

Representation - Draft Modification Report UNC 0730

COVID-19 Capacity Retention Process

Responses invited by: **5pm on 05 November 2020**

To: enquiries@gasgovernance.co.uk

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

Representative:	Paul Bedford
Organisation:	Opus Energy Ltd
Date of Representation:	03/11/20
Support or oppose implementation?	Oppose
Relevant Objective:	a) Negative d) Negative
Charging Relevant Objective:	a) Negative c) Negative

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

The capacity charge is levied to secure access to capacity from the network on an enduring long-term basis. UNC730, if approved, would allow for 100% retention in capacity even though only 50% of the capacity charge would have been paid. This would be uneconomic and inefficient, especially as it would result in other Users being unable to utilise that spare/unused capacity. Due to this, we believe it to be negative against Relevant Charging Methodology Objective a) 'Compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business'. In addition, it could have a potentially distortive impact as there would be no obligation on shippers to pass through the benefits to consumers while other shippers would bear the cost of the unrecovered 50% that is socialised. There is also no analysis or impact assessment to support the proposed 50% payment figure or to justify the impact on other shippers from the socialised costs. For these reasons, we believe this Modification to have a negative impact against Relevant Objective a) 'Efficient and economic operation of the pipe-line system' and, due to the potential distortive impact on other shippers we have specified 'Negative' against Relevant Objective d) 'Securing of effective competition' and also against Relevant Charging Methodology c) 'The charging methodology facilitates effective competition between gas shippers and between gas suppliers'.

We understand that relatively few sites have been isolated through 0723 and thus would be eligible for the reduced 50% capacity charge and so the aggregate benefits would be very low.

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

Although we are opposed to this proposal, only a short implementation period would be required on the understanding that any unrecovered amounts would be carried forward into future charging years.

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

No further comments at this time.

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

No further comments at this time.

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.*

No further comments at this time.

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

No further comments at this time.