

Submitted via email

Dear Helen

Further to our fully support for these modifications (0721, 0722, 0723 and 0724), please find additional commentary below.

Without addressing AQ in the COVID-19 period it will have unintended consequences for gas balancing and gas reconciliation.

Under section E of the UNC the daily UDQOs for NDM shippers to small businesses will be overstated by the Xoserve calculation, unless such impacted shippers can reduce the AQ downwards to reflect the actual demand. If this does not occur shippers will be asked to put more gas into the system each day that the sites are consuming. Even if they provide a monthly meter read they will still be asked to put more gas in than the sites are consuming, and could be purchasing this at SMP buy price, and when reconciliation occurs they will get the volumes recompensed back at 30 day SAP. Under the UNC exit close out date is the 5th day after the gas flow day and this defines the daily UDQO. The UDQO for NDM sites is determined by ones AQ and WALP (weather adjusted ALP). Normally the average daily SMP buy prices will be greater than the 30 SAP price, and this will cause such shipper an unintended gas balancing loss that they are unable to mitigate against unless they can reduce the AQ according to the demand, which is some case will be zero.

Therefore without this change and even if a shipper correctly estimated its usage and inputted (bought) the buy gas required to meet its UDQO, based on better intelligence on site consumption, they would be forced by the balancing rules to purchase more to Xoserve's UDQO, which will be driven off the AQ Xoserve hold on their system pre COVID-19 and they would purchase this at the daily system buy price. If the shipper put in a read, a monthly read, all the over purchased gas that the balancing rules force the shipper to purchase would be recompensed back via the reconciliation invoice at the 30 day SAP price, thus generating unintended losses.

Again, apologies for the delay sending this to you.

If you require anything further please don't hesitate to let me know.

Kind regards
Kellie

Kellie Hather
Regulation and Compliance Manager



PFP Energy Ltd

M: 07919893563

kellie.hather@pfpenergy.co.uk | www.pfpenergy.co.uk

2 Edward VII Quay, Navigation Way, Preston PR2 2YF
