Joint Office of Gas Transporters

Representation – Modification UNC 0700 (Urgent)

Enabling large scale utilisation of Class 3

Responses invited by: 5pm on 07 August 2019

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:	2nd August 2019
Support or oppose implementation?	Qualified Support
Relevant Objective:	**f)** Positive

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

SGN is offering qualified support to this modification as it should provide stability to the CDSP's central systems when the anticipated migration of sites from class 4 to class 3 takes place, as a result of the UIG weighting factors being amended from October 2019.

We support this modification, as we consider that the solution offers a tactical approach to enable the UK Link system to accommodate the increased take-up of class 3, whilst avoiding potentially expensive technical investment and reinforcement. However, our support is qualified, as we do have concerns that business rule 5 is insufficiently developed, and as a result the management of allocation of capacity in the systems may become compromised if there is a spike in the volume of sites handled by the CDSP. We are also concerned that the DSC Contract Management Committee will be expected to act as the backstop to make decisions should there be system capacity issues - given the potential commercial impact of any limitation on User Class 3 Daily Capacity submissions, we consider that greater clarity on the process and defined criteria for submission limitations should be developed and accounted for in this modification.

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

Due to this being an urgent modification we would expect that implementation will take place shortly after the modification is approved.

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

SGN does not expect to have any system development costs resulting from this modification. Any increase in UK Link capacity which may be needed because of this modification should be funded by Shippers.

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

Legal text is yet to be reviewed.

Are there any errors or omissions in this Modification that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

This modification is focusing on ensuring that the CDSP has the capability to manage the expected increase in Class 3 meter point read submissions, and our response and support is based on this scope.

However, there is the related issue of whether, and how, a significant migration of sites between sites will actually impact UIG levels. Currently 92%* of Class 4 sites provide a minimum of one read per annum. Should these minimum-read sites be moved to Class 3, there is the risk that a proportion of sites within this class could continue to provide only one actual read per year, resulting in eleven estimated reads. Whilst these sites would benefit from the lower UIG sharing factor, it is difficult to see how their existing read performance would actually lead to any improvements or reductions in the UIG values.

Whilst this is a related issue, we do not consider that this is within the scope of Mod 0700.

We also note that Modification 0700, in combination with Modification 0664 *Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4* could result in a site effectively cycling between Class 3 and 4. Whilst this risk should be considered and mitigated where possible, we consider that this should be accommodated within modification 0664 and should not delay progression of Modification 0700 and its related solution.

*data provided by Xoserve during Mod 0700 development workgroup

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

N/A