

Representation - Modification UNC 0797 (Urgent)

Last Resort Supply Payments Volumetric Charges

Responses invited by: 5pm on 04 January 2022

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Phil Broom
Organisation:	ENGIE Gas Shipper Limited
Date of Representation:	4/1/2022
Support or oppose implementation?	Support
Relevant Charging Methodology Objective:	<p>a) Positive</p> <p>c) Positive</p>

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

Given the significant and unforeseen (at the time of the original modification) surplus wholesale costs which are sure to feature in forthcoming LRSP claims it is even more important now that costs arising from SoLR are attributed to the initiating market sector. Accurate cost attribution will avoid cross subsidy of costs between consumer types and better allow for cost recovery via the Ofgem price cap allowances going forwards.

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

As recognised in Ofgem's "minded to" letter for UNC0687 it is crucial to have a decision on cost allocation prior to the notification of final price cap allowances by February 2002 if the resulting increases in DN charges are to be applied in 2022/23 formula year. All market participants need clarity on their charging base to allow for accurate consumer pricing, their own accounting purposes, and to allow the speedy recoup of LRSP claims for those suppliers inheriting consumers as part of the SoLR processes.

The implementation of the charge itself is less important than having clarity on the decision. If there is a delay to the creation of the new charge type, costs can be accrued for whilst implementation is finalised.

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

All market participants require clarity on their cost base as soon as possible to accurately price forward looking contracts, for accounting purposes, and to inform affected customers in advance of any potential impacts to their transportation costs.

This solution is more complex to administer with more complex charging method and more complex invoice validation than 0687V and hence we prefer the original solution.

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

Unable to assess due to time constraints.

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.*

Nothing at this stage.

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

N/A