

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.

Representative:	Kit Dixon
Organisation:	Good Energy
Date of Representation:	20/10/2021
Support or oppose implementation?	Qualified 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 the implementation of the changes to the legal text, in that it mitigates the impacts of a Shipper exiting the market, and relevant suppliers being subject to SMP prices due to being unable to attribute gas to the correct supply portfolio. The consequences of this would be severe for the suppliers involved, National Grid NTS and the wider market. We believe that the legal text will allow suppliers using a terminated third-party shipper to authorise a new shipper (irrespective of whether they are already a shipper for that supplier) to allocate gas to the failed shipper's account, and therefore the supplier's demand portfolio.

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

Due to the imminent risk of a shipper failure, this modification should be implemented as soon as practicable after approval is granted by the Authority.

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

The change as detailed in the legal text would limit the extent to which we would face SMP charges during the period between our existing Shipper being issued a Termination Notice by NTS, and the migration of our Terminated Supply Meter Points to a new Shipper.

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

Paragraph 10.1.1(d) states that evidence provided by a User to National Grid that a supplier has authorised them to give notice should be 'Satisfactory to NG NTS.' It is our interpretation that a letter of authority signed by a representative of the supplier would be deemed satisfactory. If so, we are satisfied that the legal text will deliver the intent of the Solution.

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 proposal document for 0788 does not reflect the legal text provided alongside. The proposal stipulates that the solution can only be implemented

'where that Supplier has arrangements in place with another Shipper User for the provision of gas to Supply Meter Points other than the Terminated Supply Meter Points.'

We do not see that the legal text enforces this requirement.

However, the requirements set out in the proposal would limit the efficacy of the change severely, for no immediately obvious reason. As we understand it there is no practical barrier to the solution which would necessitate a supplier having existing arrangements with another shipper.

Therefore, while the legal text does not appear to reflect the proposal entirely, we think it provides the best solution to the problem identified by the proposer and should remain as currently drafted. Our support of the modification is conditional upon this.

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

It is highly likely that as many as 18 suppliers may soon be in a situation where their Shipper has failed. This, as highlighted in the modification report and in our response, poses a risk not only to those suppliers but also for National Grid NTS and the wider market. It is important that any solution put forward to Ofgem caters for as many of those parties as possible, irrespective of whether they are acting as a Supplier of Last Resort (SoLR) or work with one or multiple Shippers. The legal text to be implemented as part of this modification achieves such a solution. We are supportive of this modification on that basis.