

Joint Office

[Enquiries@gasgovernance.co.uk](mailto:Enquiries@gasgovernance.co.uk)

14<sup>th</sup> March 2019

Dear Joint Office,

**Re: UNC Modification Proposal 0665– Changes to Ratchet Regime**

Thank you for the opportunity to provide representation on the above noted Modification Proposal. Please find below Northern Gas Network's (NGN) comments in respect of this Modification.

This Modification reflects a practical balance between both Shippers' and Ofgem's proposals whilst considering the Distribution Networks' input.

**NGN supports this Modification proposal.**

**Relevant Objectives:**

*How would implementation of this modification impact the relevant objectives?*

We agree that this modification would further Relevant Objective a) Efficient and economic operation of the pipe-line system. This should facilitate an increase in Class 1 & 2 sites, giving more accurate read data, which should allow transporters to more effectively apply ratchets where relevant.

**Reasons for Support/Opposition:**

We agree that this modification deals with the issues raised in Ofgem's decision letter for the 0619 Suite, and manages to "*identify a **suitable classification** of relevant Supply Points which maintains the safeguards around **accurate capacity declarations**, as historically provided by the ratchet regime, whilst increasing the frequency and quality of meter read data being submitted to the Central Data Services Provider (CDSP)*" and, as a result, should also reduce the Unidentified Gas (UIG) impact of poor class 2 utilisation. The new criteria for Class 1 nomination by Transporters should allow Transporters to maintain safeguards, where appropriate, whilst not detrimentally impacting consumers where there is no known risk to the network. The modification should result in improved accuracy of Supply Point Daily Capacity (SOQ) for Class 1 and Class 2 which should also reduce levels of UIG.

**Implementation:**

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

We agree that this modification could be implemented as soon as authority approval is received, and once the CDSP systems have been developed to allow for both transitional arrangements and the enduring solution.

**Impact and costs:**

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

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NGN may have manpower costs associated with the transitional arrangements, to initially identify sites affected by the new regime. These costs should be minimal and will be managed within existing personnel.

Any additional costs to NGN in terms of ongoing additional resources, monitoring and management are unknown.

**Legal Text:**

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

Yes, we agree that the legal text, along with the associated guidance document, provided should deliver the Solution outlined in the modification.

**Are there any errors or omissions in the Modification Report?**

None identified.

**Any additional analysis or comments?**

None.

I hope these comments will be of assistance and please contact me should you require any further information in respect of this response.

Yours sincerely,

Shanna Key (via email)  
Industry Codes Officer

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