

Representation

Draft Modification Report

0353 - Population and Maintenance of the Market Sector Code within the Supply Point Register

Consultation close out date: 04 March 2011

Organisation: EDF Energy

Representative: Stefan Leedham

Date of Representation: 04 March 2011

Do you support or oppose implementation?

Comments

Please summarise (in one paragraph) the key reason(s) for your support/opposition.

EDF Energy supports the intent of this proposal to ensure that the market sector code is populated within the supply point register. This may provide benefits to the development of future systems if it is possible to differentiate between Supply Points based on usage; however, we are unsure of the value of this amendment to the current arrangements. This proposal also introduces a requirement into the UNC on Shippers to notify the Transporters of a change of usage at a Supply Point that they are currently registered to. As noted by Wales and West Utilities (WWU) in their modification proposal this is already a requirement of Standard Licence Condition 17 (SLC 17) of the Supply Licence. This will therefore create an issue of dual governance for EDF Energy and other Suppliers who will face UNC and Supply Licence obligations. We note that a similar risk was present for the Gas Distribution Networks (GDNs) under modification 0231V. WWU, Scotia and National Grid Distribution (NGD) in their responses to 0231V felt that dual governance was not suitable and had to be resolved were the proposal to be implemented. We believe that the same issues of dual governance are present with this proposal and need to be resolved prior to implementation, hence why we are only able to provide comments.

Are there any new or additional issues that you believe should be recorded in the Modification Report?

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We believe that the issue of dual governance needs to be resolved and discussed. We note that in their response to 0231V WWU comment that implementation of 0231V: “will create a level of dual governance which is not acceptable or appropriate”. In their response to 0231V NGD note that: “to avoid issues associated with dual governance, in the event of implementation it will be necessary to ensure that provisions incorporated within the UNC are removed from their current locations”. Scotia also noted that: “Whilst SGN understands the intent of Mod 0231V, we have significant concerns in relation to the GT licence. If Mod 0231V were to be implemented without corresponding consequential changes being made to the GT licence, the GTs would be exposed to obligations set out in the UNC together with those already set out in the GT licence ... Therefore, in the absence of appropriate licence amendments being made in parallel with this modification proposal we do not support its implementation.” Given the concerns expressed by GDNs in relation to dual governance, we are disappointed that this proposal has been progressed that would create dual governance across the Supplier Licence and UNC. We believe that this issue could be simply resolved were WWU to vary this proposal so that the UNC requirements only applied to Shippers who did not also have a Supply Licence. This would close off the loop hole identified by WWU and also remove the issues identified associated with dual governance.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

We agree with the proposer regarding all of the relevant objectives, other than A11.1 (d) the securing of effective competition between suppliers and between shippers. We agree with the proposer that accurate energy allocation will have a positive impact on allocation; however, we do not believe that any of the allocation arrangements are impacted by population of blank Market Sector Codes (MSCs). Although UNC TPD G 1.6.13(c)(i) does allow the correction of erroneous AQs for domestic premises, this can only be enacted "where a change of gas supplier has occurred". UNC Proposal 0353 recognises that population of the MSC is a requirement of a supply point registration, and so implementation of this proposal will have no impact on the allocation of energy or the correction of erroneous AQs.

We also note that when the UNC panel considered Modification Proposal 0231V, the minutes of the meeting record that: "B Dohel, supported by the other Transporters, was concerned that the potential for inconsistency between the UNC scheme and the existing Licence based scheme could potentially create non-compliance with the Licence. This meant that, judging the UNC Modification Proposal on its own merits as a standalone Proposal, implementation could not be expected to facilitate the 'code relevant objective' of "the efficient discharge of the licensee's obligations under this licence"". We believe that the same potential for inconsistency exists with this modification and Supplier licences and so this may have a detrimental impact on A11.1 (d) with regards to effective competition between Suppliers.

We therefore believe that implementation of this proposal will carry a significant benefit to Transporters, based on the current code arrangements and licence requirements. We recognise that population of the MSC may facilitate the delivery of other modifications in the future which provide a benefit to Shippers; but we are aware that a modification proposal has to be judged compared to the current baseline. We therefore believe that implementation of this proposal will facilitate relevant objectives A11.1 (a), (b), (c) and (f).

Impacts and Costs:

What analysis, development and ongoing costs would you face if this modification were implemented?

To support the role out of new systems in 2011 we have undertaken a significant piece of data cleansing in 2009/10. Part of this was population of all MSCs in our portfolio. We therefore do not believe that we will face any development or operational costs as a result of implementation of this proposal. As previously noted this proposal would introduce dual governance on to Suppliers and so this proposal may introduce costs in the future if the UNC and Supply Licence requirements were not aligned. However at this stage we are unable to quantify these.

We also understand from the proposer that the intention is that if there is a minimal level of blank MSCs remaining at the end of the transition period then these could be populated by a manual work around rather than a systematised solution. We believe that this is appropriate and should be explicit in the proposal.

Implementation:

What lead-time would you wish to see prior to this modification being implemented, and why?

We would be able to accommodate a shorter lead time; however, we support the proposed timetable to accommodate other industry participants.

Legal Text:

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

As previously noted we have concerns that the proposed legal text, in particular Section G 1.9.10, will create dual governance for Suppliers. We believe that this should be amended so that it does not apply to Shippers who also hold a Supply Licence.

We also believe there is an error in the text with regards to the amendments suggested to Section G Annex G1 Paragraph 1 sub-paragraph (x). Currently this reads: "change in supplier where there is no change of Registered User in respect of a Supply Point." The suggested legal text proposes to amend this to: "change in the Market Sector Code;" This is replicated in the new sub-paragraph (xi), and so we believe that this is erroneous and the sub-paragraph (x) should read: "change in supplier where there is no change of Registered User in respect of a Supply Point;"

Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.

We believe that further consideration should be given to the legal and licence implications for auto-populating blank MSCs by the Transporters agent. The fact that a Supply Licence Condition exists to ensure that these are re-designated from "D" to "I" or vice-versa when a change of usage occurs suggests that the accurate population of these is viewed as important by Ofgem. We therefore believe that consideration is given as to whether an auto-population exercise is consistent with the need for an accurate MSC.