

Representation - Draft Modification Report UNC 0831 0831A
0831 – Allocation of LDZ UIG to Shippers Based on a Straight Throughput Method

0831A - Allocation of LDZ UIG to Shippers (Class 2, 3 and 4) Based on a Straight Throughput Method

Responses invited by: 5pm on 19 October 2023

To: enquiries@gasgovernance.co.uk

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

Representative:	Kirsty Dudley	
Organisation:	E.ON	
Date of Representation:		
Support or oppose implementation?	0831 - Oppose 0831A - Oppose	
Alternate preference:	<i>If either 0831 or 0831A were to be implemented, which would be your preference?</i> 0831/ 0831A	
Relevant Objective:	<p>0831</p> <p>d) Negative</p> <p>f) Negative</p>	<p>0831A</p> <p>d) Negative</p> <p>f) Negative</p>
Relevant Charging Methodology Objective:	Not Applicable	

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

We do not support the implementation of either modification. Both options incorrectly categorise UIG as modelling errors, and although the modelling may have flaws (which are constantly being investigated), the modelling has successfully identified contributors to UIG.

We believe there are incorrect conclusions being presented e.g. that if all sites were daily read that UIG would not be present. We conclude that with issues such as read submissions, faulty assets or problems with measurement errors, there is likely to always be some form of contributing factors to UIG. PAC is also addressing read submission issues so even with 100% read submission success, there will still be factors which would then become invisible if either of these proposals were implemented. This leads to

a negative impact to the proposed relevant objectives and why we do not believe the approval of either will improve the current position.

Mod 0831A allows for Class 1 exclusion from UIG, and although their contributions are smaller in impacted site counts, the impacts to UIG can be significant for just 1 site. This was evidenced by the read submission issues post Project Nexus implementation. To bring in exclusions, brings in invisible impacts which would therefore be harder to identify and bring more work for industry to unpick, and for PAC to address.

These options were also explored as part of Project Nexus design and they were discounted, the reasons they were discounted we don't believe have been addressed in these proposals. Implementation of either of these modifications would instead lead to further complexity in the gas market, which the current modelling is already addressing.

We recognise the issues the proposers are trying to achieve but our belief is these modifications would make an already complex process even harder. It would not be a silver bullet. Instead, parties would benefit from being more involved in working with the recommendations of the AUGE / PAC and concentrating on getting the known issues resolved. This way we can work towards working out what the actual contributing factors are and resolving them.

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

We do not support this, but if approved we'd recommend at least a 6 months implementation to ensure any unintended impacts are flagged so they can be addressed.

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

We anticipate this will cost the industry more and it will be harder to spot. We are unable to out £ to this, but we'd anticipate having to put more FTE towards the process to monitor our impacts.

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

No comments

Modification Panel Members have requested that the following questions are addressed:

Q1: Do you have views on the effect of these two alternatives on end consumers?

These modifications would remove the polluter pays principle and would lead to larger consuming sites subsidising smaller sites rather than the costs being targeted at the sites causing the issues. This will obviously lead to some consumers being charged more inappropriately. If we are going to knowingly implement one set of consumers subsidising another we would prefer this was done for good reason (such as a social tariff) rather than as an unintended consequence of this modification.

Q2: Is the process in electricity comparable? (please explain)

We do not support comparing the two processes as the markets are different in approach and how it is delivered. We support sharing learnings but you cannot apply anything from electricity directly into gas.

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.*

No comments.

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

No comments.