

Representation Draft Modification Report

Urgent Modification 0797 Last Resort Supply Payments Volumetric Charges

1. **Consultation close out date:** 4th January 2022
2. **Respond to:** enquiries@gasgovernance.co.uk
3. **Organisation:** Gazprom Energy
5th Floor
8 First Street
Manchester
M15 4RP
4. **Representative:** Steve Mulinganie
Regulation Manager
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0799 097 2568 / 0751 799 8178
5. **Date of Representation:** 31st December 2021
6. **Do you support or oppose Implementation:**
We **Support** implementation of the Modification
7. **Please summarise (in 1 paragraph) the key reason(s) for your position:**
The Modification aligns the approach in the electricity market and is consistent with Ofgem's minded to position in its letter of the 7th December 2021 and stated aim of allocating Supplier of Last Resort (SoLR) costs to the market sector from which they originate i.e. polluter pays.
8. **Are there any new or additional Issues for the Modification Report:**
No
9. **Self-Governance Statement Do you agree with the status?**
Not Applicable
10. **Relevant Objectives:**
How would implementation of this modification impact the relevant objectives?
We **agree** with the proposer that this modification is positive in respect of Relevant Objective(s) **(a) and (c)**

(a) It ensures DNO's cost recovery is better targeted and reduces the level of cross subsidy

(c) The proposal better targets costs between market sectors thus reducing the levels of cross subsidy and thereby supporting the promotion of effective competition between Gas Shippers and Suppliers

We note that the use of a Volumetric approach will more effectively allocate costs, within the relevant sector, as opposed to a flat standing charge as proposed in 0687V.

In evaluating both 0687V and 0797 and considering which better facilitates the relevant objectives, the ability for either to be implementable from 1st April 2022 has been a key assumption. If 0797 cannot be implemented from the 1st April and 0687V can be implemented, then we would prefer 0687V over 0797 due to the undue detrimental impact on non-domestic customers of any implementation post 1st April 2022.

11. Impacts & Costs:

What analysis, development and on-going costs would you face if this modification was implemented?

We **have not** identified any significant costs associated with the implementation of this modification

12. Implementation:

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

This modification needs to be **implemented as soon as reasonably practicable to allow the changes to take effect in April 2022.**

13. Legal Text:

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

We **have not** reviewed the Legal Text provided.

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

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

No.