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Dear Julian,

Representation for Modification Proposal 0143: “Reduction of lapse periods in respect of Failure Notices issued in respect of Energy Balancing Credit”.

Thank you for the opportunity to comment upon this modification proposal, the implementation of which WWU supports.

Last year British Gas Trading (BGT) raised modification proposal 0102 following discussions at the EBCC about the financial exposure to Users from smeared energy balancing charges in the event of a shipper failure, and the ways in which that exposure could be mitigated. It sought to reduce that risk by limiting the period over which debts could accrue prior to a termination notice being issued.

Ofgem did not direct implement of proposal 0102, a primary concern being that the proposed regime would lack appropriate safeguards to alert the affected Users that it was in breach of Code.

Modification proposal 0143 takes account of the concerns Ofgem raised in its rejection of 0102 by retaining all of the notices in the current baseline, but reducing the period given to Users to react to those notices before Termination from the Code. The effect of these changes is to set out a regime that is less harsh than envisaged by 0102, but nevertheless achieves much the same result.

This proposal has been developed by the EBCC, which is responsible for developing and maintaining a framework for limiting the risk of financial loss to the shipper community, resulting from the operation of the energy balancing regime. We therefore believe that its implementation furthers the relevant objective of promoting efficiency in the implementation and administration of the UNC.

Yours faithfully

Liz Spierling
Commercial Manager
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