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Your Reference: UNC Modification Proposal 0634

UNC Modification Proposal 0634 - (Urgent) - Revised estimation process for DM sites with D-7 zero consumption

Dear Bob,

Thank you for your invitation seeking representations with respect to the above Modification Proposal which Cadent does not support.

Do you support or oppose implementation?

Oppose

Relevant Objective: d) Negative

Reason for support/opposition:

We believe that the measures identified within the Modification Proposal do not facilitate GT Licence 'relevant objective' d) 'Securing of effective competition between relevant Shippers.....' for the following reasons:

- The proposed solution introduces terms to the UNC associated with the derivation and provision of 'notional' daily meter readings at DM Supply Meters by the CDSP and Shippers Users. Other than for very specific circumstances, this principle does not presently feature within the UNC.
- The proposal is inconsistent with a fundamental tenet of the CDSP Funding Governance and Ownership (FGO) arrangements; that 'discretionary' Code terms impacting on the CDSP should not be in place in the UNC. Indeed, the relevant UNC modification (0565) removed several such discretions with broad industry support.

- The proposed solution does not feature any terms or guidance on how and on what basis the CDSP should exercise the 'discretions' identified within the proposal.
- There is no provision for the auditing or validating the accuracy of 'alternative' consumptions whether these are determined by the CDSP or Shipper User.
- It is unclear why Class 2 Supply Meters have been omitted.

Cadent's opinion is that an unintended consequence of the above is that, rather than reducing UIG, there is a risk of additional uncertainty being given to the volume of UIG presently existing. Consequently, this cannot be expected to facilitate GT Licence relevant objective d).

Implementation

We understand that subject to confirmation by the CDSP, this Modification Proposal can be implemented with immediate effect.

Impacts and Costs

No impacts or costs have been identified.

Legal Text

Legal text is not available.

Are there any errors or omissions in this Modification Report that you think should be taken into account?

Cadent believes that the objectives of this Modification Proposal have merit and notwithstanding the lack of guidance on the exercising of 'discretion' by the CDSP could be helpful in mitigating the current financial risks to the industry of Unidentified Gas (UIG), being an exceptional event. Mindful of this it is our opinion that subject to some alteration to the proposed solution components these could be applied on a transitional 'time limited' basis to overcome the immediate issues associated with the reading of DM Supply Meter Points.

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

We understand that there may be process difficulties associated with the ability for the CDSP to adhere to the business rules identified within the Modification. These are particularly associated with the necessity for relevant daily read data to be applied to the UK-Link system by the gas flow day D+5 'close out' deadline.

Therefore, primarily given the process issues impacting on the CDSP and the enduring nature of the relevant provisions we are unable to offer support for this Modification in its current form.

We trust that this information will assist in the compilation of the Final Modification Report. Please contact me on 07778 150668 (chris.warner@cadentgas.com) should you require any further information.

Yours sincerely,

Chris Warner

Industry Codes Manager, Regulation & External Affairs