11 March 2011

Do you support or oppose implementation?

Support

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

The core principles behind Modification 0229 are that

- a) the calculation of gas volumes should be based on an impartial and independent assessment; and
- b) that subsequent charges should be recovered on a prospective basis, in line with DNO transportation charge changes.

Unfortunately the legal text for 0229 created ambiguity and raised the possibility of retrospective charging and therefore was not in keeping with the intention of the Modification. Subsequent Modification proposals 0339 and 0340 also allow the possibility of retrospective charging and therefore do not clarify the intent of the original Modification and cannot be supported by Shell Gas Direct. Modification proposal 0366, however, is consistent with the intent of 0229.

The problem of retrospective charging is the uncertainty it creates. In the I&C sector where prices are contract rather than tariff based, Suppliers will not be able to factor the uncertain level of retrospective charges into their prospective pricing activities.

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

No

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

Implementation of this modification would have a positive impact on Standard Special Condition A11.1 (d) by ensuring the charges will be applied on a prospective basis and therefore in an equal and equitable manner between market sectors.

It will also have a positive impact on Standard Special Condition A11.1 (f) by removing any ambiguity created by the legal text implemented through Modification 0229.

Impacts and Costs:

What analysis, development and ongoing costs would you face if this modification were implemented?

None

Implementation:

What lead-time would you wish to see prior to this modification being implemented, and why?

The Modification will clarify the legal text already implemented, therefore I do not see any reason why implementation would require a lead-time.

Legal Text:

Are you satisfied that the suggested legal text will deliver the intent of the modification?

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

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