

Representation - Modification UNC 0797 (Urgent)

Last Resort Supply Payments Volumetric Charges

Responses invited by: 5pm on 04 January 2022

To: enquiries@gasgovernance.co.uk

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

Representative:	David Mitchell
Organisation:	Scotland Gas Networks Ltd & Southern Gas Networks Ltd
Date of Representation:	4 th January 2022
Support or oppose implementation?	Support
Relevant Charging Methodology Objective:	<p>a) Positive</p> <p>c) Positive</p>

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

SGN Supports this modification proposal as it will provide a transparent allocation of charges between the domestic and non-domestic consumers. We believe that by using a volumetric approach this modification will ensure that end users' proportion of the SoLR charge is representative of their gas usage, this should result in lower charges for some vulnerable customers and fuel poor customers.

This modification supports Relevant Charging Methodology (a) as it is likely to result in charges that are more appropriately targeted, which will be reflective in the costs from a SOLR that will be attributed to either the domestic or non-domestic customers on the network as directed by the authority. We also believe that this modification facilitates Relevant Charging Methodology (c), as it will allocate costs to the relevant category of supply meter points resulting in less cross subsidisation between domestic and non-domestic consumers. As the charges in this modification are based on a volumetric approach, we believe that they will be fairer.

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

We believe that this modification should be implemented as soon as possible to provide industry parties with the certainty of the charges that will be levied.

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

No material costs to SGN have been identified from implementing this modification.

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

We are satisfied that the legal text will deliver the intent of the modification.

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.*

None identified.

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

SGN is supportive of both this modification and UNC modification 0687V that have been raised in relation to SoLR Charges. If we had to choose one modification over the other to be implemented then we would prefer 0797 to be implemented as it has the potential to lower the SoLR charge applicable to bills of vulnerable and fuel poor customers and those who may use less gas. We are also aware that the electricity market has implemented a similar volumetric SoLR charge therefore 0797 would align with this approach.