

## Representation - Draft Modification Report UNC 0765

### New retrospective debit and credit charges to reflect changes to the treatment of Entry Capacity Revenue between October and December 2020

Responses invited by: **5pm on 20 September 2021\***  
**extended to 5pm on 24 September 2021**

To: [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

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

<b>Representative:</b>	Giulia Barranu
<b>Organisation:</b>	EDF Trading
<b>Date of Representation:</b>	24 September 2021
<b>Support or oppose implementation?</b>	Oppose
<b>Relevant Objective:</b>	<b>c)</b> Negative <b>d)</b> Negative <b>g)</b> Negative
<b>Relevant Charging Methodology Objective:</b>	<b>a)</b> Negative <b>b)</b> Negative <b>c)</b> Negative

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

EDF Trading welcomes the opportunity to respond to this consultation.

We believe that this modification should not be implemented since it does not meet any of the Relevant Objectives for the following reasons:

- It creates a significant regulatory risk for the GB market due to the proposed retrospective nature of the solution.
- It states that the revenue was not appropriately collected. We disagree with this statement, since the process was administrated according to the rules in place at that time.
- Although the revenue was allocated according to the rules, the solution forces a redistribution of this revenue among shippers, creating winners and losers. This action would have a negative impact on competition.

- It states that consumers will benefit from this proposal but it does not clearly indicate how. Instead, we see a negative impact on consumers due to the retrospectivity of the solution, which undermines market confidence.

Further, the proposal doesn't meet the three Ofgem's criteria on retrospectivity, since, for the reason mentioned above, the fault or error was not directly attributable to central arrangements; the combinations of circumstances could have been foreseen; and the possibility of retrospective action had not been clearly flagged to the participants in advance. The possibility to apply a retrospective solution was mentioned in a meeting in November 2020 but this was not a formal announcement to the whole industry and there was no indication that the retrospective actions would have been applicable from October 2020.

We wish to stress the importance of certainty and predictability of the rules applied to the market and express our concerns on the distortions that this modification will create if implemented.

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

We recommend for this proposal to be rejected.

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

-

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

-

**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.*

We believe that the Modification Report should have highlighted in a comprehensive way the detrimental impact on the GB market due to the application of retrospective changes.

The report does not include a detailed impact assessment on how the redistribution of the revenues will take place and on how consumers will be impacted by the solution

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

-