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14th March 2019

Your Reference: UNC Modification Proposal 0665

UNC Modification Proposal 0665 - Draft Modification Report UNC 0665 Changes to Ratchet Regime

Dear Bob,

Thank you for your invitation seeking representations with respect to the above Modification Proposal which Cadent would like to support.

Do you support or oppose implementation?

Support

Relevant Objective:

a) Positive

d) Positive

Reason for support/opposition:

The efficient operation of the current Supply Point Ratchet arrangements to 'incentivise' Shipper Users to submit and not breach an accurate Daily Supply Point Capacity value (SOQ) for Daily Metered Supply Points, (as required by UNC TPD G5.3.3) is very important to Transporters and ultimately gas customers. The prevailing ratchet charging arrangements go some way to preventing breaches of the SOQ which would otherwise lead to unexpected demands being placed on the network that could prove difficult to manage especially during peak demand winter periods. However, Cadent acknowledges that the ratchet charging arrangements which currently also apply to **all** Class 2 Supply Points, regardless of their size or proximity, is not sustainable or necessarily required.

Cadent believes that this Modification, if implemented, would strike the correct balance between incentivising accurate SOQ submission for Class 1 Supply Points (and Transporter designated Class 1

Supply Points) with removing from the ratchet charging arrangements, those Class 2 Supply Points which pose little or no threat to the effective management of the network.

That said, the requirement in UNC TPD G5.3.3 (stated above) remains and as such we would not wish to see a degradation in the accuracy of Shipper User provided Class 2 Supply Point SOQs as a consequence of implementation of this Modification.

Self-Governance Statement:

We agree with the Self-Governance Statement within the modification that this is a material change to the UNC and therefore requires Authority approval.

Implementation

We note the proposer's desire that this Modification Proposal should be implemented as soon as possible following Authority direction in order for the arrangements to be available for the 2019/20 winter period. It is presently unclear whether a systematised solution can be achieved in the required timescales which may lead to a demand for a manual workaround to be developed. We note it is currently unclear in what form this might manifest itself.

Cadent understand the drivers for 'fast tracking' the changes required to deliver the new arrangements ahead of the forthcoming winter period. However, we believe it is important to ensure the required solution is fit for purpose, practical and efficient. We believe that a rush to implement a 'stop gap' measure in short timescales may give rise to sub optimal and non-cost effective options which could impact adversely on industry parties and ultimately customers.

Impacts and Costs

No impacts or costs have been identified.

Legal Text

We are satisfied that the Legal Text provided meets the intent of the solution.

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

We have not identified any errors or omissions.

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

We welcome the collaborative approach between GDNs and Shippers in the development of this Modification.

We trust that this information will assist in the compilation of the Final Modification Report.

Please contact me on 07884 113385 (andy.clasper@cadentgas.com) should you require any further information.

Yours sincerely,

Andy Clasper
Framework Specialist, Regulation & External Affairs