

Joint Office

Enquiries@gasgovernance.co.uk

30th December 2021

Dear Sir or Madam,

Re: 0797 (Urgent) Last Resort Supply Payments Volumetric Charges

Thank you for the opportunity to provide representation on the above noted Modification Proposal. Please find below Northern Gas Network's (NGN) comments in respect of this change.

NGN supports this Modification Proposal.

Reason for Support:

We support this Modification Proposal as the introduction of a new Supplier of Last Resort (SoLR) Customer Charge should provide a fairer distribution of recovery of allowed costs associated with a SoLR event. The fact that this will be based on volume of gas used should result in a lower SoLR charge for some vulnerable customer groups, including those in fuel poverty.

We believe that it is appropriate that the cost of a SoLR should be recovered from the market sector that it was incurred in, and that by linking this to the end consumers usage should result in a fairer distribution of costs, thereby furthering the following Relevant Charging Objectives:

- a) *Save in so far as paragraphs (aa) or (d) apply, that compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business*
- c) *That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers.*

We would also like to note, that this solution closer aligns recovery of SoLR costs to the electricity markets processes.

Implementation:

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

Due to the timeline for publication of Distribution Network charging for 2022/23 this modification will need to be approved by Ofgem, prior to 20/01/2022, and implemented in time for costs to be applied from April 2022. As with 0687V, an interim solution will be required until the enduring solution can be implemented.

Smell gas?

Call the National Gas Emergency
Service on 0800 111 999

a 1100 Century Way
Thorpe Park Business Park
Colton, Leeds LS15 8TU

t 0113 397 5300
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Impacts and Costs:

What analysis, development and ongoing costs would you face?

We do not see that this modification will have any material impact to NGN to implement the solution.

Legal Text:

Are you satisfied that the legal text will deliver the intent of the Solution?

We believe that the legal text will deliver the intent of the solution.

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

Whilst we support both modification proposals currently raised relating to the distribution of SoLR costs (the other being UNC0687V), we note that this proposal looks to take into account actual usage. This has the ability to lower the figure by which bills of fuel poor customers and other low usage vulnerable customers would increase by, in comparison to larger homes and more, seemingly, financially secure customers. This therefore would appear to be a slightly better targeted, and therefore fairer, solution.

I hope these comments will be of assistance and please contact me should you require any further information in respect of this response.

Yours sincerely,

Tracey Saunders (via email)
Market Services Manager (Industry Codes)
Mobile: 07580 215743

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