

Representation - Draft Modification Report UNC 0674

Performance Assurance Techniques and Controls

Responses invited by: 5pm on 24 May 2021

To: enquiries@gasgovernance.co.uk

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

Representative:	Dan Fittock
Organisation:	Corona Energy
Date of Representation:	24/05/2021
Support or oppose implementation?	Oppose
Relevant Objective:	<p>d) Negative</p> <p>f) Negative</p>

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

We do not support this modification for a number of reasons:

- Oversight:** Removing the PAC from the oversight of the UNCC removes the escalation route for any PAC related issues within UNC governance. Based on the issuing PC4 performance letters to Shippers that were issued on 24th December 2020 relating to a drop in performance, even in light of the ongoing Covid-19 pandemic and the government mandated shutdown of a large percentage of the non-domestic sector, we are not confident in the objectivity of the PAC in its current format and strongly believe that UNCC oversight is required in order to allow UNC Parties to make appeals against decisions made by the PAC.
- Smart Metering:** With the continued smart metering programme and subsequent rollout the expected workload of the PAC is likely to reduce over time as more accurate and automated meter readings should increase exponentially as the rollout continues. On this basis we do not believe that providing PAC with additional vires is required as individual Shipper performance is likely to increase in the next 5 years.
- Retail Energy Code Performance Assurance:** With the performance assurance arm of the Retail Energy Code continuing to develop and being placed as a centralised location for retail performance assurance, we do not believe that these changes are required under the UNC. Additionally the additional vires being tabled as part of this modification appear to be sweeping and wide-ranging with insufficient rationale for this proposed change.

- **Non-Code Parties:** This modification seeks to place requirements on non-UNC parties via commercial relationships with UNC parties. We do not believe that the UNC has the vires to place requirements or impose interaction on these non-code parties, and we do not think it is appropriate to attempt to interact with these parties via private and confidential bilateral arrangements with UNC parties as these are far outside of the scope of the UNC and may hinder commercially sensitive arrangements.
- **Performance Assurance Objective:** Based on the drafting of the modification, it appears to introduce an overarching Performance Assurance Objective into the UNC. This objective seems to place Performance Assurance before any other aspects of the UNC, including placing it in primacy above even the existing Relevant and Charging Objectives. We strongly believe that the suggested Performance Assurance Objective will materially detriment the nature of the modification process and reduce the innovation that the UNC modification process currently enjoys and negatively impact Relevant Objective F. Reduction of innovation will also have a detrimental impact on competition and have an overall negative impact on Relevant Objective D. The Relevant and Charging Objectives of the UNC must remain the primary drivers for code change and not be skewed for the secondary purpose of performance assurance. As with all industry codes, the UNC must remain an agreement which primarily addresses inter-party interactions and not merely a vehicle to monitor party settlement performance.

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

N/A

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

The impact of these proposals will result in a material reduction to innovation in the UNC modification process.

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

N/A

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

Q1: Provide a view on whether respondents think it is appropriate to impact non-UNC parties with this proposal?

As above, we do not think it is appropriate for this modification to introduce measures that may impact non-UNC parties. Additionally these parties may not be aware of this consultation and as non-UNC parties, they have not had an opportunity to provide their views on this modification.

Q2: Consider impact of proposal for the overarching principle to apply to Modification Panel, UNCC, Sub Committees and Parties as set out in business rule 2a.

As above, the introduction of an overarching Performance Assurance principle to the UNC will stifle innovation in the current modification process.

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.*

N/A

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

N/A