

Representation - Draft Modification Report UNC 0799

UNC arrangements for the H100 Fife project (100% hydrogen)

Responses invited by: 5pm on 20 May 2022

To: enquiries@gasgovernance.co.uk

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

Representative:	Claire Louise Roberts
Organisation:	ScottishPower
Date of Representation:	20 th May 2022
Support or oppose implementation?	Oppose
Relevant Objective:	<p>a) Efficient and economic operation of the pipe-line system</p> <p>Negative – we are unclear as to how the proposer can claim that the Mod will facilitate the more efficient and economic operation of the pipe-line system when it requires the installation of a completely separate parallel network, with customers’ services being moved back and forth between networks as they join/leave the project.</p> <p>c) Efficient discharge of the licensee's obligations</p> <p>Negative – While we recognise that this Modification would facilitate SGN’s recovery of the costs of the H100 project under Special Condition 3.9, we are not persuaded that the project itself can be described as an obligation.</p> <p>d) Securing of effective competition:</p> <p>(i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.</p> <p>Negative – We note the proposer’s view that the Modification will:</p> <p>“...ensure the continuation of consumers’ ability to switch gas Supplier (and Shipper) for hydrogen consumption.”</p> <p>However, while the proposals provide for customers to be able to switch supplier, they cannot be said to better facilitate switching compared to the status quo; rather, the proposer</p>

	<p>seems to be attempting to suggest that competition will not be undermined. This hardly meets the objective.</p> <p>Moreover, given the costs to implement the system and process changes that would be demanded by these proposals, we actually think shipper and supplier competition for these customers is likely to be severely dampened; especially in the current climate.</p>
<p>Relevant Charging Methodology Objective:</p>	<p>Not Applicable * <i>delete as appropriate</i></p>

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

ScottishPower does not support implementation of this modification and its associated XRN5298.

In addition, ScottishPower don't support this particular Mod because the structure of the trial puts an unnecessary burden on all supplies and shippers to recognise and accommodate hydrogen customers who want to switch.

The Mod talks about hydrogen opted customers being able to switch back "as they would be for a natural gas customer" ... ScottishPower understands that these customers will have to switch appliances so they're hardly going to have a smooth switching experience! It seems unlikely they are going to switch in and out of hydrogen so better to have agreed arrangements with a number of suppliers and shippers for customers to switch back to methane

We do not agree that Shippers should have to bear the cost of potentially extensive system changes in the absence of any discernible benefit.

The project plans to convert c. 300 existing domestic natural gas customers to 100% hydrogen. The impact to individual parties is currently unclear, as supply point information has yet to be communicated. Nevertheless, as noted above, we are concerned that the level of change that would be required of our internal billing and settlement systems, along with the extra training requirements that our customer service agents would need, mean that the costs to deliver UNC 0799 would be very considerable.

UNC 0799 comes along in the midst of a cost-of-living-crisis, at a time when energy suppliers are already facing unprecedented financial constraints, making this moment all the less opportune to be asking energy suppliers to incur such significant costs that must inevitably make their way onto customers' bills.

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

ScottishPower does not wish to take part in the trial.

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

We have not been able to complete a full impact assessment of this change in the limited time available; nevertheless, we firmly believe the change that would be required to implement UNC 0799 (and its associated XRN5298) would be of both material scale and cost to deliver.

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

No comment

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