

Representation - Draft Modification Report UNC 0687V

Creation of new charge to recover Last Resort Supply Payments

Responses invited by: **30th December 2021**

To: enquiries@gasgovernance.co.uk

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

Representative:	Smitha Coughlan
Organisation:	Wales & West Utilities
Date of Representation:	30 th December 2021
Support or oppose implementation?	Support
Relevant Objective:	a) Positive c) Positive

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

WWU supports this modification as it more accurately apportions cost from Supplier of Last Resort (SoLR) events to the appropriate market sector. We agree that removing the domestic credit balance charge from non-domestic meter points furthers relevant objectives (a) and (c) as does the inclusion of wholesale costs in relation to SoLR claims; and think that there is also an argument for furthering relevant objective (d) as it allocates costs more accurately and therefore would be expected to further competition between Shippers. Notwithstanding these comments, we think that as this affects DN charges the modification should have been considered against the charging objectives.

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

The suggested latest Ofgem decision date of 20th January 2022 causes a degree of concern for WWU; specifically, around timescales for calculation of pricing models and obtaining internal governance acceptance prior to final publication of prices on the 31st January. Also of note is the urgent modification 0797 that proposes a different solution to the issue. This modification puts additional demands on resources at an already time sensitive period.

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

We have not identified any cost impact which is different to that in relation to MOD 687 namely that to implement for April 2022 a temporary solution will be required with an enduring solution to follow.

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

We have not identified anything to indicate that the legal text will not 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.*

No

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

Further to comments above, WWU think it is reasonable to include wholesale costs in the SoLR calculation as this also improves the accuracy of apportionment of SoLR event costs, across the relevant market sector.

WWU note that changes to the worked example and calculation method seems more appropriate given the use of GDN meter point data to determine the domestic v non domestic apportionment, as opposed to using the failed suppliers meter point data.

We again draw attention to the restricted timescales that arise from a 20th January decision by Ofgem. Model calculation, data assurance and board sign off usually take a minimum of 10 workings days to achieve. Reducing this timeline increases the risk of material error in our pricing calculations.