

Representation - Draft Modification Report UNC 0711S

Update of AUG Table to reflect new EUC bands

Responses invited by: 5pm on 12 March 2020

To: enquiries@gasgovernance.co.uk

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

Representative:	Gareth Evans
Organisation:	ICoSS
Date of Representation:	12 March 2020
Support or oppose implementation?	Support
Relevant Objective:	d) Positive

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

This modification corrects a misalignment between the AUG process and industry settlement processes. Updating the AUG table with the End User Categories currently used by Xoserve will allow the AUG to allocate UIG costs more accurately by EUC band, rather than smearing these costs at an aggregate level for EUC Bands 1 & 2. This will improve cost targeting, furthering competition and so promoting relevant objective (d)

The cost of the change, a single charge of £115-£185k, should be compared against the cost to the market from UIG of £800,000¹/day. This change will improve cost targeting and incentivise actions by shippers to address the source of these costs in their portfolio. We believe this industry investment is therefore justifiable as we expect a net positive financial gain for the market, and eventually customers, over time.

Self-Governance Statement: Please provide your views on the self-governance statement.

We agree that this modification should be self-governance.

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

We agree with the October 2021 implementation date as this will provide the AUG time to take into account the revised table when compiling the AUG statement.

¹ Derived from a snapshot of 10 March, total LDZ D+1 demand 2,073 GWh, UIG 3.15% (Xoserve latest view), price 35.65 p/th (Platts Winter 20 prices)

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

Our members will see a more appropriate cost targeting will improve cost forecasting and so reduce wholesale balancing costs. There will be no change to operating costs.

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

ICoSS has not reviewed the legal text.

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.

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

No.