

## Representation

### Draft Modification Report

#### UNC 0664: Transfer of Sites with Low Valid Meter Reading Submission Performance from Classes 2 and 3 into Class 4

1. **Consultation close out date:** 19<sup>th</sup> March 2020
2. **Respond to:** [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)
3. **Organisation:** Gazprom Energy  
5<sup>th</sup> Floor  
8 First Street  
Manchester  
M15 4RP
4. **Representative:** Steve Mulinganie  
Regulation Manager  
[stevemulinganie@gazprom-mt.com](mailto:stevemulinganie@gazprom-mt.com)  
**0799 097 2568** or **0751 799 8178**
5. **Date of Representation:** 19<sup>th</sup> March 2020
6. **Do you support or oppose Implementation:**  
We **Do Not Support** implementation of the Modification
7. **Please summarise (in 1 paragraph) the key reason(s) for your position:**  
In principle we support the intent of the proposal however we believe the proposed solution creates undue discrimination between Suppliers who use a third party Shipper and other Suppliers who do not. As we have set out to the proposer we **believe any test should be at the relevant Supplier level** which would ensure parties are treated fairly and equitably and no undue discrimination occurs due to the relative performance of another relevant Supplier.
8. **Are there any new or additional Issues for the Modification Report:**  
No
9. **Self-Governance Statement Do you agree with the status?**  
NA

#### 10. Relevant Objectives:

*How would implementation of this modification impact the relevant objectives?*

We **disagree** with the proposer that this modification is positive in respect of Relevant Objective (D) as it introduces arrangements that lead to the different treatment of Suppliers dependant on whether they do or do not utilise a third party Shipper

#### 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 this modification however we **would note** that the cost for implementing the solution in central systems are estimated to be between £140-£220k but no details of the actual financial benefits are provided.

#### 12. Implementation:

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

We believe a **substantial notice period** should be provided as it may lead to the requirement to make substantial changes to commercial arrangements to reflect the consequential impact of another Suppliers performance impacting a Supplier utilising a common third party shipping arrangement.

#### 13. Legal Text:

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

We have **no** comments on 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.*

We note the additional question added to the consultation

##### **Q1: Consider whether proposal has an impact on Shippers who ship for other parties?**

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We have highlighted these concerns, throughout the proposals development, namely that the proposed solution fails to address the scenario were a Shipper provides shipping services for third party Suppliers.

**Q1: Consider whether proposal has an impact on Shippers who ship for other parties?**

In such circumstances there will be a number of relevant Suppliers using a third party Shipper and determining compliance at the relevant Shipper level instead of the relevant Supplier level risks compliant Suppliers being unfairly and unduly penalised.

The provision of meter reads is not a relevant Shipper driven activity instead it is the relevant Supplier who is the key party who has the direct contractual relationship with the consumer and accordingly undertakes meter reading activities primarily for billing purposes.

Third Party Shippers provide choice a key route to market for new Suppliers entering the competitive market enabling innovate service offering for consumers across both the domestic and non-domestic energy markets. A regime that penalises relevant Suppliers performing above the required standard due to other relevant Supplier/s not meeting their targets is inherently unfair when performance can be measured at the relevant Supplier level thus ensuring a level playing field for market participants whether they self-ship or utilise a third party shipping arrangement.