

Representation - Modification UNC 0721 (Urgent)

Shipper submitted AQ Corrections during COVID-19

Responses invited by: 1pm on 27 April 2020

To: enquiries@gasgovernance.co.uk

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

Representative:	Paul Youngman
Organisation:	Drax
Date of Representation:	27/04/2020
Support or oppose implementation?	Qualified support.
Relevant Objective:	d) Positive

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

We offer qualified support for this modification, on the basis that we support the intent of the proposed modification but we believe it should apply equally to all non-domestic consumers and not just EUC code 2-9 meters. This may require an additional urgent modification to extend relief to non-domestic EUC code 1 meters.

We believe that the intent of the modification is to improve the accuracy and quality of the information in central systems that will enable shippers and others to manage the impact of demand fluctuations caused by the COVID 19 pandemic in a practical and proportionate manner. In doing so we agree that this measure should benefit customers by maintaining effective competition in the non-domestic market in accordance with relevant objective (d) and ensure that charges to customers proportionately reflect the impact of measures taken to comply with COVID 19 measures.

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

Implementation could be swift including with the provisions being extended to non-domestic EUC code 1. This was not included in this modification as there is a perceived risk that the CDSP would not be able to manage larger volumes of change. We believe this risk could and should be managed by the CDSP and we would support Ofgem directing that the provisions of the modification should apply to all EUC codes, albeit recognising that may require an additional UNC modification. The risk otherwise is that smaller non-domestic consumers may be disproportionately allocated UIG charges compared to larger non-domestic consumers, as shippers will not be able to

appropriately reflect the changes in consumption for this EUC code. Moreover, this arbitrarily different approach to treatment across non-domestic consumers would distort competition in the non-domestic market, as it implicitly favours non-domestic shippers/suppliers with customer portfolios biased towards larger consuming customers (i.e. those above EUC Code 1).

We are conscious that there is a requirement for appropriate monitoring of this modification which should be delegated through the UNC panel to the PAB. We would also anticipate that Ofgem will expect that transporters and other industry parties develop appropriate restoration plans to reinstate normal industry arrangements that have been suspended or altered temporarily for the purposes of responding to COVID 19.

Finally, we are conscious that the development of this proposal has been rapid with little opportunity to analyse all potential consequential impacts that may need to be mitigated. For instance, there has not been opportunity to understand how the provisions would operate if parts of GB (e.g. geographic regions or specific industries) were still under COVID measures or COVID measures currently in force were lifted and then reinstated under the same powers.

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

As identified in the modification proposal, there are no immediate specific costs or IT system changes required to implement these changes. There may well be implications for Users to resource, record, implement and potentially adjust the relevant AQ once restrictions are lifted.

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

Yes, as far as EUC code 2-9 is concerned. However, we believe that it should also include provision for Non-Domestic EUC code 1. We also note that the legal text includes an error in that it references to legal text in proposal UNC 0723 which would not be applicable if UNC 0723 were not implemented. This also seems inconsistent with the intent of the modifications to operate independently which was confirmed to the distribution workstream.

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.*

Yes. As outlined above the change cannot be applied to non-domestic EUC code 1 sites. We also note that the definition of relevant period is made with reference to Schedule 22 of the Act and presume that this is in relation to the relevant powers to close premises. As outlined above we do not view this as an impediment to implementation if further work is undertaken to ensure an appropriate restoration plan is developed under panel.

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

No comment provided

