

Representation

Urgent Modification Proposal

0405: Bottom Stop SOQ Appeal Mechanism for 2011/12

Consultation close out date: 01 December 2011

Respond to: enquiries@gasgovernance.co.uk

Organisation: Wales & West Utilities Ltd

Representative: Simon Trivella

Date of Representation: 30 November 2011

Do you support or oppose implementation?

Support

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

We believe that the economic conditions that led to the requirement for implementation of Modification Proposal 0275 still exist. Modification Proposal 0275 was seen as transitional relief and only applied for the 2 previous winter periods (i.e. the appeals mechanism could only be utilised during the Capacity Reduction Periods of 2009/10 and 2010/11) as changes to the regime were anticipated. These changes have not come to fruition and we therefore see no reason why the transitional relief that has applied for the two previous winter periods should not be extended and apply for 2011/12.

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

We have not identified any new or additional issues.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

As this modification simply extends the regime that was introduced by Modification Proposal 0275 we believe that the same relevant objective¹ will be furthered by its implementation.

Impacts and Costs:

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

¹ Relevant objective (a) - the efficient and economic operation of the pipe-line system as determined by Ofgem in their decision letter for UNC Modification Proposal 0275 (<http://www.gasgovernance.co.uk/sites/default/files/Decision%20letter UNC 275.pdf>)

Transporters and the Transporters Agent (Xoserve) will not face any material analysis, development or ongoing costs in relation to the implementation of the modification. There are no changes required to central systems.

Implementation:

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

No lead time is required for implementation therefore this could be as soon as a decision from the Authority has been provided. Due to the Capacity Reduction Period finishing on 31 January 2012, we would encourage the Authority to make a decision no later than the expected date within the Urgency Timetable (15 December 2011) to allow Users sufficient time to utilise the appeal mechanism.

Legal Text:

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

As the Transporter that provided the legal text we can confirm that we are satisfied with the legal text and that it can be considered as formal/final text.

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.

As a Gas Distribution Network (GDN) we have been approached directly by an end user / consumer that would directly benefit from the implementation of this modification. Implementation of this modification may enable the consumer to remain in business and continue as a consumer on our network. The reduction that they would be able to secure will result in the associated User use of system charges to be borne by all other Users. We would happily supply Ofgem with further details in relation to this if that would help them with their decision process. However, the potential reduction in booked capacity, and associated charges, would be far greater if this consumer ceased being a customer on our network.

Due to the timescales involved, and from the level of take-up during the two previous Capacity Reduction Periods, we do not believe a significant number of consumers will utilise the appeals mechanism and therefore expect the transfer of charges to other Users will be minimal.

Hopefully this representation is useful to Ofgem and we would happily discuss any aspects of it further as required.

{by email}

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