

Representation - Draft Modification Report UNC 0840 (Urgent) Equalisation of prepayment and non-prepayment AUG factors

Responses invited by: **5pm on 13 March 2023**

To: enquiries@gasgovernance.co.uk

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

Representative:	Gareth Evans
Organisation:	ICoSS
Date of Representation:	13 March 2023
Support or oppose implementation?	Oppose
Relevant Objective:	d) Negative

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

The AUG process was implemented to ensure that the apportionment of Unidentified Gas was undertaken in an impartial and even-handed manner, based on the principle that Unidentified Gas costs are allocated to the market sector they originated from.

It should be noted that if the AUG believes it appropriate it can propose identical scaling factors for more than one EUC Band and/or Class. For example, the AUG table 21/22 & 22/23 did have the same scaling factors for both EUC Bands 1NI & 1PI, 2ND & 2NI and 2NI & PI. The fact it has not done for other EUC Bands & Classes indicates that the AUG believes that there is a case of having different scaling factors.

This modification removes the ability for the AUG to undertake its work in an independent manner and undermines the principle that the AUG will seek to undertake its assessment as freely as possible. This reduces the ability for the AUG to apportion costs in line with the principles of the AUG framework, so going against Relevant Objective (d).

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

We do not support the modification, but if it is implemented, our members will need time to incorporate the changes in scaling factors into its forecasts for Unidentified Gas.

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

This modification redistributes Unidentified Gas between customers what would have been allocated to the correct market sector otherwise. This will require costs for those customers with higher Unidentified Gas costs to have their prices recalculated.

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

We have not reviewed the legal text.

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.*

We appreciate that this modification has been raised at short notice and been granted urgent status, but we have concerns over the lack of detailed analysis in this modification of the significant impact that this change will have. In particular we note that the issues identified by the proposer have been in place for a considerable time and it is disappointing that this proposal has been raised at the last minute.

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

We note UNC Modifications 0831 & 0831A will introduce uniform scaling factors for all customers, or all Class 3&4 customers, resolving this issue without the need for the narrow intervention proposed in this change.