

UNC Representation received by Email

0688 - Recovery of Shipper Losses incurred in Supplier of Last Resort events

Date: 03 June 2019

Organisation: Regent Gas Limited (Web: <http://regentgas.co.uk>)



Abstract:

Questions: Posed by Regent Gas

Answers: Provided by Contract National Gas Limited (Proposer of Modification 0688)

Question 1) Is there any cases where after the supplier has been appointed as of last resort, the said supplier has chosen a new shipper?

Answer: *Yes. In most cases the shipper has changed as these sites moved automatically to the SoLR supplier's shipper. There will be a period of time where the site is under law registered to the new, SoLR, supplier and so the new shipper, but the Xoserve system has not caught up. This is what the Modification is trying to address. In some cases, during an SoLR event the gas shipper would remain the same even though the supplier changes, in this event there would be no impact from a UNC point of view as the Shipper does not change and this Modification would not take effect.*

Question 2) Does this proposal apply for the shippers which ship only for their customers or also the ones which ship also for third party customers?

Answer: *Both*

Question 3) Once the supplier has been put into administration, the SoLR can recover some costs. Is there a way that the shippers can oblige the SoLR to have its cost recovered as well?

Answer: *Contract National Gas have changed the commencement trigger for this process to when the SoLR direction takes effect. At that point the defaulting supplier has no meter points under law and so realistically there is no way for the shipper to recover these costs. Up to that point they do and we have changed the modification to recognise that.*

Question 4) Could it be possible to put an entry condition for the shipping licence? As an example, the shippers could mitigate their own risk and secure a deposit or provision before being granted a licence.

Answer: *Yes - Contract National Gas completely agree that this is the best place for these costs to be handled and considered – however Ofgem has not responded to attempts at engagement. Contract National Gas may get an update at the next Transmission workgroup meeting on the 6th June 2019 (see <http://www.gasgovernance.co.uk/tx/060619> for more details).*

Question 5) We wonder whether, by self-governance, it means that the shipper's enrolment to the scheme is facultative?

Answer: *Contract National Gas has not yet updated the Modification as they are awaiting the next transmission workstream for discussion, but the Modification is now for Authority decision – it will apply to all Shippers in any event.*

Regent Gas Limited

To conclude, Regent Gas Limited have some comments on the proposal itself. As the past months, there were a lot of energy companies going out of business, Regent Gas Limited would really appreciate if you could share any information you could have on the impact of the failures on small gas shippers. Although the CDSP decision regarding the cost recovery is only at their sole discretion, Regent Gas Limited think that the lack of clear guidance in their decision could lead to some frustrations and jeopardize the shipper's forecast of cash. It could be great to set up some guidelines to the shipper.

Regent Gas Limited understands that the CDSP has 30 days to check the shippers' request and reply to them. For instance, if the CDSP replies to the request of the shipper on day 29 and the shipper would like to appeal and there is a back and forth communication between both parties, the process can be very long and resource consuming for the shipper.

Contract National Gas Limited

Contract National Gas Limited (Proposer of Modification 0688) has added some detail on what is expected, reflecting existing processes.

The updated Modification (v2.0) is here

<http://www.gasgovernance.co.uk/0688/060619>

This is based on the existing process for Customer Settlement Error Claims