

Representation

Draft Modification Report

0282 / 0282A: Introduction of a process to manage Vacant sites

Consultation close out date: 03 June 2011

Respond to: enquiries@gasgovernance.co.uk

Organisation: npower ltd

Representative: Jonathan Wisdom

Date of Representation: 02 June 2011

Do you support or oppose implementation?

0282 - Support

0282A - Qualified Support

If either 0282 or 0282A were to be implemented, which would be your preference?

Prefer 0282

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

Within the SSP sector it is difficult for Shippers to control effectively the allocation of gas at individual sites. This modification will assist Shippers by allowing them to remove sites that are not consuming energy and hence incurring costs to the industry from commodity charging. As the majority of costs to supply a site are associated with commodity charges this provides a benefit to the Shipper and therefore the consumer. As removing commodity charges is the intent of the original modification we do not consider it appropriate that RbD costs are applied to these sites as well. Any gas that is unallocated as a result of this site being removed from RbD will still be allocated to each participant based on market share which seems an appropriate way to apportion unallocated energy. We agree that 0282A does represent an improvement over the current baseline, hence our qualified support. However, it still forces costs onto sites that are not consuming and we therefore consider 0282 to be a better solution to the vacants issue.

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

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None identified.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

d) Securing of effective competition:

We believe that effective competition is further secured by implementation of this modification. Accurate targeting of costs within any industry is a necessary element of competition. This modification proposal furthers this by removing costs from sites within the industry that are legitimately not incurring them due to being vacant.

In relation to other applicable objectives we do not agree with some of the Network Owners' arguments that 0282/A could decrease safety. Sites that are currently vacant and are to be targeted by this proposal present the same safety risk under the current regime. The 2 year cut-off specified within the Proposal for the isolation of the supply point will contribute to mitigating this risk. If sites are anticipated to be vacant for a long period then, as has been pointed out in development, isolation is still the most cost effective method of avoiding costs and we believe that Shippers will continue to use it in these cases.

Impacts and Costs:

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

We would need to make alterations to some of our systems, however, these are not expected to be significant.

Implementation:

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

We are happy with the timescale of a year given in the ROM document.

Legal and ACS (Agency Charging Statement) Text:

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

We are happy that the legal text satisfies 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 you believe should be taken into account or you wish to emphasise.

N/A