

Representation - Modification UNC 0721 (Urgent)

Shipper submitted AQ Corrections during COVID-19

Responses invited by: **1pm on 27 April 2020**

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Kirsty Dudley
Organisation:	E.ON
Date of Representation:	27/04/2020
Support or oppose implementation?	Oppose
Relevant Objective:	d) Negative

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

We recognise the impacts which COVID-19 has had on organisations, it is not limited to domestic or I&C and there is no single approach to behaviours which are being applied e.g. lockdown = businesses have closed so use has plummeted and therefore domestic use has rocketed. It has not been an equal and opposite application, it has instead seen unique MPRN level use changes with some businesses increasing use to meet demand and others reducing to keep things ticking over and some domestic use has vastly increased with others reducing. Put simply there is no single rule which can be applied.

The solution outlined in this modification creates a new avenue to complete AQ corrections and although theoretically could apply an adjustment to the period, there are likely to be knock on impacts to demand estimation modelling. These impacts may have unintended consequences that would be difficult to unpick and could have unintended ramifications in future years modelling. We also consider there might be impacts to the upcoming seasonal normal activities and transportation charges could be impacted.

We also note that it doesn't take into consideration phasing out of lockdown, as it is highly probable that coming out in lockdown will occur it phases, if AQ corrections have been applied how will it be followed up? The tracking of the use could become even more complex.

We do agree that evidence based would be required if approved, but how do we ensure that consistency is applied? It is not clear how this rule will be validated. If this was to be approved there would need to be a mechanism to return back to the original AQ if the

evidence is found not to be as accurate as originally thought e.g. the business said it was closing for the duration, only for it to reopen and begin consuming.

Without the removal of the 9 month rule it will not be something which can be consistently applied (if any site is in the 9 month window) or returned to a more accurate AQ level in a reasonable time post lockdown, our belief is the solution needs to be consistently applied and if it cannot cover all EUCs and all sites then it is not a suitable solution.

If the AQs are not returned to the post lockdown consumption in a timely manner this could distort the domestic part of the market and see them erroneously picking up charges which are meant for I&Cs, which we don't believe has been thoroughly investigated and outlined so we are concerned this solution could just move the problem around.

We would recommend that reporting to identify the COVID-19 instances is put in place should this modification be approved. There needs to be visibility to manage the resultant UIG changes (and also that they are backed out as soon as possible) so the profile impacts can be corrected otherwise they will impact profiles for the next 4 years which is something that needs to be avoided.

We believe that a rule which instead rolls over the Formula Year AQ from 2019 into 2020 would be a more generic approach which can be modelled and doesn't have complex rules or require unpicking.

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

If approved, implementation could be immediately after approval.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

We believe there would be some enhancements required in our systems to allow the full solution outlined. Based on the solution drafting we would initially size this as a small change and unlikely to require a project to mobilise the implementation.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

We recognise that the definition for relevant period links to all modifications 0721, 0722, 0723 and 0724, if this modification is not approved but another is then we would expect that the defined term will also be incorporated.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

The solution is likely to have an impact on IGT connected sites, so we recommend that that cross-code impacts in the IGT UNC are also considered.

Please provide below any additional analysis or information to support your representation

No comment.