

Representation - Draft Modification Report UNC 0746**Application of Clarificatory change to the AQ amendment process within TPD G2.3 from 1st April 2020****Responses invited by: 5pm on 09 July 2021****To:** enquiries@gasgovernance.co.uk*Please note submission of your representation confirms your consent for publication/circulation.*

Representative:	David Mitchell
Organisation:	Scotland Gas Networks and Southern Gas Networks
Date of Representation:	9 th July
Support or oppose implementation?	Oppose
Relevant Objective:	d) Negative
Relevant Charging Methodology Objective:	c) Negative

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

This modification has been raised as a result of Modification 0736 which we supported. We are however unable to support this modification due to the retrospective element that this modification would introduce on AQ charges that would need to be revised. We believe that revising over a years' worth of AQ charges could have a detrimental impact to the market.

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

This modification will need a change to be made to central systems to identify AQ Corrections to facilitate this XRN 5286 has been raised. The implementation of this modification should therefore follow the timetable for making the necessary system changes.

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

Whilst SGN does not expect to see any development costs from implementing this change we would be impacted by the need to undertake an exercise to reverse and amend AQ charges for the period in question. At this point in time we are not aware of the impact that such an exercise would have on our revenue.

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

We are satisfied that the legal text reflects the intent of the modification.

Modification Panel Members have requested that the following questions are addressed:

Q1. Do Transporters have a view as to when the additional revenue would flow back to users; would this be within the Formula Year, (FY), it is collected or during the FY following collection?

From an SGN perspective the flow of revenue back to users is depended on when the modification and the solution are delivered. If there was an early implementation and delivery of the solution by October 21 then we could forecast the revenue to be returned in April 22 otherwise the revenue may not be returned until April 23.

Q2. Reasoning behind 01 April 2020 retrospective date?

SGN is unable to comment on the reasoning behind the 1st April 2020 retrospective date we believe that this is a matter for the proposer to articulate.

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.*

SGN has not identified any errors or omissions in this modification that need to be considered.

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

We have no further comments to add.