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Your Reference:UNC Modification Proposal 0450/450A/450B

UNC Modification Proposal 0450/045A/0450B: Monthly Revision of Erroneous SSP AQ's outside the User AQ Review Period

Dear Bob,

Thank you for your invitation seeking representations with respect to the above Modification Proposal and alternates none of which National Grid Gas Distribution (NGD) supports.

Do you support or oppose implementation?

450 – Not in support

450A – Not in support

450B – Not in support

Please summarise (in one paragraph) the key reason(s) for your support/opposition.

All 3 Modifications provide for an additional Annual Quantity (AQ) review opportunity to be created outside of the current AQ review periods. We understand the original intent of Modification 0450 was to enable an incoming User to rectify a newly acquired MPRN erroneous AQ. The proposer claimed acquiring a new site with an erroneous AQ could have a significant impact on a User's financial position if this could not be rectified until the next AQ review period. The proposer argued that this had a greater impact on smaller Shippers.

During the development of Modification 0450, references to the requirement that only newly acquired MPRNs could be considered in scope were removed. The Modification therefore simply seeks to extend the current AQ review period for all MPRNs within a User's portfolio whether newly acquired or not; Modification 450B also does not limit AQ changes to newly acquired MPRNs. Modification 0450A retains the link to the original intent by limiting changes to newly acquired Supply Points only.

NGD believes that the requirement for an additional AQ review period is at least in part as a consequence of failure by Users to adhere to existing UNC obligations, in particular those referring to the provision of timely and accurate Meter Readings. NGD also questions whether adequate

justification or analysis has been provided for this Modification which is likely to afford only one additional review period prior to Project Nexus implementation. If this change were implemented it would be both a complication and distraction to Xoserve, exacerbating the change congestion which already exists in Xoserve's workbook leading up to Nexus.

It will be noted that NGD has raised Modification 0432 which we believe provides an enduring solution by overcoming perceived inadequacies in the current regime by introducing monthly AQ re-calculation.

Are there any new or additional issues that you believe should be recorded in the Modification Report

We have not identified any such issues.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

Standard Special Condition A11.1 (d): Securing of effective competition

NGD believes the link to this relevant objective to be tenuous. As mentioned previously, it is at least in part a failure to adhere to existing UNC obligations which causes erroneous AQs.

Impacts and Costs:

Costs of between £160,000 and £230,000 have been identified by Xoserve to develop a systemised solution for the 1 year this process would be in place prior to Project Nexus go live in 2015. We would question whether adequate analysis has been carried out to justify that this spend is economically efficient.

Implementation:

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

NGD acknowledge the aspirational implementation dates of either 01 September or 1st October 2014.

Legal Text:

NGD provided the Legal Text and is satisfied that the drafting as published by the Joint Office within the Draft Modification Report meets the requirements of the Modification Proposal.

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

No further matters have been identified.

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

Please contact me on 01926 655299 (andy.clasper@nationalgrid.com) should you require any further information.

Yours sincerely,

Andy Clasper
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