

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:	Richard Pomroy
Organisation:	Wales & West Utilities
Date of Representation:	
Support or oppose implementation?	Comments
Relevant Objective:	a) Positive d) Indeterminate
Relevant Charging Methodology Objective:	Not Applicable

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

We provide initial comments only because we have not had sufficient time to properly analyse the impact

We recognise that implementation will mean that National Grid NTS acting as residual balancer, does not have to act for the purpose of meeting the gas demand of a Supplier acting in accordance with a Supplier Undertaking. We also recognise that this could, depending on whether Suppliers and Shippers would make use of this arrangement, reduces disruption to the market caused by a Shipper exiting the market in a disorderly way; however, no information has been provided to enable a judgement to be made on this.

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

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

We are concerned that there may be consequential impacts that that are not yet understood that will impose direct or indirect costs on WWU.

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

Insert Text Here

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.*

Insert Text Here

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

There is nothing in the modification that describes the number of Supply Points that could fall into this arrangement and hence the potential impact this modification could have. For example, the modification could have given the number of Supply points contracted to Suppliers that have relationships with more than one Shipper. This would give an upper bound on the number of Supply Points that could be covered by this arrangement and would have been helpful to respondents.

We recognise that the situation is fast moving but a one-day consultation only provides parties with time to read the consultation, there is no time to consider any consequential impacts and therefore does not allow time for considered responses with assessment of potential costs.

The comments below have been made based on a review of the proposal in the time available and therefore are limited to initial impressions.

This arrangement would only seem to work where the Supplier makes arrangements in advance with its second Shipper ahead of the original Shipper being terminated.

The modification addresses energy balancing concerns and we recognise that this is where most of the cost lies; however, it is not immediately clear whether the second Shipper takes on responsibility for paying transportation charges and provision of credit cover and all the other responsibilities of a Shipper. We assume that they do not because the changes are to TPD E only. If they do not and the Transporter relies on the deed of undertaking, then one party will be responsible for the Shipper role for energy and another for transportation. It is not clear whether CDSP and UNC parties systems can cope with this arrangement.

The arrangement proposed in the solution of this modification is not time constrained (the changes are not going in the transition document) so could in theory continue indefinitely although we recognise that this is not the intention.