

Representation - Draft Modification Report UNC 0625

Extension of 4 months to 10 months to transfer non-mandatory sites from Class 1

Responses invited by: **5pm on 02 November 2017**

To: enquiries@gasgovernance.co.uk

Representative:	Richard Pomroy
Organisation:	Wales & West Utilities Ltd
Date of Representation:	2 nd November 2017
Support or oppose implementation?	Comments* <i>delete as appropriate</i>
Relevant Objective:	d) None* <i>delete as appropriate</i>

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

We note that the industry has been trying to provide an alternative to and then remove what was previously known as DM Voluntary (DMV) for a number of years and therefore it is disappointing that this may be further delayed. We are not entirely clear whether the lack of migration of DMV sites is due to technical issues or Shipper related resource issues and without this clarity it is difficult to form a view on whether this modification should be implemented.

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

Given the tight timescales implementation should be immediately following an Ofgem direction.

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

Our contract for the provision of Daily Reads allows us to continue the service for these sites for the extension period.

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

Yes.

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

Q1: Respondents are to consider the materiality of the proposed modification and provide evidence (where available) to demonstrate the potential impacts should it be implemented.

WWU is only able to comment on materiality on the basis of the number of sites. WWU has around 70 and, although some of these sites may be large, we cannot see that on the basis of numbers the impact of requiring them to move to another Class is material to competition.

Q2: Following consideration of representations, it is recommended that Panel test the materiality of the modification against the self-governance criteria, prior to making a recommendation/determination on the Final Modification Report.

On the evidence available to us we believe that this modification satisfies the self-governance criteria.

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, but more information from the proposer on the precise impediment to migration would have enabled us to provide a more informed response.

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

The reason for the lack of migration of DMV sites from Class 1 to other Classes is not entirely clear. It may be due to technical difficulties due to some sites not sending read data due to the well documented DM read problems which are largely related to asset validation. Alternatively it could be due to lack of resource at Shippers perhaps due to resources being diverted to other work.

If it is the former then we note that although there are still some Class 1 sites where there are read problems nearly 90% of reads submitted for these sites are successfully loading into UK Link and so there is scope for some at least of the DMV sites to migrate. To date 8 DMV sites have migrated on WWU's network 5 to Class 2 and 3 to Class 4.

If it is the latter then there may be an argument for an extension if a clear case has been made as to why there is an industry benefit for the diversion of resource. If there are only company benefits from diversion of resource it is not clear that an extension is justified.

We note that the removal of what was called DM Voluntary or DMV in pre-Nexus terms has been intended for several years but has been postponed on several occasions.

DM Elective was introduced by Modification 0224 (raised by GDF Suez), supported by a number of I&C Shippers in their consultation responses and implemented in November 2010; however no Shippers subsequently made use of it.

Modification 0345 was raised by WWU which proposed a phased removal of the DMV service between 1st April 2014 and 1st October 2014 was implemented on 1st October 2013 following a direction letter from Ofgem published on 16th December 2011.

Modification 0441 (raised by Gazprom the proposer of mod 625) proposed to continue the DMV service until Project Nexus go live was implemented on 1st October 2013.

Modification 0514 (raised by what is now Cadent) then extended the provision of the DMV service to Project Nexus implementation date plus 6 months (the end of November 2017) because evidence emerged that transition around Nexus go live would be difficult.

We are therefore concerned that there is a history of delay in the removal of the DMV and are concerned that if this modification is implemented then a further modification will be raised extending the service for another period.