

## Representation - Draft Modification Report UNC 0809S

### Distribution of Last Resort Supplier Payment (LRSP) claims to include IGT sites

Responses invited by: **5pm on 12 August 2022**

To: [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

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

<b>Representative:</b>	Rhys Jones
<b>Organisation:</b>	WWU
<b>Date of Representation:</b>	12/08/2022
<b>Support or oppose implementation?</b>	Support
<b>Relevant Objective:</b>	c) Positive f) Positive
<b>Relevant Charging Methodology Objective:</b>	a) Not relevant

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

We support this modification because our understanding is that Ofgem prefers this solution; however, our support does not indicate that we believe it is appropriate to GDNs to charge Shippers for charges that should be made by IGTs.

Relevant Objective (c) *Efficient discharge of the licensee's obligations* is positive if the licensee's obligations are interpreted to include ensuring that SoLR charges are distributed equitably given Ofgem's decision to allow Suppliers to submit all their eligible Last Resort Supplier Payment claims to GDNs.

Relevant Object (f) *Promotion of efficiency in the implementation and administration of the Code* is positive in that it probably marginally reduces work for Shippers in that they do not have to make SoLR payments to IGTs; however, this interpretation of Code is ambitious because IGT invoicing is covered by the IGT UNC not the UNC itself.

Relevant Charging Methodology Objectives are not relevant as SoLR charges are not transportation charges and in respect of objective (a) because SoLR charges clearly do not reflect the costs incurred by the licensee in its transportation business, rather they reflect costs incurred by Supplier of Last Resort in their business in relation to the costs they have incurred in taking on those customers.

**Self-Governance Statement:** *Please provide your views on the self-governance statement.*

This should not be self-governance as the most recent Ofgem letter that gave its preferred option on the interim solution just noted that this modification had been raised and that Ofgem “will consider the modification in due course” (as noted on page 8 of the draft workgroup report). This suggests that either Ofgem expects that the modification should be Authority Direction or that they will consider whether to call it in if it is Self-governance. In addition, we think that it would be useful to the industry for Ofgem to actively make a decision on this modification.

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

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

We have not conducted any analysis on the impact to costs.

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

Legal text has not been reviewed; however we provided comments on earlier drafts of the legal text that NGN have taken into account.

**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.*

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

We understand that there will be a requirement for a single unit rate relating to SoLR that encapsulates both directly connected customers and meter points connected through IGTs. This being the case, reconciliation against payments made to LRSP claims, should be straightforward.

At this stage, we are unclear how the proposal would be impacted should supplier failures in the industrial and commercial sector of the industry occur. The modification does confirm that Specified amounts will be calculated by proportion of domestic and non-domestic supply points within the network. It is not stipulated if or how SOQ volumes will be calculated to work alongside this.