

Representation - Modification UNC 0788 (Urgent)

Minimising the market impacts of 'Supplier Undertaking' operation

Responses invited by: **5:15pm on 20 October 2021**

To: enquiries@gasgovernance.co.uk

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

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| Representative: | John Costa |
| Organisation: | EDF |
| Date of Representation: | 20 October 2021 |
| Support or oppose implementation? | Support |
| Relevant Objective: | a) Positive d) Positive |
| Relevant Charging Methodology Objective: | Not Applicable |

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

We support this proposal as the main solution to mitigate the clear risks for both Suppliers operating under their Deed of Undertaking and the System Operator in the event a large shipper or multiple shippers are terminated. The solution where Xoserve as CDSP (Central Data Service Provider) becomes the responsible party for matching existing shippers' nominations on Gemini for those suppliers means the gas system will be better balanced and balancing costs reduced both for the shippers and suppliers involved from lower Residual Balancing actions by the system operator.

We therefore agree, given the circumstances that this Urgent modification proposal would facilitate Relevant Objectives a) Efficient and economic operation of the pipe-line system and d) securing of effective competition.

However, we are disappointed that this fundamental change to arrangements has been raised as Urgent giving the industry less than 24h to consider the proposal and implications especially when National Grid has stated they have been working on it for quite some time following previous shipper supplier failures over the last year. On this point we note that one large shipper CNG has gone into Special Administration today to provide an orderly exit from the market on the 30th Nov. So there is a question about whether the tight timelines for this Urgent modification can be relaxed a bit to allow some proper industry discussion and development.

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

There has been insufficient time to fully consider this proposal and implications however we believe a lead time of at least 1 week would be sensible to a) understand how it would work in practice and even have a dry run if possible and b) allow time to implement any necessary system and process changes resulting from the Mod.

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

We have not had time to understand if there are system implications or not but assume not if Shippers carry on nominating as normal and CDSP does the matching behind the scenes? This part has not been made clear.

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

Due to the significant lack of time to review this Urgent proposal and respond we have not had a chance to review the legal text to see if there are any unintended consequences.

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.*

Due to the significant lack of time to review this Urgent proposal and respond we have not had a chance to review the legal text to see if there are any errors or unintended consequences that need flagging.

However, we note that another Urgent modification UNC789 has also been raised yesterday to largely address the defect UNC788 is designed to address. We would note that there are issues with both proposals working alongside each other given that Shippers balancing their supplier volumes against UNC788 will not leave the system exposed and thus should not be required to take on extra demand/ balancing for these same customers as that would be double counting. For the avoidance of doubt we do not believe that UNC 789 better meets the relevant objectives and that UNC 788 is the preferable change.

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

N/a