

## 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:** Total Gas & Power Ltd  
**Representative:** Andrew Green  
**Date of Representation:** 02 August 2013

#### Do you support or oppose implementation?

**0418** - Support

**0418A** - Not in Support

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

Prefer 0418

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

Mod 418 would make LDZ transportation charges more cost reflective by basing them on DN specific costs by reforming the structure of the charges to make them more appropriately reflect the costs incurred. TGP acknowledges that some supply points will face increased transportation charges and others reductions but TGP believes that Mod 418 does this in a more equitable manner. This is especially true with respect to DCLA where under 418 the charges incurred are substantially (98%) allocated to the market sector that has enjoyed the benefit of allowance (i.e. the Domestic Sector). The charges should therefore be based on pence/supply point/day rather than a flat rate (pence/kWh). It would be inappropriate, and would place unfair and significant cost on the Non Domestic market sector that pays for connections upfront, if the allowance was recovered based on throughput of gas as is proposed under 418A. I&C customers would effectively be bearing unfair additional costs and that would equate to a cross subsidy to the domestic sector and a distortion of competition. TGP therefore strongly supports the concept of basing DCLA on a pence/supply point/day basis as is proposed under 418.

#### 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?*

TGP is in agreement with the workgroup with respect to objective a). 418 would better facilitate objective c) and 418A would not as competition would be adversely affected due to the large increase

0418/0418A  
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in costs to the I&C market sector that has not enjoyed the benefit of the DCLA.

**Impacts and Costs:**

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

Any change costs to the transportation charges or the methodology means that the supplier has to adjust prices and communicate to customers. Any large and disproportionate changes such as those that 418A would produce would be much more difficult to manage and explain to customers.

Insert Text Here

**Implementation:**

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

We agree with the lead times proposed

**Legal Text:**

*Are you satisfied that the legal text will deliver the intent of each 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.*

No